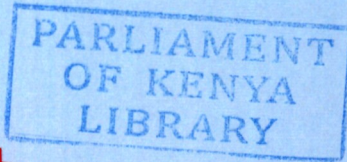
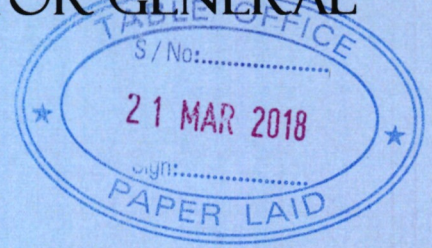


REPUBLIC OF KENYA



Paper Laid
By leader of majority
Party, Hon. Adan Duale
on 21/3/2018

OFFICE OF THE AUDITOR-GENERAL



REPORT

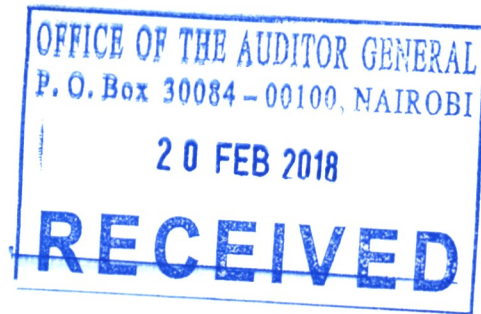
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
- MBITA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2016



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

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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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

(b) Key Management

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

- i. 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 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	David Agong
3.	Accountant	Elias Mungai
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of MBITA 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) MBITA NGCDF Headquarters

NGCDF Office Building.
P.O Bo 311-40305
mbita



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MBITA
CONSTITUENCY**

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

(f) MBITA NGCDF Contacts

Telephone: N/A
E-mail: cdfmbita@cdf.go.ke

(g) MBITA NGCDF Bankers

1. Equity Bank
P.O Box 101
Mbita

(h) Independent Auditors

Auditor General
Kenya National Audit Office
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- MBITA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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

MBITA constituency's budget performance stood at 31% as at 30th June 2016. Key achievements for MBITA NG-CDF include but not limited to the following; increased pupil/student enrolment due to availability of school infrastructure and retention of the needy learners due to bursaries awarded to them; opening of rural access roads by the fund has enhanced travelling and transport of farm produce, livestock and fish to markets; The fund has enabled the constituents to have access to health facilities through construction of dispensaries and health centres ; Clean ,portable and reliable water drilled and constructed by the fund has enhanced sanitation; The fund has also promoted democracy and self -governance to the citizens while participating in projects identification and priotization. Some of the emerging issues related to NG-CDF are; court ruling against the constitutionality of the fund demanding for restructure of the management of the fund; introduction of tax levy on committee allowances that has raised a lot of concern amongst the committee members.

The implementation challenges faced by the committee include; low capacity of the projects management committees, delay in approval of projects proposal leading to late disbursement of funds to the constituency in time reducing the utilization rate of the funds, in adequacy of government technical departments to provide timely technical advice in the process of projects implementation by the PMCs.

The recommended way forward to address the challenges mentioned above are ; Timely approval of projects proposal and disbursement of funds by the board regular capacity building of the PMCs and Public Education Campaigns: to create awareness and to enhance community participation in project identification, priotization and implementation;, timely disbursement of funds to committees, and finally intensifying the engagement of the PMCs with relevant Government ministries i.e. Ministry responsible for Public Works department, and other relevant government technical departments so as to improve supervision of CDF projects



.....
CHAIR PERSON NGCDFC



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MBITA
CONSTITUENCY**

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 MBITA 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 MBITA 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, 2015, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the MBITA 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 MBITA 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
2016.


Fund Account Manager



Chair Person NG-CDFC

REPUBLIC OF KENYA

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Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MBITA 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- Mbita Constituency set out on pages 5 to 17, which comprise the statement of 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 of Kenya 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(7) 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 judgement, including the assessment of the risks of material misstatement of

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

the financial statements, whether due to fraud or error. In making those risk 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 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 adverse audit opinion.

Basis for Adverse Opinion

1. Other Grants and Transfers

1.1. Construction of CDF Office Block at Mbita Town

Included in other grants and other transfers Kshs.33,474,116 under construction of building figure of Kshs.8,644,384 is payment of Kshs.6,000,000 paid to M/s Miregi Road Works Ltd for construction of office block of which the contract sum was Kshs.10,565,929. The records availed indicated that the contractor had been fully paid by 6 July 2016 although works were not completed as per the bill of quantities of Kshs.3,555,760 inclusive of provisional sum of Kshs.1,100,000 as of 6 July 2016. Further, the ownership documents of the land where the CDF office is being constructed were not availed for audit review.

