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By leader of majority
Party, Hon. Adan Duale, MP
On 21/3/2018

OFFICE OF THE AUDITOR-GENERAL



REPORT

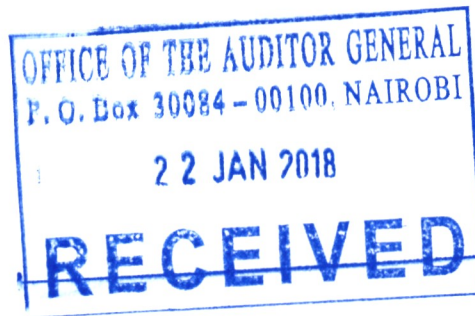
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
BOMACHOGE BORABU
CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
BOMACHOGE BORABU CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector
Accounting Standards (IPSAS)

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
 BOMACHOGE BORABU CONSTITUENCY**
 Reports and Financial Statements
 For the year ended June 30, 2016

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CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE BORABU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act, 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015 being National Government Constituencies Development Fund Act NG-CDF Act 2015. The National Government Constituencies Development Fund (NG-CDF) is under ministry of Devolution and Planning. The objective of the fund is to provide mechanism for supplementing implementation of National Government Development Agenda at the constituency level.

(b) Key Management

The Bomachoge Borabu Constituency's day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Paul Kipsang Magut
3.	Accountant	Yobesh Matoke
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Bomachoge Borabu Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) BOMACHOGE BORABU NGCDF Headquarters

NGCDF Office Building.
P.O Bo 132
KENYENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE
BORABU**

**Reports and Financial Statements
For the year ended June 30, 2016**

(f) BOMACHOGE BORABU NGCDF Contacts

Telephone: (254) 0725367843
E-mail: bomachogeborabu@gmail.go.ke
Website: www.bomachogeborabu.go.ke

(g) Bomachoge Borabu NGCDF Bankers

1. EQUITY BANK
P.O Box
KISII

(h) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE
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**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND COMMITTEE (NGCDFC)**

The NGCDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures of Bomachoge borabu.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approved of proposals and reallocations

The NGCDFCs wish that the issues of having the project on going for more than 2years be stopped and the NGCDF board to reduce the rate of staff turnovers in Constituencies i.e. FAM transfers.

Sign 
CHAIRMAN NGCDFC

25 September 2016.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE
BORABU**

Reports and Financial Statements

For the year ended June 30, 2016

III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NGCDF shall prepare financial statements in respect of that NGCDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

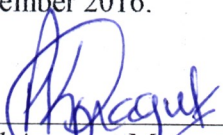
The Accounting Officer in charge of the Bomachoge Borabu NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NGCDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NGCDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Accounting Officer in charge of the Bomachoge Borabu NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2016, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the Bomachoge Borabu NGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Bomachoge Borabu NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NGCDF's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF's financial statements were approved and signed by the Accounting Officer on 25 September 2016.


Fund Account Manager


Chairman

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - BOMACHOGE BORABU CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund- Bomachoge Borabu Constituency set out on pages 5 to 26, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Bomachoge Borabu Constituency for the year ended 30 June 2016

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Summary Statement of Appropriation

The summary statement of appropriation revealed the following anomalies;

- (i) The summary statement of appropriation indicates an original budget of Kshs.116,418,009 adjusted by Kshs.56,969,649 to raise the total budget to Kshs.173,387,658. Further, the Constituency rolled over Kshs.54,920,169 from 2014/2015 and an opening bank balance of Kshs.2,051,428. Although the amounts have been included as adjustments in the statement of appropriation, these have not been supported by approved code list showing the 2014/2015 projects financed in the year under review.
- (ii) The amount disbursed by the NGCDF Board for the current financial year amounted to Kshs.58,000,000 only and a further Kshs.47,518,009 received on 23 August 2016 raised the total receipts to Kshs.105,518,009 out of the expected amount of Kshs.116,418,009. The balance of Kshs.10,900,000 not been disbursed by the end of the financial year on 30 June 2016.

In consequence, the accuracy of the summary statement of appropriation cannot be confirmed.

2. Procurement of Sports Uniforms

The constituency management paid a supplier Kshs.905,603 for the purchase of sports uniforms. However, there was no user request detailing the sports activities to be undertaken, the number of participants, the number of uniforms required and their estimated costs. Further, there was no inspection and acceptance certificate from the inspection committee and there are no records to show how the uniforms were received and issued to users.

Consequently, the propriety of the expenditure Kshs.905,603 incurred on purchase of the uniforms cannot be ascertained.

