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OFFICE OF THE AUDITOR-GENERAL

*Paper laid by the Majority  
Party Whip Hon.  
Benjamin Washiah, MP  
on 14.2.2018  
IBM*

**REPORT**

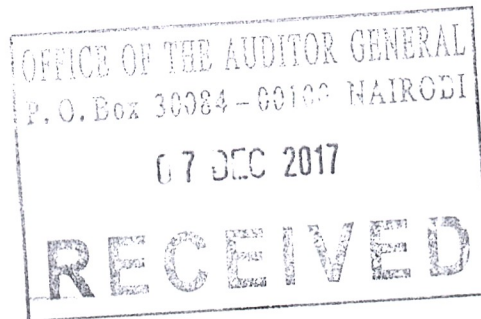
**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND-  
MACHAKOS TOWN CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2016**



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
MACHAKOS TOWN CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –  
MACHAKOS TOWN 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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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 Machakos Town 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 30<sup>th</sup> June 2016 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Kenneth Amanyua</b>
3.	Accountant	<b>Elias Kimani</b>
4.		

**(d) Fiduciary Oversight Arrangements**

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

Elice Centre.  
P.O Bo 2521-90100  
Machakos.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MACHAKOS  
TOWN CONSTITUENCY**

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

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**(f) MACHAKOS TOWN NG-CDF Contacts**

Telephone: (254) 0727 389 947  
E-mail: machakostown@NGCDF.go.ke  
Website: www.machakostown.go.ke

**(g) MACHAKOS TOWN NG-CDF Bankers**

1. Equity Bank  
P.O Box 2453-90100  
Machakos

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

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

The NGNGCDFCs 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 Machakos Town .

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 NG-CDFCs 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 and pay special attention to civic education.

Sign.....  
CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MACHAKOS  
TOWN 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 Machakos Town Constituency 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 Machakos Town Constituency 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 Machakos Town Constituency 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 Machakos Town Constituency 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  
13/09/ 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 – MACHAKOS TOWN CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Machakos Town Constituency set out on pages 5 to 29, 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 the 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

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*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund – Machakos Town 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 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 adverse audit opinion.

### **Basis for Adverse Opinion**

#### **1. Presentation and Accuracy of the Financial Statements**

##### **1.1 Comparative Balances**

The following differences in respect of various account items have been noted between comparative figures (2014/2015) reflected in the financial statements for the year ended 30 June 2016 and the balances shown in the audited financial statements for 2014/2015:

	<b>ITEM</b>	<b>2014/2015 Comparative Figures Kshs</b>	<b>2014/2015 Audited Balance Kshs</b>	<b>Variance  Kshs</b>
•	Compensation of employees	1,485,151	1,451,551	33,600
•	Social security benefits	-	33,600	(33,600)

However, contrary to the requirements of paragraph 1.5 of the IPSAS Cash Basis financial reporting framework, no disclosures have been made in the notes to the financial statements to the effect that comparative information is restated. In addition, the nature of the errors and the respective amounts of the corrections have similarly not been disclosed.

##### **1.3 Unexplained Adjustment**

The statement of assets as at 30 June 2016 reflects unexplained prior year adjustment of Kshs.1,822,321. Further, contrary to paragraph 1.5 of IPSAS Cash Basis financial reporting framework, the nature and amount of the error corrected have not been disclosed.

## 1.4 Other Inaccuracies

(i) The statement of receipts and payments for the year ended 30 June 2016 reflects use of goods and services comparative figure of Kshs.3,090,969 for 2014/2015. However, the corresponding Note 5 to the financial statements reflects a comparative figure of Kshs.4,530,969 resulting in an unexplained difference of Kshs.1,440,000.

(ii) The statement of receipts and payments reflects other grants and transfers comparative balance of Kshs.41,740,980 for 2014/2015. However, the corresponding Note 7 to the financial statements reflects a comparative figure of Kshs.39,011,580 resulting in unexplained difference of Kshs.2,729,400.

(iii) The statement of assets reflects bank balance comparative figure of Kshs.4,272,825 for 2014/2015. However, the corresponding Note 10A reflects a comparative balance of Kshs.6,095,146 resulting in an unexplained and unreconciled difference of Kshs.1,822,321.

