

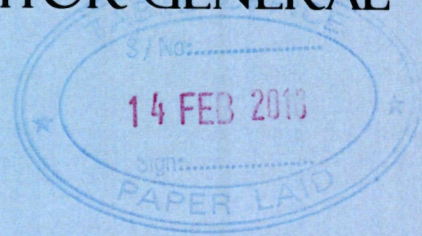
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OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
IJARA CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**

OFFICE OF THE AUDITOR GENERAL
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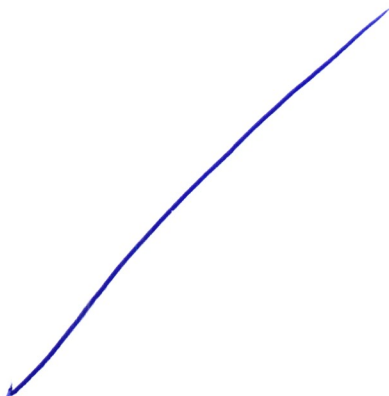


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
IJARA CONSTITUENCY**

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)**



STOS 11/24/2011

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
IJARACONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015**

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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 - IJARA 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 - Ijara Constituency set out on pages 1 to 20, 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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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

considers internal controls 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

1.0 Summary of Fixed Assets

The Summary of fixed assets at annex 4 indicates assets balance of Kshs.15,070,474 as at 30 June 2016. However, the opening balance of Kshs.9,472,474 added with the assets acquired during the year of Kshs.5,500,000 sums up to Kshs.14,972,474 resulting in unreconciled difference of Kshs.98,000.

As a result, the accuracy of the summary of fixed assets balance of Kshs.15,070,474 as at 30 June 2016 could not be confirmed.

2.0 Bank Accounts for Project Management Committee

Section 15(10)(a) and 10(b) of the NG-CDF regulations, 2016 requires proper maintenance of records of Bank accounts by the project management committee and preparation of a quarterly report for the same accounts. However, records of the bank accounts held by the various project management committees were not maintained for NG-CDF Ijara office. No PMC's bank statements and cash books were maintained and no bank reconciliation was carried out for the PMCs accounts.

Consequently, it has not been possible to ascertain whether the funds or grants disbursed to the PMCs were properly managed, utilized and accounted for as at 30 June 2016.

3.0 Constituency Oversight Committee

The National Government Constituency Development Fund for Ijara Constituency did not appoint Constituency Oversight Committee contrary to Section 53 (1) of the NG-CDF Act, 2015. The fund was therefore in breach of the law.

4.0 Irregular Award of Capital Projects

During the financial year under review, examination of payment vouchers, project files and other records held at NG-CDF Ijara Office revealed that contracts amounting to Kshs.17,850,000 were awarded irregularly. Further project bills of quantities and confidential business questionnaires were not filled/completed properly.

Some of the Bills of quantities for some projects had alterations in the figures which were not counter signed. In addition, full payments were made without certificate of practical

completions from the projects manager while project files lacked tender opening minutes, technical evaluation report, inspection and acceptance committee reports and contract agreements.

In view of the foregoing, the propriety and value for money of the expenditure on projects worth Kshs.17,850,000 as at 30 June 2016 could not be ascertained.

5.0 Unaccounted for Bursary Funds

In 2015/2016 financial year, the NG-CDFC Ijara disbursed bursaries amounting to Kshs.19,000,000 to various institutions in order to benefit needy students. However, a review of the expenditure for the bursaries revealed that the management did not specify the criteria used for vetting the students. Further, no cheque dispatch register was maintained to record the cheques dispatched to beneficiary institutions. In addition, details such as the level of studies and the admission numbers of the students were not recorded to confirm the authenticity of the needy students sponsored.

Under the circumstances, it has not been possible to ascertain that the Kshs.19,000,000 reached the intended institutions or that the funds benefited the deserving cases as intended. The bursary funds were therefore not accounted for.

6.0 Purchase of Motor Vehicle

The Ijara NG-CDF purchased a Toyota double cabin costing Kshs.6,700,653 from Toyota Kenya during the year under review. However, the tender was not advertised through newspapers and the management made full payment using proforma invoice from Toyota Kenya limited. There were no comparison of prices from other dealers or market survey and therefore, it was not possible to confirm if the price for the type of vehicle was fair in accordance with Article 227 of the Constitution.