1.2 Construction of Modern Fish Banda at Kiumba Beach

Included in other grants and other payments Kshs.33,474,116 is fisheries figure of Kshs.3,650,000 which in turn includes Kshs.2,000,000 paid to Kiumba Beach Management Unit (KBMU) for construction of modern fish banda. However, the project was not approved for funding as noted in the approved budget. In addition, Kshs.1,500,000 was reallocated from market structures funds to KBMU after approval from the CDF board as per the letter reference CDF BOARD/MBITA/VOL II/21 of 9 February 2016. However, the funds were not transferred to the KBMU as approved, but instead the fund manager irregularly directed the accountant to transfer the funds to Mabuchars Enterprises vide a letter dated 29 February 2016. Further, the bill of quantities for the modern fish banda was not availed for audit review.

1.3. Construction of Kamkida Box Culvert

Included in other grants and other payments Kshs.33,474,116 is roads figure Kshs.10,051,000 which in turn includes Kshs.5,516,000 paid to Manibelt Limited for construction of Kamkida box culverts. The project was also not approved for funding and procurement documents such as invitation to the tender, procurement minutes on

opening, evaluation, award of tender were not availed for audit. Further the payment to the contractor of Kshs.5,516,000 was not supported by payments certificates from the engineer as required. Bill of quantities indicated the size of box culvert to be constructed as two cells each measuring 4m by 2m and the length of 8m. However, physical verification revealed that the contractor constructed only one cell of 4m by 2m and the length of 8m instead of two cells.

Consequently, the propriety of payment of Kshs.5,516,000 to contractor without approved budget and before the completion of the works and certification was irregularly done. Further, residents of constituency did not obtain value for money.

1.4. Wayondo Beach Access Road

Included in other grants and other payments Kshs.33,474,116 is roads figure of Kshs.10,051,000 which in turn includes Kshs.995,000 paid to Kanyachok Enterprises for murraming and gravelling of Wayondo access road of which the amount approved in the budget was Kshs1,000,000 for 5 Kilometres. However, the payment was not supported by completion certificates and bill of quantities while specifications of works to be done on the road were not provided. Further, no documentary evidence was availed to confirm that award of contract was in compliance with procurement regulations.

Physical verification conducted on 25 May 2017 revealed that only 100 metres of access road were gravelled instead of the entire 5 kilometres.

Consequently, the propriety of payment of Kshs.995,000 to contractor without approved budget and before the completion of the works and certification was irregularly done. Further, residents of constituency did not obtain value for money.

1.5. Luore – Litare Beach Access Road

Included in other grants and other payments Kshs.33,474,116 is roads figure of Kshs.10,051,000 which in turn includes Kshs.1,990,000 paid to Tarsly Enterprises Ltd for murraming and graveling of Luore – Litare road. However, the project was not approved for funding while the specifications of works to be carried out were not provided. Further, no documentation was provided for audit review to confirm that the award of the contract fulfilled the requirements of procurement laws. Physical verification carried on 25 May 2017 revealed that gravelling of 1.5 km road was not fully done on the whole stretch.

1.6. Transfers of Funds to Primary Schools for Tree Planting

Included in the transfer to other government units Kshs.15,077,050 is transfer to primary schools of Kshs.9,259,809 which in turn includes payments of Kshs.800,000 made to four schools for tree planting as shown below;

Name of school	Date	Pv No	Cheque No	Amount Kshs.
Kirambo Primary school	16.11.15	1192	3059	200,000
Nyasumbi Primary school	16.11.15	1193	3060	200,000
Ngodhe DSC Primary	16.11.15	1194	3061	200,000
Usao Primary School	16.11.15	1195	3062	<u>200,000</u>
Total				800,000

However, despite preparation of the cheques, physical verification revealed that the funds were never transferred to the schools. Visit of the schools confirmed that the funds were never received in the schools and tree planting was not done casting doubt on service delivery and value for money.

1.7. Water Projects

(a) God Jope Water Project

Included in other grants and other payments Kshs.33,474,116 is water figure of Kshs.6,307,580 which in turn includes Kshs.1,000,000 for purchase of water tank and piping cost for God Jope water project and which had been approved. However, the specifications of works to be done were not provided. In addition, no documentary evidence was provided to confirm that procurement regulations and laws were complied with, while the returns on the implementation of the project were not submitted by Project Management Committee to the CDF management.