(v) The statement of assets reflects nil cash balance comparative figure. However, the respective Note 10B reflects a comparative balance of Kshs.6,095,146 resulting in unexplained difference of Kshs.6,095,146.

(vi) The statement of assets reflects fund balance brought forward of Kshs.4,272,825. However, the respective Note 13 reflects Kshs.6,095,146 resulting in unexplained difference of Kshs.1,822,321.

## 2. Cash and Cash Equivalents

The statement of assets reflects cash and cash equivalents balance of Kshs.54,951,544 as at 30 June 2016. However, the bank reconciliation statement for June 2016 reflects un-presented cheques totalling Kshs.2,108,669 out of which cheques amounting to Kshs.1,542,641 were stale and had not been reversed in the cash book as at 30 June 2016. In addition, the balance of Kshs.54,951,544 differs with the cash book balance of Kshs.55,541,558 as at 30 June 2016 resulting in unexplained and unreconciled difference of Kshs. 590,014. Under the circumstances, validity and accuracy of the cash and cash equivalents balance of Kshs.54,951,544 as at 30 June 2016 cannot be confirmed.

## 3. Transfers from the Constituency Development Fund Board

The Fund's statement of receipts and payments reflects transfers from CDF Board amount of Kshs.121, 697,775 for the year ended 30 June 2016. However, returns from the CDF Board shows disbursements totalling Kshs.111,697,775 resulting in unexplained and unreconciled difference of Kshs.10,000,000. Under the circumstances,

accuracy of the transfers from CDF Board amount of Kshs.121, 697,775 for the year ended 30 June 2016 cannot be confirmed.

#### 4. Un-approved Expenditure

The statement of appropriation for the year ended 30 June 2016 reflects actual expenditure of Kshs.6,087,760 on use of goods and services against an approved budget of Kshs.1,500,000 for the item resulting in un-approved expenditure of Kshs.4,587,760. No explanation has been provided for this irregularity.

#### Adverse Opinion

In my opinion, because of the significance of matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund – Machakos Town Constituency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, and do not comply with International Public Sector Accounting Standards (Cash Basis) and the National Government Constituencies Development Fund Act, 2015.

#### Other Matter

##### 1. Budget and Budgetary Control

##### 1.1. Budget Performance

During the year under review, Machakos Town Constituency Fund Management incurred expenditure totalling Kshs.72,841,377 against an approved budget of Kshs.186,185,687 resulting in under expenditure of Kshs.113,344,310 as shown below:

ITEM	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
<b>RECEIPTS</b>				
Transfers from CDF Board	186,185,687	121,697,775	64,487,912	65.36%
<b>TOTAL</b>	<b>186,185,687</b>	<b>125,970,600</b>	<b>60,215,087</b>	
<b>PAYMENTS</b>				
Compensation of Employees	6,866,846	1,479,617	5,387,229	21.5%

Use of goods and services	1,500,000	6,087,760	(4,587,760)	405.9%
Transfers to Other Government Units	106,637,931	36,886,647	69,751,284	34.6%
Other grants and transfers	59,028,085	19,800,000	39,228,085	33.5%
Acquisition of Assets	-	8	(8)	0
Other Payments	12,152,825	8,587,353	3,565,472	70.6%
<b>TOTAL</b>	<b>186,185,687</b>	<b>72,841,377</b>	<b>113,344,310</b>	<b>39.1%</b>

The under expenditure is an indication of funds not utilized and approved programs not implemented. The budget did not, therefore, fully meet the intended objectives of improving delivery of services to the residents of Machakos Town Constituency.

## 1.2 Project Verification

The following observations have been made regarding seven projects listed below:

No.	Institution	Project	Budgeted Amount Kshs.	Amount Disbursed Kshs	Status
1.	Mutituni SA Sec. School	Building of a class room	500,000	500,000	100% Complete-IN USE
2.	Mumbuni Sec. School	Purchase of a school bus	2,000,000	2,000,000	70% Body built WORK IN PROGRESS
3.	Makyau Sec. School	Building of Kitchen	700,000	700,000	100% Complete-IN USE
4.	Kyasila Pri. School	Renovation of 3 class rooms	600,000	600,000	100% Complete-IN USE
5.	Mutituni Pri. School	Renovation of 3 class rooms	600,000	600,000	100% Complete-IN USE
6.	Kyamunyuu Pri. School	Renovating 5 class rooms	600,000	600,000	100% Complete-IN USE
7.	Kyanguli Pri. Sch	Renovating 5 class rooms	500,000	500,000	100% Complete-IN USE

Out of the seven projects verified, six projects costing Kshs.3,500,000 were complete and in use while the remaining one project with a budget of Kshs.2,000,000 had not been completed despite full budgetary allocation. Consequently, the constituents did not get value for money for the project not completed during the year with an allocation of Kshs.2,000,000.