In the absence of market survey, it has not been possible to confirm that proper procurement procedures were followed in the identification and eventual award of the contract and that the Fund got value for money in the transaction.

7.0 Unaccounted For Emergency Funds

The NG-CDF Ijara allocated Kshs.5,767,647 for emergency fund. However, scrutiny of the expenditure revealed that an amount of Kshs.1,869,000 was paid to Wema Filing Station for water trucking services. However, no minutes for approval of the water trucking services were made available for audit review.

Further, although, amount used for fuel costing Kshs.514,000 was supported with detail orders, work tickets invoices on the balance of Kshs.1,355,000 used for delivery of water to various centres had no supporting documents and were not accounted for.

Consequently, the authenticity and legality of the expenditure of Kshs.1,869,000 could not 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 - Ijara 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

1.0. Budget Performance Analysis

During the year under review, National Government Constituency Development Fund - Ijara had a final budget amounting to Kshs.173,308,260 with Kshs.158,076,666 or 91% and Kshs.15,231,594 or 99% allocated to development projects and recurrent expenditure respectively. Out of the Kshs.173,308,260 budgeted for the financial year under review, Kshs.59,168,278 was unspent balance from the financial year 2014/2015.

The budget analysis below reflects the budgeted allocation and actual expenditure by items for 2015/2016.

1.1. Under-absorption - Development Expenditure

Item	Budget Allocation Kshs.	Actual Expenditure Kshs.	Over/Under Absorption Kshs.
Development (Projects)			
Transfer to other Government Units	86,787,931	48,042,500	38,745,431
Other Grants and Transfers	65,788,735	51,677,021	14,111,714
Acquisition of Assets	5,500,000	5,500,000	0
TOTALS	158,076,666	105,219,521	52,857,145

1.2 Under-absorption - Recurrent Expenditure

Item	Budget Allocation Kshs.	Actual Expenditure Kshs.	Over/Under Absorption Kshs.
Administration			
Use of Goods & Services	13,425,594	11,707,781	1,717,813
Employee Compensation	1,806,000	1,806,000	0
TOTAL	15,231,594	13,513,781	1,717,813

The budget analysis reflects that the total budget for the Constituency was Kshs.173,308,260 while the actual expenditure was Kshs.118,733,302 thus an under-absorption of Kshs.54,574,958 as at 30 June 2016.

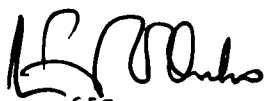
No explanation has been given for not using the approved budget in full to benefit the Constituents.

2.0. Outstanding Prior Years Audit Issues 2014/2015

The management of NGCDF- Ijara Constituency did not respond to the issues raised in the report for 2014/2015 financial year and therefore the following issues remained unresolved.

- 2.1** Unsupported Monitoring and Evaluation Expenses - an amount of Kshs.2,771,000 was paid in respect of monitoring and evaluation activities. However, payment vouchers availed for audit were not supported with relevant documents.
- 2.2** Unsupported bursary awards where bursaries worth Kshs.10,374,000 disbursed to various institutions were not supported with official receipts and acknowledgement letters from the institutions.
- 2.3** Irregular award of contracts-projects worth Kshs.25,342,293 lacked notice of tender, technical evaluation reports, certificates of practical completion, bills of quantities, contract agreement. In addition, the confidential business questionnaires were also not filled.

These issues remained unresolved by the Fund as at 30 June 2016.



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

Nairobi

02 November 2017

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- IJARA
CONSTITUENCY**

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The NG-*Constituencies Development Fund (CDF)* was set up under the NG-CDF Act, 2003 now repealed by the CDF Act, 2013. The *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *Constituencies Development Fund*. The objective of the fund is to ensure that a specific portion of the national annual budget is devoted to the constituencies for the purposes of infrastructural development wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

The *Ijara Constituency* day-to-day management is under the following key organs:

- i. NG-*Constituencies Development Fund Board (CDFB)*
- ii. NG-*Constituency Development Fund Committee (CDFC)*

(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	Hussein Abdullahi
3.	Accountant	Yasin Golicha
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of *Ijara Constituency*. The reports and recommendation of ARMC when adopted by the CDF Board are forwarded to the NG- *Constituency Development Fund Committee (CDFC)* for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) IJARA CDF Headquarters