Physical verification carried out on 25 May 2017 revealed that the approved works were never done and project PMC Members were not available to provide explanations on the progress and status of the projects.

Consequently, the propriety of payment of Kshs.1,000,000 to contractor without the completion of the works and certification was irregularly done. Further, residents of the constituency may not have obtained value for money on this transaction

(b) Ndiru Water Project

An amount of a Kshs.1,000,000 out of a total of Kshs.6,307,580 was allocated for completion of pump installation and piping for Ndiru water project for which no specifications for works were provided. Documentary evidence of compliance with procurement regulations in identifying and awarding works to the contractor was also not provided, while the returns on the implementation of the project were not submitted by Project Management Committee to the CDF office.

The physical verification carried out on 25 May 2017 revealed that the approved works were never done and project PMCs were not available to provide explanations on the progress and status of the projects.

Consequently, the propriety of payment of Kshs.1,000,000 to contractor without the completion of the works and certification was irregularly done. Further, residents of constituency did not obtain value for money.

(c) Unaccounted for Expenditure

Payment amounting to Ksh.2,300,000 in respect to water projects were not accounted for as indicated below:

Name of Payee	Date	Pv No	Cheque No	Amount
Stylester General Enterprises	30.11.2015	1154	3019	500,000
Stylester General Enterprises	30.11.2015	1155	3020	400,000
Xerox Ventures	30.11.2015	1156	3021	500,000
Xerox Ventures	30.11.2015	1157	3022	400,000
Stopless Energy Enterprises	30.11.2015	1159	3024	500,000

Consequently, the figure of Kshs.33,474,116 reflected in the financial statements under other grants and transfers could not be ascertained as correct.

2. Imprest

2.1. Imprest Register and Balance

Included in the statement of assets under cash and cash equivalent balance of Kshs.56,269,409 as at 30 June 2016 is Kshs.1,269,625 being outstanding temporary imprest. However, the management did not maintain imprest register contrary to regulations and as such it was not possible to ascertain the outstanding imprests at the closure of the financial year.

2.2. Unsupported Imprest

The fund manager was issued with various imprest totalling Kshs.2,916,350 which were not properly accounted for with requisite documents such as attendance register, invitation letters to various trainings as well as quotations for some purchases and necessary budgetary allocations as shown below;

Payee Name	Details	Date	Pv No	Cheque No	Warrant No	Amount Kshs.
Wilson Okumu	Executive chairs	19.10.15	1144	cash	1913798	110,000
Wilson Okumu	Executive chairs, hire of	30.10.15	1146	Cash	1913800	859,350

	vehicles and refreshments					
Wilson Okumu	Training	26.01.16	1217	cash	2265985	130,000
Wilson Okumu		26.01.16	1218	cash	2265989	120,000
Wilson Okumu	Training	26.08.15	1123	cash		150,000
Wilson Okumu	Training	14.10.15	1143	cash	1913796	430,000
Wilson Okumu	Training	14.10.15	1145	cash	19137797	144,000
Wilson Okumu	Training	8.10.15	1142	cash		163,000
Wilson Okumu	Training	11.05.16	1231	cash	1580147	500,000
Wilson Okumu	Training	13.01.16	1211	cash		100,000
Wilson Okumu	Training	16.11.15	1153	Cash	1533599	60,000
Wilson Okumu	Training	3.11.15	1152	cash	1913799	50,000
Rusinga management company limited	Training	16.11.15	1191	cash	Invoice No FNP006	50,000
Wilson Okumu	Training	12.01.16	1210	cash		50,000
Total						2,916,350

Consequently, the accuracy of imprest balance of Kshs.1,269,625 reflected in the statement of assets at 30 June 2016 could not be confirmed.

3. Disbursement not Received by the Beneficiary

Included in the transfer to other government units figure of Kshs.15,077,050 is transfer to Primary Schools of Kshs.9,259,809 which in turn includes Kshs.1,000,000 paid to Usare Primary School as captured in the returns and cash book. However, physical verification revealed that the amount was not received in the books of the school.

Consequently, the propriety of Kshs.1,000,000 transfer for year ended 30 June 2016 could not be confirmed.

4. Summary Statement of Appropriation

Included in the summary statement of appropriation is an adjustment of Kshs.66,067,517 in respect for the previous financial year 2014/2015 which was not supported by any documentary evidence.