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

**Nairobi**

**13 November 2017**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MACHAKOS  
TOWN 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
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	121,697,775	90,522,225
Proceeds from Sale of Assets	2	-	
Other Receipts	3		
<b>TOTAL RECEIPTS</b>		<b>121,697,775</b>	<b>90,522,225</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,479,617	1,485,151
Use of goods and services	5	6,087,760	3,090,969
Committee expenses			1,440,000
Transfers to Other Government Units	6	36,886,647	43,170,168
Other grants and transfers	7	19,800,000	41,740,980
Acquisition of Assets	8	-	-
Other Payments	9	8,587,353	-
<b>TOTAL PAYMENTS</b>		<b>72,841,377</b>	<b>90,927,268</b>
<b>SURPLUS/DEFICIT</b>		<b>48,856,398</b>	<b>(405,043)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Machakos Town NGCDF financial statements were approved on 13/09/2016 and signed by:

  
Chairman NGCDFC

  
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MACHAKOS  
TOWN CONSTITUENCY**


**Reports and Financial Statements**

**For the year ended June 30, 2016**

**V. STATEMENT OF ASSETS**

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	54,951,544	4,272,825
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>54,951,544</b>	<b>4,272,825</b>
<b>REPRESENTED BY</b>			
Retention	12		
Fund balance b/fwd 1st July...	13	4,272,825	4,677,867
Surplus/Deficit for the year		48,856,398	(405,043)
Prior year adjustment		1,822,321	-
<b>NET LIABILITIES</b>		<b>54,951,544</b>	<b>4,272,824</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Gatundu North NGCDF financial statements were approved on 13/09 2016 and signed by:

  
Chairman NGCDFC

  
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MACHAKOS  
TOWN CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

**VI. STATEMENT OF CASHFLOW**

<b>Receipts for operating income</b>		<b>2015 - 2016</b>	<b>2014-2015</b>
Transfers from CDF Board	1	121,697,775	90,522,225.00
Other Receipts	3	-	
		<b>121,697,775</b>	<b>90,522,225</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,479,617	1,451,551.00
Use of goods and services	5	6,087,760	3,090,968.70
Transfers to Other Government Units	6	36,886,647	43,170,168.00
Other grants and transfers	7	19,800,000	41,740,980.00
Other Payments	9	8,587,353	
		<b>72,841,377</b>	<b>89,453,668</b>
<b>Adjusted for:</b>			
Adjustments during the year	14	1,822,321	-
<b>Net cash flow from operating activities</b>		<b>50,678,719</b>	<b>1,068,557</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>50,678,719</b>	<b>(405,042.70)</b>
Cash and cash equivalent at BEGINNING of the year	13	4,272,825	4,677,867.70
<b>Cash and cash equivalent at END of the year</b>		<b>54,951,544</b>	<b>4,272,825.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Machakos Town NGCDF financial statements were approved on 13/09/ 2016 and signed by:

  
Chairman NGCDF

  
Fund Account Manager



VII. 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%
<b>RECEIPTS</b>						
Transfers from CDF Board	120,215,087	65,970,600	186,185,687	125,970,600	60,215,087	67.7%
Proceeds from Sale of Assets				-	-	
Other Receipts	-			-	-	
<b>TOTAL</b>	<b>120,215,087</b>	<b>65,970,600</b>	<b>186,185,687</b>	<b>125,970,600</b>	<b>60,215,087</b>	<b>67.7%</b>
<b>PAYMENTS</b>						
Compensation of Employees	6,866,846.40		6,866,846	1,479,617	5,387,229	21.5%
Use of goods and services	1,500,000		1,500,000	6,087,760	(4,587,760)	405.9%
Transfers to Other Government Units	62,600,000	44,037,931	106,637,931	36,886,647	69,751,284	34.6%
Other grants and transfers	44,248,241	14,779,844	59,028,085	19,800,000	39,228,085	33.5%
Acquisition of Assets				-	-	
Other Payments	5,000,000	7,152,825	12,152,825	8,587,353	3,565,472	
<b>TOTAL</b>	<b>120,215,087</b>	<b>65,970,600</b>	<b>186,185,687</b>	<b>72,841,377</b>	<b>113,344,310</b>	<b>39.1%</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MACHAKOS  
TOWN CONSTITUENCY**