P.O. Box 92-70105
CDF Building,
Masalani, Kenya

***NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- IJARA
CONSTITUENCY***

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

(f) IJARA CDF Contacts

Telephone: (254) 720020647
E-mail: habdullahi@cdf.go.ke
Website: www.go.ke

(g) IJARA CDF Bankers

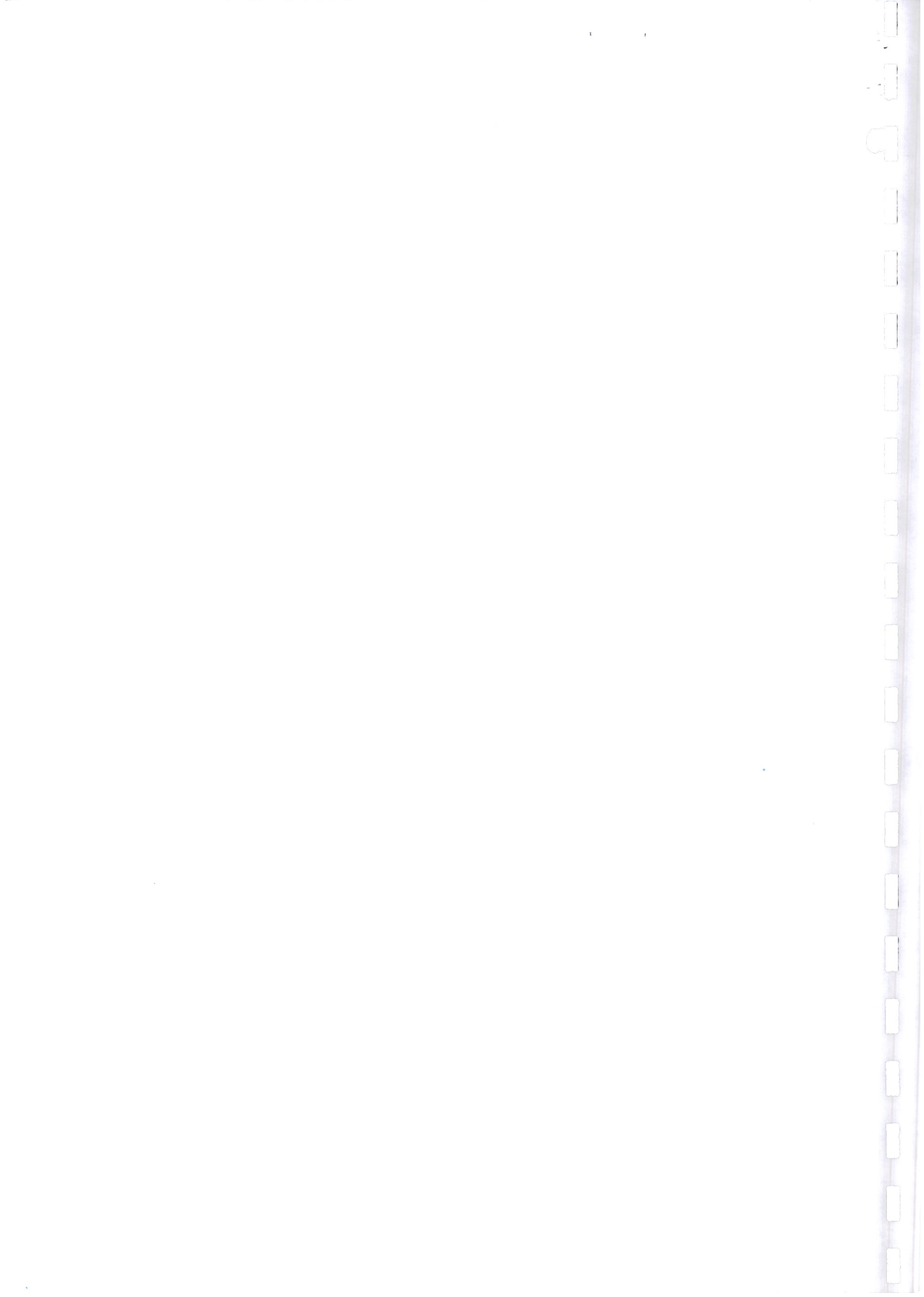
First Community Bank
Masalani
AC/NO.50000774-01
P.O. Box 81-70105
Masalani, Kenya

(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- IJARA
CONSTITUENCY**

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

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

The entity has utilised its allocated budget for undertaking the slotted projects for the financial year. More than 69% of the fund has been utilised despite receiving the final disbursement towards the end of the financial year. Over the years the entity improved water, sanitation, education access road through desilting of dams in various villages, construction of various public toilets, construction of primary and secondary schools, payment of fees to over 12,000 needy and vulnerable students across the constituency.