Consequently, the accuracy of the statement of appropriation for the year ended 30 June 2016 could not be confirmed.

5. Previous Years Audit Issues

The financial statements do not contain explanation on how the previous year audit issues were addressed as required by the Public Sector Accounting Standards Board Reporting Template and therefore the status could not be ascertained as at 30 June 2016.

6. Asset Register

The Constituency Development Fund financial statements does not contain an asset register as an additional disclosure as required by the Public Sector Accounting Standards Board Reporting Template. Consequently, the status could not be ascertained as at 30 June 2016.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly the financial position of Mbita Constituency Development Fund as at June 30 2016, in accordance with International Public Sector Accounting Standards (Cash Basis) and does not comply with the National Government Constituencies Development Fund Act, 2015.

Other Matter

1.0 Budgetary Control and Performance

Budget Performance Analysis

The management of Mbita CDF reported the overall under absorption of approved budget by 69%. Compensation of employees 65%, use of goods and services 53%, transfers to other government units 81% and other grants and transfers 60% as shown in the tabulation below:

Receipt/Expense Item	Approved Budget Kshs.	Actual Expenditure Kshs.	Under Absorptions Kshs.	Under Utilization
Receipts				
Transfers from CDF Board	175,814,128	106,896,947	68,917,181	39%
Total	175,814,128	106,896,947	68,917,181	39%
Payments	-		-	
Compensation of Employees	5,154,360	1,805,760	3,348,600	65%
Use of Goods and Services	9,585,112	4,532,904	5,052,208	53%
Transfers to Other Government Units	77,987,931	15,077,050	62,910,881	81%
Other Grants and Transfers	83,086,725	33,474,116	49,612,609	60%
Total	175,814,128	54,889,830	120,924,298	69%

Further, during the financial year 2015/2016 the entity received funds that relate to the previous financial year 2014/2015 of Kshs.66,067,519. However, projects that were implemented amounted to Kshs.44,751,120 resulting in a variance of Kshs.21,316,399 detailed below that were not accounted.

Item	2014/2015 projects not funded in 2014/15 Financial year Kshs.	2014/15 Funded during 2015/16 Financial year Kshs.	Unexplained Variance (unaccounted funds) Kshs.
Admin Expenses	5,820,131.00	2,529,303.00	3,290,828.00
Purchase of Furniture & Equipment	244,562.00	244,562.00	0
Bursary	1,395,000.00	0	1,395,000.00
Primary School Projects	9,037,931.00	7,787,931.00	1,250,000.00
Secondary School Projects	4,300,000.00	4,800,000.00	(500,000.00)
Health Projects	3,000,000.00	400,000.00	2,600,000.00
Water Projects	4,900,000.00	4,900,000.00	0
Security Projects	750,000.00	0	750,000.00
Roads projects	13,400,000.00	10,051,000.00	3,349,000.00
sports	2,071,878.00	2,381,940.00	(310,062.00)
Environment	1,546,970.00	70,000.00	1,476,970.00
Emergency	5,400,259.00	1,292,000.00	4,108,259.00
Strategic plan	500,000.00	0	500,000.00
CDF Office	7,388,496.00	8,644,384.00	(1,255,888.00)

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

Fisheries	2,050,000.00	1,650,000.00	400,000.00
Cash balance b/f	4,262,292.00	0	4,262,292.00
Total	66,067,519.00	44,751,120.00	21,316,399.00

Projects for the financial year 2015/2016 were not implemented during the financial year due to delay in receipt of AIE. Failure to implement the activities budgeted for is likely to deny the citizens of the constituency the much desired services.

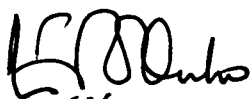
2. Physical Verification of Projects

During the year under review fourteen projects (14) costing Kshs.20,398,496 were verified during the audit in June 2017 and (2) projects were found to be complete and in use while construction of constituency office was on-going as shown below:

	Project Name	Activity	Budget (Kshs)	Level of Completion %	Status
1	Constituency Office	Building of constituency CDF office	8,498,496	70	Work was in progress
2	Kamkinda Box Culvert	Construction 2 cell box culvert of 4M by 2M length of 8M	No budgetary allocations	50	Not complete and Contractor had been paid full contract amount
3	Kiumba Beach	Construction of Modern Fish Banda	3,500,000	70	Work was in progress
4	Wayondo Beach	Grading and murraming of Wayondo beach access road	1,000,000	100	Completed and not branded
5	Luore – Litare beach	Grading and murraming of Luore – Litare access road	2,000,000	100	Complete but no labelling
6	God Jope Water project	purchase of water tank and piping	1,000,000	0	No evidence of work done
7	Ndiru water project	Completion of pump installation and piping	1,000,000	0	No evidence of work done