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

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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]
- i. XXXX
  - ii. XXXX
  - iii. XXXX
  - iv. XXXX
  - v. XXXX

The MACHAKOS TOWN NGCDF financial statements were approved on 13/09/ 2016 and signed by:

  
\_\_\_\_\_  
Chairman NGCDF

  
\_\_\_\_\_  
Fund Account Manager

## 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.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MACHAKOS  
TOWN CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

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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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**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal Allocation	A796321	10,000,000.00	39,388,466
	A796484	10,000,000.00	41,133,759
	A825589	20,000,000.00	10,000,000
	A825538	20,000,000.00	-
	A724008	12,511,487.00	
	A790841	39,186,287.50	
	A796924	10,000,000.00	
Conditional grants			-
	AIE NO...	-	
Receipt from other Constituency	AIE NO...	-	
<b>TOTAL</b>		<b>121,697,775</b>	<b>90,522,225</b>

**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		
<b>Total</b>		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**3. OTHER RECEIPTS**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Interest Received	-	-
Other Receipts Not Classified Elsewhere (specify)	-	-
<b>Total</b>	-	-

**4. COMPENSATION OF EMPLOYEES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,449,617	1,451,551
Basic wages of casual labour	-	-
<b>Personal allowances paid as part of salary</b>	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF	30,000	33,600
gratuity	-	-
<b>Total</b>	<b>1,479,617</b>	<b>1,485,151</b>

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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		
Office rent		974,400
Communication, supplies and services	1,623,440	55,000
Domestic travel and subsistence		180,000
Printing, advertising and information supplies & services		230,000
Rentals of produced assets	-	-
Training expenses		-
Hospitality supplies and services	-	151,569
Other committee expenses		540,000
Committee allowance	4,464,320	900,000
Insurance costs	-	
Specialised materials and services	-	
Office and general supplies and services		750,000
Fuel ,oil & lubricants		500,000
Other operating expenses		
Routine maintenance – vehicles and other transport equipment		
Routine maintenance – other assets	-	250,000
	-	
<b>Total</b>	<b>6,087,760</b>	<b>4,530,969</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to primary schools	15,300,000	11,750,000
Transfers to secondary schools	15,337,931	27,280,000
Transfers to Tertiary institutions		
Transfers to Health institutions	6,248,716	4,140,168
<b>TOTAL</b>	<b>36,886,647</b>	<b>43,170,168</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary -Secondary		10,000,000
Bursary -Tertiary		15,120,455
Bursary-Special schools	-	-
Mocks & CAT	-	986,385
water	19,500,000	11,604,740
Agriculture (food security)		
Electricity projects	-	-
Security	300,000	300,000
Roads	-	1,000,000
Sports	-	-
Other capital grants and transfer	-	-
Emergency Projects (specify)	-	-
<b>Total</b>	<b>19,800,000</b>	<b>39,011,580</b>



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

**8. ACQUISITION OF ASSETS**

<b>Non Financial Assets</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
		<b>Kshs</b>	<b>Kshs</b>
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			
Purchase of computers ,printers and other IT equipments		-	-
Purchase of photocopier		-	-
Purchase of other office equipments		-	-
Purchase of soft ware		-	-
Acquisition of Land		-	-
			-
<b>Total</b>		-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Market shade	8,587,353	-
		-
<b>TOTAL</b>	<b>8,587,353</b>	<b>-</b>

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency		2015 - 2016	2014 - 2015
	Account Number	Kshs (30/6/2016)	Kshs (30/6/2015)
Equity Bank Machakos Branch	600297284247	54,951,544	6,095,146
		-	-
		-	-
<b>Total</b>		<b>54,951,544</b>	<b>6,095,146</b>
<b>10B: CASH IN HAND)</b>			
		2015 - 2016	2014 - 2015
		Kshs (30/6/2015)	Kshs (30/6/2015)
Location 1( Bank Blance at KCB)			6,095,146
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
<b>Total</b>		<b>-</b>	<b>6,095,146</b>

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

**11: OUTSTANDING IMPRESTS**

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

[Include an annex of the list is longer than 1 page.]