EMERGING ISSUES RELATED TO CDF

Increasing population
Increasing school enrolment
Petition against CDF act 2013 affected our operations

IMPLEMENTATION CHALLENGES

Security threat
Lack of clear boundary

For the fund to thrive there should be minimal interference from political figures and no project should be undertaken in a boundary conflict zone without the involvement of the concerned organs of government.



Sign

CHAIRMAN NG-CDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- IJARA
CONSTITUENCY**

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

III. STATEMENT OF CDF 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 CDF shall prepare financial statements in respect of that CDF. 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.

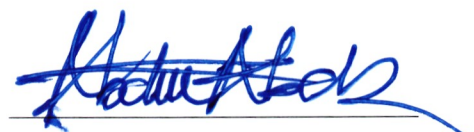
The Accounting Officer in charge of the (*IJARA NG-CDF*) is responsible for the preparation and presentation of the *NG-CDF's* financial statements, which give a true and fair view of the state of affairs of the *CDF* for and as at the end of the financial year (period) ended on June 30, 2015. This responsibility 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 *NG-CDF*; (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 *NG-CDF*; (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 (*IJARA NG-CDF*) accepts responsibility for the *NG-CDF'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 *NG-CDF's* financial statements give a true and fair view of the state of *NG-CDF's* transactions during the financial year ended June 30, 2015, and of the *NG-CDF's* financial position as at that date. The Accounting Officer charge of the (*Ijara CDF*) further confirms the completeness of the accounting records maintained for the *CDF*, which have been relied upon in the preparation of the *NG-CDF's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the (*IJARA NG-CDF*) confirms that the *NG-CDF* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *CDF'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 *NG-CDF'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 *IJARA NG-CDF's* financial statements were approved and signed by the Accounting Officer on 25-08- 2016.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- IJARA
CONSTITUENCY**

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

Chairman CDFC

Fund Account Manager STATEMENT

OF RECEIPTS AND PAYMENTS

	Note	2015-2016	2014-2015
		Kshs	Kshs
RECEIPTS			
Transfers from Other Government Entities	1	112,439,982.00	109,207,417.00
Proceeds from Sale of Assets	2	-	0
Other Receipts	3	34,394.42	62,327.26
TOTAL RECEIPTS		112,474,376.42	109,269,744.26
PAYMENTS			
Compensation of Employees	4	1,806,000.00	1,155,780.00
Use of goods and services	5	11,707,781.42	4,383,697.70
Committee Expenses	6	-	4,101,000.00
Transfers to Other Government Units	7	48,042,500.00	51,169,358.00
Other grants and transfers	8	51,677,021.00	37,561,614.00
Social Security Benefits	9	-	43,200.00
Acquisition of Assets	10	5,500,000.00	98,500.00
Other Payments	11	-	-
TOTAL PAYMENTS		118,733,302.42	98,513,149.70
SURPLUS/DEFICIT		(6,258,926.00)	10,756,594.56

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The IJARA NG-CDF financial statements were approved on 25-08 2016 and signed by:



Chairman - CDFC



Fund Account Manager



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- IJARA
CONSTITUENCY**

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

IV. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	12A	52,909,351.81	59,168,277.81
Cash Balances (cash at hand)	12B	-	-
Account receivable Outstanding Imprests	13C	-	-
		52,909,351.81	59,168,277.81
TOTAL FINANCIAL ASSETS			

REPRESENTED BY

Fund balance b/fwd	13	59,168,277.81	48,411,683.25
Surplus/Deficit for the year		(6,258,926.00)	10,756,594.56
Prior year adjustments	14		-
NET FINANCIAL POSSITION		52,909,351.81	59,168,277.81

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The IJARA NG- CDF financial statements were approved on 25-08- 2016 and signed by:



Chairman - CDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- IJARA
CONSTITUENCY**