8	William Osodo	Dormitory	600,000		Incomplete
9	Ngodhe Secondary	Dormitory	500,000		Incomplete
10	Fr Tillen	Classroom	500,000		Incomplete
11	Obambo	Admin block	500,000		Incomplete
12	Kitare primary	Classroom	500,000		Incomplete
13	Usungu primary		500,000		Incomplete
14	Gode Ariyo		300,000		Incomplete
		Total	20,398,496		

From the analysis it was noted, that the projects were not branded as well as no budgetary allocations for construction of Kamkinda box culvert at a contract sum of Kshs.5,525,022 yet the contractor was paid full contract amount and only 50% of work was done.



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

Nairobi

22 January 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MBITA
CONSTITUENCY**

Reports and Financial Statements


For the year ended June 30, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	106,896,947	87,950,598
TOTAL RECEIPTS		106,896,947	87,950,598
PAYMENTS			
Compensation of employees	2	1,805,760	1,536,200
Use of goods and services	3	4,532,904	8,947,150
Transfers to Other Government Units	4	15,077,050	33,136,140
Other grants and transfers	5	33,474,116	43,972,660
TOTAL PAYMENTS		54,889,830	87,592,150
SURPLUS/DEFICIT		52,007,117	358,448

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. MBITA NGCDF financial statements were approved on 31/8/ 2016 and signed by:


Fund Account Manager


Chair Person NG-CDFC



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MBITA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

V. STATEMENT OF ASSETS

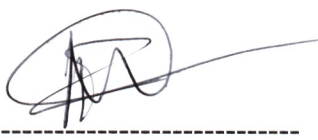
	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	6	54,999,784	10,055,327
Outstanding Imprests	7	1,269,625	1,119,800
TOTAL FINANCIAL ASSETS		56,269,409	11,175,127
REPRESENTED BY			
Fund balance b/fwd 1st July...	8	4,262,292	10,816,679
Surplus/Defict for the year		52,007,117	358,448
NET CASH		56,269,409	11,175,127

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. MBITA NGCDF financial statements were approved on 31/8/ 2016 and signed by:



Fund Account Manager





Chair Person NG-CDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MBITA
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VI. STATEMENT OF CASHFLOW

Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from CDF Board	1	106,896,947	87,950,598
		106,896,947	87,950,598
Payments for operating expenses			
Compensation of Employees	2	1,805,760	1,536,200
Use of goods and services	3	4,532,904	8,947,150
Transfers to Other Government Units	4	15,077,050	33,136,140
Other grants and transfers	5	33,474,116	43,972,660
		54,889,830	87,592,150
NET INCREASE IN CASH AND CASH EQUIVALENT		52,007,117	358,448
Cash and cash equivalent at BEGINNING of the year	7	4,262,292	10,816,679
Cash and cash equivalent at END of the year		56,269,409	11,175,127

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. MBITA NGCDF financial statements were approved on 31/8/2016 and signed by:


Fund Account Manager




Chairperson NG-CDFC

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	109,746,609	66,067,519	109,746,675	106,896,947	54,889,830	61%
TOTAL	109,746,609	66,067,519	109,746,675	106,896,947	54,889,830	61%
PAYMENTS						
Compensation of Employees	3,024,720	2,129,640	5,154,360	1,805,760	3,348,600	35%
Use of goods and services	5,894,621	3,690,491	9,585,112	4,532,904	5,052,208	47%
Transfers to Other Government Units	60,250,000	17,737,931	77,987,931	15,077,050	62,910,881	19%
Other grants and transfers	40,577,268	42,509,457	83,086,725	33,474,116	5,142,823	40%
TOTAL	109,746,609	66,067,519	175,814,128	54,889,830	76,454,512	31%

Fund Account Manager

Chair Person NGCDFC



VIII. 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.



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.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –MBITA
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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES			
Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal Allocation	A796188	1,800,000	
	A796256	17,000,000	
	A724036	34,096,947	
	A820939	19,000,000	
	A825714	35,000,000	
	A750280		36,153,652
	A796694		25,898,473
	A797080		25,898,473
TOTAL		106,896,947	87,950,598

2 COMPENSATION OF EMPLOYEES		
Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,728,000	1,536,200
Employer contribution to NSSF	77,760	-
Total	1,805,760	1,536,200