3. Non-filing of Expenditure Returns by the PMCs

The Bomachoge Borabu Constituency Development Fund Committee disbursed a total of Kshs.42,155,774 being transfers to other Government units during the year under review. These funds were administered through Project Management Committee (PMCs) within the Constituency. An audit review revealed that disbursements totalling Kshs.2,537,931 were made to various PMCs but they had not submitted expenditure returns including bank statements, stores records, minutes and other relevant accounting documents for audit review.

In view of the foregoing, the propriety of Kshs.2,537,932 cannot be confirmed.

4. Nyamesocho Water Project

Nyamesocho Water Project Committee incurred Kshs. 1,000,000 for construction of a water tank. Although the project was completed and put to use, the water tank was not built to the required standards leaking and its durability appears in doubt. Therefore, Public resources may have not been used for the intended purpose.

Consequently, the value for money was not attained in relation to the project further, it is doubtful whether there will sufficient funds will become available to reconstruct the tank given that water is a devolved function.

5. Bank Balances

The statement of financial assets indicates that bank balances as at 30 June 2016 amounted to Kshs.1,685,878. Included in the list of un-presented cheques is Kshs 400,000 in favor of Kenya Administration Police Lines project that had remained outstanding for over six months and therefore stale. Further, cheques totaling to Kshs.2,220,000 that were paid and recorded in the cash book on 28 June 2016 but cleared by the bank on 21 July 2016 had been omitted from the list of un-presented cheques as at 30 June 2016.

Consequently, the accuracy of the bank balance of Kshs.1,685,878 as at 30 June 2016 cannot be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Bomachoge Borabu Constituency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

Other Matter

1. Budget Performance Analysis

During the year under review, Bomachoge Borabu CDF was allocated Kshs.116,418,009 by the National Government Constituencies Development Fund Board. However, the constituency management spent Kshs.113,285,721 as shown below:

Item	Budget Kshs	Actual Kshs	Under Expenditure Kshs	Over Expenditure Kshs	Absorption Rate %
Payments			-	-	
Compensation of Employees	1,890,000	2,085,220		195,220	110
Use of goods and Services	5,742,519	11,395,720		5,653,201	198
Transfers to Primary Schools	42,900,000	18,937,931	23,962,069		44
Transfers to Secondary Schools	15,517,843	21,717,843		6,200,000	140
Transfers to Tertiary Institutions	10,000,000	-	10,000,000		0
Health Projects	1,500,000	1,500,000	-	-	100
Emergency	5,767,647	2,200,000	3,567,647		38
Constituency sports	1,800,000	1,437,000	363,000		80
Environment		21,000		21,000	100
Bursary- Secondary schools	1,000,000	1,249,000		249,000	125
Bursary- Tertiary	15,000,000	16,985,164		1,985,164	113
Mocks/CATS	2,000,000	1,565,500	434,500		78
Provincial Administration Projects	-	1,500,000		1,500,000	100
Water Projects	3,000,000	3,000,000	-	-	100
Electricity	1,000,000	-	1,000,000		0

Roads	4,800,000	29,120,823		24,320,823	607
Agriculture	1,000,000		1,000,000		0
Security	2,600,000	400,000	2,200,000		15
Construction of Boda Boda Shades	900,000	-	900,000		0
Acquisition of Assets		170,520		170,520	100
Total	116,418,009	113,285,721	43,427,216	40,294,928	97

In addition, the following anomalies were noted:

- i. The overall funds absorption rate was 97% of the budget.
- ii. The Constituency underspent on nine (9) line items with expenditure totalling Kshs.43,427,216 and overspent on nine (9) line items with expenditure totalling Kshs.40,294,928.
- iii. Four (4) projects were budgeted for but not implemented.
- iv. The expenditure shows that use of goods and services on secondary schools, bursary and roads had the highest over expenditure with Kshs.6,200,000 and Kshs.24,320,843 respectively. However, no explanation was provided for the material variations and further, the reallocations were not authorized by the NGCDF Board before the end of the financial year.
- v. The prior year audited financial statements reflected the unspent funds as at 30 June 2015 of Kshs 2,051,428 while the statement of appropriation reflects an adjustment on the budget estimates of Kshs 56,969,649. The management did not provided schedules of projects earmarked for implementation from the funds rolled over from the previous year.

The public may not have received the desired services as provided for in the approved budget due to the slow rate at which the funds were absorbed.