12 Retention			
Supplier/Contractor	PV no	2015 - 2016	2014 - 2015
		Kshs	Kshs
<b>TOTAL</b>			

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**13. BALANCES BROUGHT FORWARD**

	2015 - 2016	2014 - 2015
	Kshs (1/7/2015)	Kshs (1/7/2014)
Bank accounts	6,095,146	4,677,867
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>6,095,146</b>	<b>4,677,867</b>

**14. PRIOR YEAR ADJUSTMENTS**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	1,822,321	-
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>1,822,321</b>	<b>-</b>

This was due to an under cast of cashbook balance as at year ended 2014/15

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**15. OTHER IMPORTANT DISCLOSURES**

**15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	2015- 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings	xxx	xxx
Construction of civil works	xxx	xxx
Supply of goods	xxx	xxx
Supply of services	xxx	xxx
	<u>xxx</u>	<u>xxx</u>

**15.2: PENDING STAFF PAYABLES (See Annex 2)**

	Kshs	Kshs
Senior management	xxx	xxx
Middle management	xxx	xxx
Unionisable employees	xxx	xxx
Others (specify)	xxx	xxx
	<u>xxx</u>	<u>xxx</u>

**15.3: OTHER PENDING PAYABLES (See Annex 3)**

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	xxx	xxx
Amounts due to other grants and other transfers (see attached list)	xxx	xxx
Others (specify)	xxx	xxx
	<u>xxx</u>	<u>xxx</u>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MACHAKOS TOWN CONSTITUENCY**  
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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MACHAKOS TOWN CONSTITUENCY**  
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**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MACHAKOS TOWN CONSTITUENCY**  
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**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		
<b>Amounts due to other Government entities</b>							
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Amounts due to other grants and other transfers</b>							
4.							
5.							
6.							
<b>Sub-Total</b>							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
8.							
9.							
<b>Sub-Total</b>							
<b>Grand Total</b>							



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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	N/A	N/A
Buildings and structures	-	-
Transport equipment	-	-
Office equipment, furniture and fittings	-	-
ICT Equipment, Software and Other ICT Assets	-	-
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
<b>Total</b>	-	-

CDFC COMMITTEE ASSETS AND LIABILITIES  
FURNITURE & FITTINGS

Type of Furniture	Asset Number	Asset Serial Number	Acquisition Date	Cost	Current Condition
1.TABLE	MKS CDF/070/001	-	30.9.04	5,500/=	GOOD
2.TABLE	MKS CDF/070/002	-	21.9.05	5,000/=	”
3.ARM CHAIR	MKS CDF/070/003	-	30.9.04	1,000/=	”
4.CHAIR	MKS	-	21.9.05	”	”

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	CDF/070/004						
5.CHAIR	MKS	-	"	"	"	"	"
	CDF/070/005						
6.CHAIR	MKS	-	"	"	"	"	"
	CDF/070/006						
7.CHAIR	MKS	-	"	"	"	"	"
	CDF/070/007						
8.CHAIR	MKS	-	"	"	"	"	"
	CDF/070/008						
9.CHAIR	MKS	-	"	"	"	"	"
	CDF/070/009						
10.CHAIR	MKS	-	"	"	"	"	"
	CDF/070/010						
11.CHAIR	MKS	-	"	"	"	"	"
	CDF/070/011						
12.CHAIR	MKS	-	"	"	"	"	"
	CDF/070/012						
13.CHAIR	MKS	-	"	"	"	"	"
	CDF/070/013						
14.CHAIR	MKS	-	"	"	"	"	"
	CDF/070/014						
15.CHAIR	MKS	-	"	"	"	"	"
	CDF/070/015						
16.CHAIR	MKS	-	30.9.04		1,000/=	"	"
	CDF/070/016						
17.CHAIR	MKS	-	"	"	"	"	"
	CDF/070/017						
18.FORMS	MKS	-	21.9.05		1,000/=	"	"
	CDF/070/018						
19.FORMS	MKS	-	"	"	"	"	"
	CDF/070/019						
20.FORMS	MKS	-	"	"	"	"	"
	CDF/070/020						