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

V. STATEMENT OF CASHFLOW

Receipts for operating income		2015 – 2016	2014 – 2015
Transfers from CDF Board	1	112,439,982.00	109,207,417.00
Other Receipts	3	34,394.42	62,327.26
Total receipts		112,474,376.42	109,269,744.26
Payments for operating expenses			
Compensation of Employees	4	1,806,000.00	1,155,780.00
Use of goods and services	5	11,707,781.42	4,383,697.70
Committee Expenses	6	-	4,101,000.00
Transfers to Other Government Units	7	48,042,500.00	51,169,358.00
Other grants and transfers	8	51,677,021.00	37,561,614.00
Social Security Benefits	9	-	43,200.00
Other Payments	11		-
		113,233,302.42	98,414,649.70
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		(758,926.00)	10,855,094.56
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	(5,500,000.00)	(98,500.00)
Net cash flows from Investing Activities		(5,500,000.00)	(98,500.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		(6,258,926.00)	10,756,594.56
Cash and cash equivalent at BEGINNING of the year	15	59,168,277.81	48,411,683.25
Cash and cash equivalent at END of the year	16	52,909,351.81	59,168,277.81

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The IJARA NG-CDF financial statements were approved on 25-08- 2016 and signed by:


Chairman - CDFC


Fund Account Manager

VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	114,139,982.00	59,168,278.00	173,308,260.00	171,608,260.00	1,700,000.00	99
Proceeds from Sale of Assets			-	-	-	
Other Receipts	34,394.42		34,394.42	34,394.42	34,394.42	
			-		1,734,394.42	
PAYMENTS						
Compensation of Employees	1,806,000.00		1,806,000.00	1,806,000.00	-	100
Use of goods and services	8,466,598.00	4,958,996.00	13,425,594.00	11,707,781.42	1,717,812.58	87
Transfers to Other Government Units	50,250,000.00	36,537,931.00	86,787,931.00	48,042,500.00	38,745,431.00	55
Other grants and transfers	53,617,384.00	12,171,351.00	65,788,735.00	51,677,021.00	14,111,714.00	79
Social Security Benefits					-	
Acquisition of Assets		5,500,000.00	5,500,000.00	5,500,000.00	-	
TOTALS	114,139,982.00	59,168,278.00	173,308,260.00	118,733,302.42	54,574,957.58	69

The IJARA CDF financial statements were approved on 25-08 2016 and signed by;



Chairman CDF



Fund Account Manager

VII. 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 *CDF* 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 *CDF*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the *CDF* 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 *CDF* 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.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IJARA
CONSTITUENCY**

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

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 *CDF* 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 *CDF*'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 *CDF*'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 – IJARA
CONSTITUENCY
Reports and Financial Statements For the year ended June 30, 2016**

VIII. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	Description	2014 - 2015
			Kshs
		CDF Board	
A.I.E 724226	10,000,000.00	AIE NO 750211	1,500,000.00
A.I.E .796271	10,000,000.00	AIE NO 750450	53,853,708.50
A.I.E.724087	30,000,000.00	AIE NO	53,853,708.50
A.I.E.825509	25,000,000.00		-
A.I.E.825622	37,439,982.00		
TOTAL	112,439,982.00		109,207,417.00



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IJARA
CONSTITUENCY**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 OTHER RECEIPTS

	2015 - 2016	2014 - 2016
	Kshs	Kshs
Interest Received	34,394.42	62,327.26
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	34,394.42	62,327.26

4 COMPENSATION OF EMPLOYEES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,806,000.00	1,155,780.00
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Other personnel payments		-
Total	1,806,000.00	1,155,780.00



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IJARA
CONSTITUENCY**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 USE OF GOODS AND SERVICES

	2015 - 2016	2014 – 2015
	Kshs	Kshs
Utilities, supplies and services	1,787,000.00	352,100.00
Office rent		-
Domestic travel and subsistence	763,400.00	431,400.00
Printing, advertising and information supplies & services	1,990,393.00	128,410.00
Rentals of produced assets		-
Training expenses	1,078,000.00	850,000.00
Hospitality supplies and services		-
Insurance costs		-
Specialised materials and services	560,260.42	1,380,000.00
Office and general supplies and services	1,560,472.00	954,487.70
Fuel ,oil & lubricants	582,700.00	187,300.00
Other operating expenses	2,269,500.00	100,000.00
Routine maintenance – vehicles and other transport equipment	59,556.00	-
	1,056,500.00	-
Routine maintenance – other assets		
TOTAL	11,707,781.42	4,383,697.70