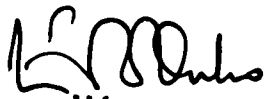
2. Project Verification

During the year under review, fourteen (14) projects costing Kshs.27,055,774 in aggregate were physically verified during the audit in June 2017. Two of the projects were found to be complete and in use as detailed below:

Project Name	Activity	Total Amount Kshs.	Status/ observations	% of utilization
Igorera Secondary school	Purchase of school bus by co-funding with PTA	1,500,000	Complete	100%

Project Name	Activity	Total Amount Kshs.	Status/ observations	% of utilization
Kerongoroni Secondary	Construction of the second floor	7,500,000	On going	100%
Ndereti primary School	Construction of the school	837,931	On-going	100%
Kenya Hospital	Lintel roofing, doors windows and installation of fitting within the kitchen and laundering.	1,100,000	On-going	100%
kenya Secondary	Construction of a Multipurpose hall for the school	1,117,843	On-going	100%
Geeta primary School	Plastering, floors, doors, painting, windows and window vanes of 3 classrooms.	700,000	On-going	100%
Gesabakwa primary	Plastering, roofing, flooring and windows veins	600,000	On-going	100%
Kenyoro pag primary School	Super structure Plastering, roofing, flooring and doors	600,000	On-going	100%
Kenyoro Secondary	Construction of the second floor on a storey building	4,000,000	On-going	100%
Eberege DEB Primary School	Construction of a storey building as a model center of excellence in Magenche ward.	4,500,000	On-going	100%
Etono Primary School	Construction of 2 classrooms	1,300,000	On going	100%
Riokindo Water Project	purchase of GI and PVC pipes	1,300,000	Complete	100%
Nyabituwa Water Project	construction of a sump, weir, and pump house and pipes	1,000,000	Not in operation	100%
Nyamesocho Water Project	construction of a water tank	1,000,000	leaking and durability appear in doubt	100%
	Total	27,055,774		

However, the school buses purchased and the infrastructure works were not branded. Failure to brand the projects breached of the National Government Constituencies Development Act, 2015 and risked overlap of projects funding especially in instances where other Government agencies financed similar projects.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

20 February 2018


Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Bomachoge Borabu Constituency for the year ended 30 June 2016

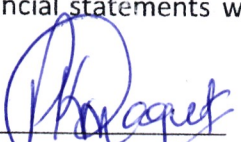
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE
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Reports and Financial Statements
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I. STATEMENT OF RECIPITS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	112,920,169	93,135,318
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		112,920,169	93,135,318
PAYMENTS			
Compensation of employees	4	2,085,220	1,252,412
Use of goods and services	5	5,814,170	2,696,844
Committee Expenses	6	5,581,550	6,610,820
Transfers to Other Government Units	7	42,155,774	47,078,751
Other grants and transfers	8	57,478,487	42,610,389
Acquisition of Assets	9	170,520	165,000
Other Payments	10	-	-
TOTAL PAYMENTS		113,285,721	100,414,216
SURPLUS/DEFICIT		(365,552)	(7,278,898)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Bomachoge Borabu NGCDF financial statements were approved on 25 September 2016 and signed by:


Chairman - NGCDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE
BORABU**
Reports and Financial Statements
For the year ended June 30, 2016

II.STATEMENT OF ASSETS AS AT 30 JUNE 2016

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	11A	1,685,878	2,049,481
Cash Balances (cash at hand)	11B	-	-
Outstanding Imprests	12	-	1,947
TOTAL FINANCIAL ASSETS		1,685,878	2,051,428
REPRESENTED BY			
Retention	13		
Fund balance b/fwd 1st July 2015	14	2,051,428	9,330,322
Surplus/Deficit for the year		(365,552)	(7,278,895)
Prior year adjustments	15	-	-
NET LIABILITIES		1,685,878	2,051,428

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Bomachoge Borabu NGCDF financial statements were approved on 25 September 2016 and signed by:


Chairman - NGCDFC


Fund Account Manager


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE
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Reports and Financial Statements
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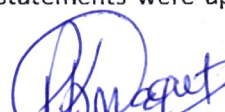
III. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2016

RECEIPTS		2015 - 2016	2014 - 2015
		Kshs	Kshs
Transfers from CDF board-AIEs' Received	1	112,920,169	93,135,318
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		112,920,169	93,135,318
PAYMENTS			
Compensation of employees	4	2,085,220	1,252,412
Use of goods and services	5	5,814,170	2,696,844
Committee Expenses	6	5,581,550	6,610,820
Transfers to Other Government Units	7	42,155,774	47,078,751
Other grants and transfers	8	57,478,487	42,610,389

CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(170,520)	(165,000)
Net cash flows from Investing Activities		(170,520)	(165,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		(365,552)	(7,278,868)
Cash and cash equivalent at BEGINNING of the year	13	2,051,428	9,330,324
Cash and cash equivalent at END of the year		1,685,878	2,051,428

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Bomachoge Borabu NGCDF financial statements were approved on 25 September 2016 and signed by:


Chairman NGCDF


Fund Account Manager



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE BORABU
Reports and Financial Statements
For the year ended June 30, 2016

IV. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	116,418,009	56,969,649	173,387,658	112,920,169	60,467,489	65%
Proceeds from Sale of Assets				-	-	
Other Receipts	-			-	-	
TOTAL	116,418,009	56,969,649	173,387,658	114,969,649	58,418,009	66.3%
PAYMENTS						
Compensation of Employees	1,921,495	1,000,000	2,921,495	2,085,220	836,275	71.4%
Use of goods and services	1,598,000	3,400,000	4,998,000	5,814,170	816,170	116%
Committee Expenses	3,567,357	600,000	4,167,357	5,581,550	1,414,193	134%
Transfers to Other Government Units	68,989,072	31,287,411	100,276,483	42,155,774	58,120,709	42.0%
Other grants and transfers	38,567,318	15,000,000	53,567,318	57,478,487	(3,911,169)	107.3%
Acquisition of Assets	1,774,767	5,682,238	7,457,005	170,520	7,286,485	2.3%
Other Payments					-	
TOTAL	116,418,009	56,969,649	173,387,658	113,285,721	60,101,937	65.3%

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOMACHOGE
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Reports and Financial Statements
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- (a) [For the revenue items, indicate whether they form part of the AIA by inserting the “AIA” alongside the revenue category.]
- (b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

The BOMACHOGE BORABU NGCDF financial statements were approved on 25 September 2016 and signed by:



Chairman NGCDF



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
BOMACHOGE BORABU CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2016

V. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NGCDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the NGCDF.

2. Recognition of revenue and expenses

The NGCDF recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NGCDF. In addition, the NGCDF recognises all expenses when the event occurs and the related cash has actually been paid out by the NGCDF.

3. In-kind contributions

In-kind contributions are donations that are made to the NGCDF in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the NGCDF includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the NGCDF at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NGCDF’s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NGCDF’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

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VI. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal allocation			
	A750251		38,215,149.0
	A759660		27,460,084.50
	A796705		16,476,051.0
	A797234		10,984,033.5
	A796191	27,460,084.50	
		27,460,084.50	
	A796409	20,000,000.00	
	A820701	20,000,000.00	
	A820955	18,000,000.00	
TOTAL		112,920,169.00	93,135,318.00

2. PROCEEDS FROM SALE OF ASSETS

	2015 – 2016	2014 – 2015
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from sale of office and general equipment		
Receipts from the Sale Plant Machinery and Equipment		
Total		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND--
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2015 - 2016	2014 - 2015	2013 - 2014
	Kshs	Kshs	Kshs
Interest Received	-	-	-
Rents	-	-	-
Receipts from Sale of tender documents	-	-	-
Other Receipts Not Classified Elsewhere	-	-	-
	-	-	-
Total	-	-	-

4. COMPENSATION OF EMPLOYEES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,578,620	1,126,484
Basic wages of casual labour	-	-
Personal allowances paid as part of salary	-	64,000
House allowance	-	-
Transport allowance	359,000	-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF	147,600	61,928
gratuity	-	-
	2,085,220	1,252,412

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	12,000	108,724
Office rent	-	-
Communication, supplies and services	6,960	118,925
Domestic travel and subsistence	410,000	169,620
Printing, advertising and information supplies & services	812,000	61,400
Rentals of produced assets	-	-
Training expenses	1,605,974	-
Hospitality supplies and services	-	342,218
Insurance costs	-	-
Specialized materials and services	185,000	387,900
Office and general supplies and services	918,000	46,400
Fuel ,oil & lubricants	770,000	-
Other operating expenses	370,000	15,000
Routine maintenance – vehicles and other transport equipment	651,586	1,243,527
Routine maintenance – other assets	72,650	203,100
Total	5,814,170	2,696,844

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. COMMITTEE EXPENSES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Other committee expenses	604,000	2,681,360
Committee allowance	4,977,550	3,929,460
Total	5,581,550	6,610,820

7. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers To Primary Schools	18,937,931	15,488,951
Transfers To Secondary Schools	21,717,843	23,500,000
Transfers To Tertiary Institutions	-	1,100,000
Transfers To Health Institutions	1,500,000	6,989,800
TOTAL	42,155,774	47,078,751

8 OTHER GRANTS AND OTHER PAYMENTS

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary -Secondary	1,249,000	14,457,100
Bursary -Tertiary	16,985,164	-
Bursary-Special schools	-	-
Mocks & CAT	1,565,500	840,960
water	3,000,000	-
Agriculture (food security)	-	1,825,723
Electricity projects	-	-

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Security	400,000	
Roads	29,120,823	19,920,931
Sports	1,437,000	147,250
Environmental projects	21,000	1,918,425
provincial administration projects	1,500,000	3,500,000
Other capital grants and transfer	-	-
Emergency Projects	2,200,000	-
Total	57,478,487	42,610,389

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 ACQUISITION OF ASSETS		
Non-Financial Assets	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of Office furniture and fittings	170,520	165,000
Purchase of computers ,printers and other IT equipment	-	-
Purchase of photocopier	-	-
Purchase of other office equipment	-	-
Purchase of soft ware	-	-
Acquisition of Land	-	-
Total	170,520	165,000
10 Other Payments		
specify	-	-
TOTAL	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs (30/6/2016)	Kshs (30/6/2015)
EQUITY Bank KISII BRANCHA/c 0510261667643	1,685,878	2,049,480
	-	-
	-	-
	-	-
	1,685,878	2,049,480
11B: CASH IN HAND		
	2015 - 2016	2014 - 2015
	Kshs	Kshs
Location 1		
Other Locations (specify)		1,947
Total	1,685,878	2,051,427.00
[Provide cash count certificates for each]		

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs

0

13 RETENTION			
Supplier/Contractor	PV no	2015 - 2016	2014 - 2015
		Kshs	Kshs
TOTAL			

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 BALANCES BROUGHT FORWARD		
	2015 - 2016	2014 - 2015
	Kshs	Kshs (1/7/2014)
	(1/7/2015)	
Bank accounts	2,049,481	8,797,644
Cash in hand	-	-
Imprest	1,947	532,679
Total	2,051,428	9,330,323
<i>[Provide short appropriate explanations as necessary]</i>		
15 PRIOR YEAR ADJUSTMENTS		
	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts		
Cash in hand	-	-
Total	-	-
16 OTHER IMPORTANT DISCLOSURES		
16.1: PENDING ACCOUNTS PAYABLE (See Annex 1)		
	2015 - 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-

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TOTAL	-	-
16.2: PENDING STAFF PAYABLES (See Annex 2)		
	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (specify)	-	-
	-	-
16.3: OTHER PENDING PAYABLES (See Annex 3)		
	Kshs	Kshs
Amounts due to other Government entities (see attached list)	-	-
Amounts due to other grants and other transfers (see attached list)	-	-
Others (specify)	-	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOMACHOGE BORABU CONSTITUENCY
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount A	Date Contracted B	Amount Paid To-Date C	Outstanding Balance 2015 d=a-c	Outstanding Balance 2014	Comments
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOMACHOGE BORABU CONSTITUENCY
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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount A	Date Payable Contracted B	Amount Paid To-Date C	Outstanding Balance 2015 d-a-c	Outstanding Balance 2014	Comments
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOMACHOGE BORABU CONSTITUENCY
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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	Not Valued	N/A
Buildings and structures	6,700,000	6,700,000
Transport equipment	4,700,000	4,700,000
Office equipment, furniture and fittings	335,520	165,000
ICT Equipment, Software and Other ICT Assets		
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
Total	11,735,520	11,565,000

ANNEX 5 – PRIOR YEAR AUDIT ISSUES

AUDIT ISSUES	MANAGEMENT ACTION	STATUS
Cash and Bank Balances		
The statement of financial assets indicates that the bank balances as at	The statement has been amended and rectified by the management.	Resolved

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOMACHOGE BORABU CONSTITUENCY
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AUDIT ISSUES	MANAGEMENT ACTION	STATUS
<p>30 June 2015 amounted to Kshs. 2,049,481. However, a review of the bank reconciliation statements and other records indicates that there were cheques totaling Kshs. 567,496 that had not been presented for payment within six months from the date of issue. Consequently, the accuracy of the bank balance of Kshs. 2,049,481 could not be confirmed.</p>		

Prepared by:



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BOMACHOGE BORABU