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3.USE OF GOODS AND SERVICES		
Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Training expenses	843,000	620,000
Committee expenses (ADMIN)	160,000	525,200
Committee Expenses (M&E)	1,943,600	4,999,200
Routine maintenance of motor vehicles	500,000	625,984
Goods & Services (ADMIN)	1,086,304	980,398
Goods & Services (M&E)		1,196,368
Total	4,532,904	8,947,150

4. TRANSFER TO OTHER GOVERNMENT ENTITIES		
Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to primary schools	9,259,809	10,553,381
Transfers to secondary schools	5,300,000	10,500,000
Transfers to Tertiary institutions	-	400,000
Transfers to Health institutions	517,241	11,682,759
TOTAL	15,077,050	33,136,140



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5. OTHER GRANTS AND OTHER PAYMENTS		
Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary -Secondary	55,000	9,160,000
Bursary -Tertiary	204,000	6,564,000
Mocks & CAT	730,000	-
water	6,307,580	2,458,430
Security	-	1,000,000
Roads	10,051,000	11,300,802
Sports	2,381,940	290,000
Environmental projects	870,000	1,049,608
Fisheries	3,650,000	4,150,000
Strategic Plan	-	400,000
Emergency Projects	335,650	5,099,820
Street lights	-	2,500,000
Construction of Buildings	8,644,384	-
Purchase of office furniture and fittings	244,562	-
Total	33,474,116	43,972,660



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6: BANK BALANCES(CASH BOOK BALANCE)			
Name of Bank, Account No. & currency	Account Number	2015 - 2016 Kshs (30/6/2016)	2014 - 2015 Kshs (30/6/2015)
Equity Bank (K) LTD, Mbita point Branch	0760297600325	54,999,784.00	4,262,292.00
Total		54,999,784.00	4,262,292.00

7A: CASH IN HAND/IMPREST		
	2015 - 2016 Kshs (30/6/2016)	2014 - 2015 Kshs (30/6/2015)
Imprests	1,269,625	1,119,800
Total	1,269,625	1,119,800

7B: OUTSTANDING IMPRESTS				
Name of Officer	Date imprest taken	Amount Taken Kshs	Amount Surrendered Kshs	Balance (30/6/2015) Kshs
Wilson Okumu	30/05/2016	319,625	-	319,625
David Agong	30/06/2016	950,000	-	950,000
		1,269,625		1,269,625



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8. BALANCES BROUGHT FORWARD		
	2015 - 2016	2014 - 2015
	Kshs (1/7/2015)	Kshs (1/7/2014)
Bank accounts	3,142,492	10,816,679
Imprest	1,119,800	1,296,430
Total	4,262,292	12,113,109

FUND ACCOUNT
31 AUG 2016
MANAGER

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –MBITA
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9.0 OTHER IMPORTANT DISCLOSURES			
9.1: OTHER PENDING PAYABLES (See Annex 1)			
		Kshs	Kshs
Amounts due to other Government entities (see Annex 1)		60,250,000	-
Amounts due to other grants and other transfers (Annex 1)		32,444,647	-
Others - Administration and M&E		20,121,371	-
		112,816,018	-



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ANNEX 1 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015/2016	Outstanding Balance 2014/2015	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1. PRIMARY SCHOOLS PROJECTS		24,750,000	-	-	24,750,000		
2. SECONDARY SCHOOLS PROJECTS		24,500,000	-	-	24,500,000		
3. TERTIARY INSTITUTIONS PROJECTS		11,000,000	-	-	11,000,000		
Sub-Total		60,250,000			60,250,000		
Amounts due to other grants and other transfers							
4. BURSARY		14,000,000	-	-	14,000,000		
5. SECURITY		4,900,000	-	-	4,900,000		
6. SPORTS		2,100,000	-	-	2,100,000		
7. SPORTS		800,000	-	-	800,000		
8. EMERGENCY		5,767,647	-	-	5,767,647		
9. CONSTRUCTION OF BUILDINGS-NG-CDF OFFICE		13,877,000	-	9,000,000	4,877,000		
Sub-Total		41,444,647		9,000,000	32,444,647		
Others (specify)							
10. ADMIN AND RECURRENT		6,507,013	-	-	6,507,013		
11. M&E		3,111,949	-	-	3,111,949		
12. OTHERS		10,402,409			10,402,409		
Sub-Total		20,021,371			20,021,371		
Grand Total		121,716,018		9,000,000	112,716,018		