6 COMMITTEE EXPENSES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Committee allowances		3,155,000.00
Other committee expenses		946,000.00
Total		4,101,000.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IJARA
CONSTITUENCY**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to National Government entities		
Transfers to primary schools	25,700,000.00	24,526,125.00
Transfers to secondary schools	3,917,500.00	18,660,474.00
Transfers to tertiary institutions	10,000,000.00	-
Transfers to health institutions	8,425,000.00	7,982,759.00
TOTAL	48,042,500.00	51,169,358.00

8 OTHER GRANTS AND OTHER PAYMENTS

	2015 – 2016	2014- 2015
	Kshs	Kshs
Bursary – secondary schools (see attached list)	10,000,000.00	6,267,000.00
Bursary – tertiary institutions (see attached list)	9,454,000.00	9,353,500.00
Bursary – special schools (see attached list)		-
Mock & CAT (see attached list)		200,000.00
	3,556,782.00	
Water projects (see attached list)		3,000,000.00
Agriculture projects (see attached list)		-
Electricity projects (see attached list)		-
Security projects (see attached list)	1,200,000.00	3,146,500.00
Roads projects (see attached list)	22,200,000.00	8,875,419.00
Sports projects (see attached list)		181,956.00
Environment projects (see attached list)		-
Emergency projects (see attached list)	5,266,239.00	6,537,239.00
Total	51,677,021.00	37,561,614.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IJARA
CONSTITUENCY**

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

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 and Other Transport Equipment	5,500,000	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	98,500.00
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	5,500,000	98,500.00

12A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
First Community Bank AC/NO.50000774-01	52,909,351.81	59,168,277.81
Total	52,909,351.81	59,168,277.81

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IJARA
CONSTITUENCY**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	52,909,351.81	48,411,683.25
Cash in hand		-
Imprest		-
Total	52,909,351.81	48,411,683.25

[Provide short appropriate explanations as necessary]

15. OTHER IMPORTANT DISCLOSURES

15.3: OTHER PENDING PAYABLES (See Annex 3)

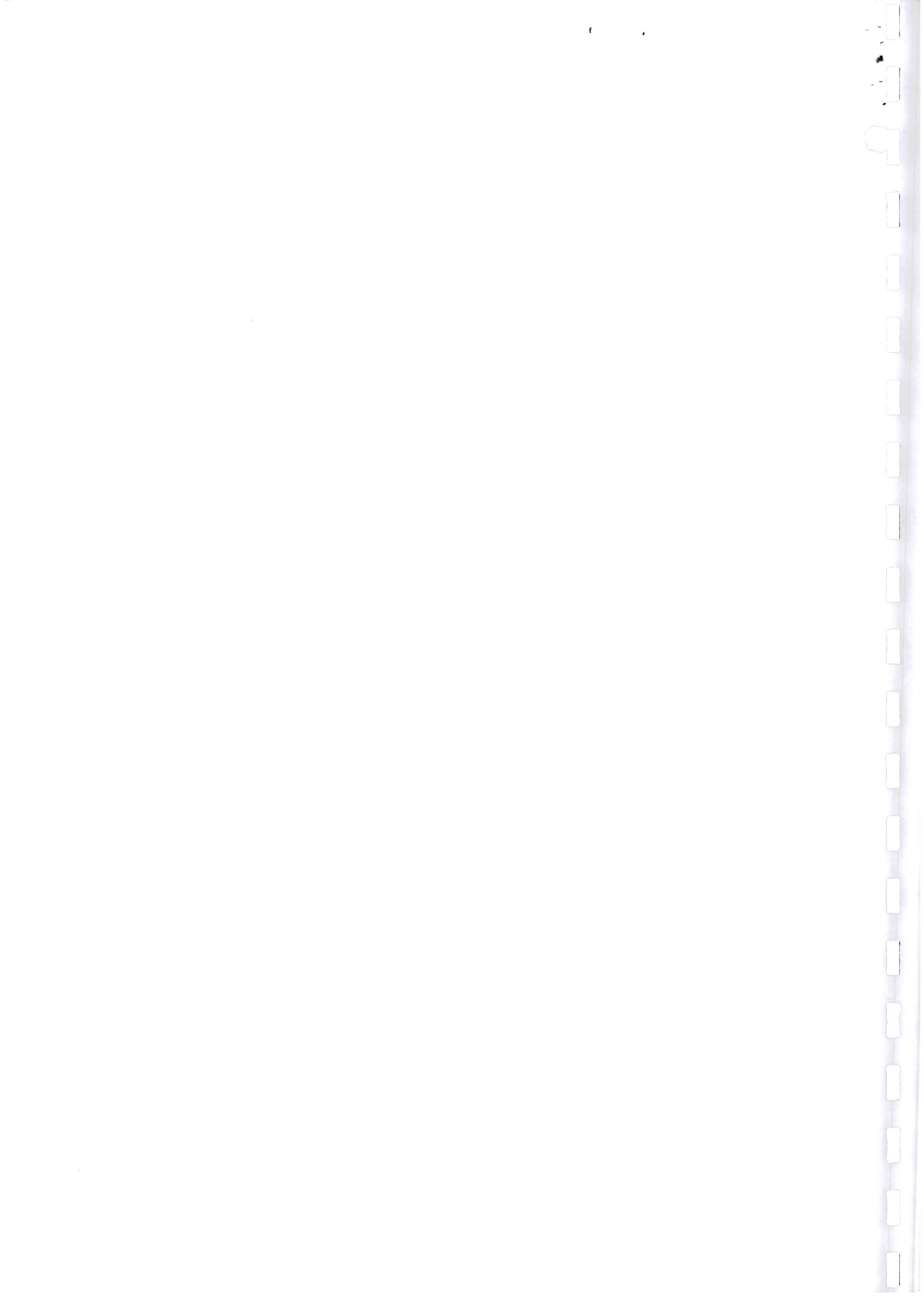
	Kshs	Kshs
Amounts due to other Government entities	38,650,000.00	36,037,931.00
Amounts due to other grants and other transfers	14,259,351.81	10,356,782.00
Others (<i>specify</i>)		12,773,564.81
	52,909,351.81	59,168,277.81



NATIONAL GOVERNMENT ENTITY - (IJARA CDF)
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs'000)

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		A	b	c	d=a-c		
Amounts due to other Government entities							
1. Amounts Due to Educational Institutions	Project for Pri Schools	18,650,000.00			21,037,931	21,600,000	
2. Amounts due to Tertiary Institutions	Ijara Tech Int	10,000,000.00			10,000,000	-	
3. Amounts due to health projects	Public Toilets	10,000,000.00			5,000,000	6,982,759	
	Sub-Total	38,650,000.00			36,037,931	28,582,759	
Amounts due to other grants and other transfers							
4. Bursaries		0			1,100,000		
5. Water Projects		1,000,000.00			1,956,782	2,900,000	
6. Road Projects		6,400,000.00			6,100,000	7,376,659	
7. Security					1,200,000	150,000	
	Sub-Total	7,400,000.00			10,356,782.00	10,426,659	
Others (specify)							
8. Ijara CDF Motor Vehicle						5,500,000	
9. M&E & Administration		6,859,351.91			4,773,564.81		
10. Emergency					2,000,000		



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - (IJARA CDF)

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs'000)

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
I I. Audit Fee				500,000			
	Sub-Total	14,259,351.81			12,773,564.81		
	Grand Total	52,909,351.81			59,168,277.81	39,009,418	

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - (IJARA CDF)

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs'000)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	-	
Buildings and structures	8,000,000	8,000,000
Transport equipment	-	-
Office equipment, furniture and fittings	1,204,774	1,106,774
ICT Equipment, Software and Other ICT Assets		
Other Machinery and Equipment	5,865,700	365,700
Heritage and cultural assets		
Intangible assets		
Total	15,070,474	9,472,474



PROGRESS ON FOLLOW UP OF AUDITOR RECCOMENDATION

The following is the summary of issues raised by eateinal auditor , the management comments that were provided to the auditor. we have nominated focal persons to reolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit report	Issue/observations from auditor	Management comments	Focal point person to resolve the issue (name and designation)status (resolved/not resolved)	Status: resolved/ not resolved	Time frame: (put a date when you expect the issue to be resolved)
CDF/INSP/Ij ara /Vol1 (2)	Irregular awards of contract (25,342,298.00)	Response in progress	FAM	Pending	20/03/2017
	Unaccounted bursary (10,374,000.00)	''	FAM		
	Monitoring and evaluation (2, 771,000.00)	''	FAM		''

Guidance notes:

- i. Use the same reference numbers as contained in the external audit report;
- ii. Obtain the "Issue/Observation", required above, form final external audit report that is signed by management;
- iii. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- iv. Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to the National Treasury.



NG CDF Fund Account Manager

Date: 25-08-2016



NG CDF Chairman

Date: 25-08-2016