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21.FORMS	MKS CDF/070/021	-	"	"	"
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PROPERTY, PLANT & EQUIPMENT

Type of P,P&E	Asset Number	Asset Serial Number	Acquisition date	Cost	Current condition
22.PUBLIC ADDRESS		-	2.11.05	57,800	"
(i) Horn Speakers	MKS CDF/070/022	-	"	"	"
(ii) Horn Speakers	MKS CDF/070/023	-	"	"	"
(iii) Microphone Cord	MKS CDF/070/024	-	"	"	"
(iv) Microphone Cordless	MKS CDF/070/025	-	"	"	"
(v) Microphone Cordless	MKS CDF/070/026	-	"	"	"
(vi) PRO Frequency	MKS CDF/070/027	-	"	"	"
(vii) Horn Speakers	MKS CDF/070/028	-	"	"	"
(viii) Horn Speakers	MKS CDF/070/029	-	"	"	"
(ix) Amplifier	MKS CDF/070/030	-	"	"	"
23. STAPLER	MKS CDF/070/031	-	5.12.07	350/=	Good
24. PAPER PUNCH	MKS CDF/070/032	-	12.2.08	450/=	"
25. MOTOR VEHICLE (Toyota Hilux 4x4)	MKS CDF/070/033	Eng. No 21CD7625328 Classics No ALFTRR20601831		2,746,279	New



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Double Cabin)	MKS CDF/070/034	2	-	224,000	New
26.Desktop Computer Photocopier, Digital Voice Recorder, Memory Card USB Cable	LCD:HP1706 3CQ92541WJ CPU:COMPAX DX 1000 3CQ92424TZ				
27. Casio office calculator	MKS CDF/070/035	DJ-120TG	23.6.2010	1,500	New.
28.UPS- MERCURY	MKS CDF/081/036		25.4.2014	4,000	NEW
29.DESK TOP COMPUTER	MKS CDF/081/037		25.4.2014	20,000	NEW
30.HP PRINTER 3in 1 MP PRO 1132	MKS CDF/081/038	CNJ8FG367	25.4.2014	22,000	NEW
31.TOSHIBA LAPTOP 1.8GHZ,500GB HDD	MKS CDF/081/039	SATELITTE C50-A634 S/N:1E074400U	25.4.2014	32,000	NEW
32.LAMINATOR/BINDER	MKS CDF/081/040		25.4.2014	20,000	NEW
33.TV SONY BRAVIA R40 LED 32INCHES	MKS CDF/081/041		25.4.2014	40,000	NEW
34.TV SONY BRAVIA R40 LED 24	MKS CDF/081/042		25.4.2014	27,000	NEW
35.TV SONY BRAVIA R 40 LED 24	MKS CDF/081/043		25.4.2014	27,000	NEW
36.DESK TOP COMPUTER HP	MKS CDF/081/044	S/N 2UA63715VB LCD SCREEN:HP	25.4.2014	30,000	NEW

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CORE 2 DUAL 2GB RAM/160 GB HDD	LI 1706 CNC 6092411				
37. TABLET 8.0 SAMSUNG	MKS CDF/081/045	25.4.2014	43,000	NEW	
38. TV BRACKETS-3 IN NUMBER	MKS CDF/081/046/047/ 048	25.4.2014	9,000	NEW	
39. Digital camera	MKS CDF/081/049 SN.2126904 D5200 NIKON RON 55035675	6/6/2014	135,720	NEW	

PUBLIC ADDRESS SYSTEM

NO.	ITEM.	SERIAL NO.	TYPE/MODEL
1.	AMPLIFIER MIXER, CD PLAYER, REMOTE SET	MA-88000	MARTIN AUDIO
2.	WIRELESS MICROPHONE	VHF-160-270	SONY
3.	CABLE MICROPHONE	SM-908 LS-788	LUCKY STAR
4.	BOOSTER MICROPHONE	LS-733	LUCKY STAR
5.	TRIPOD STAND	MS-017	BOOM STAND
6	BOX SPEAKERS	PR-SPK-150(PRO)	PROLINE
7.	CABLE(4) SPEAKERS	-	-
8.	GENERATOR-BIG	CANAM EC6500CXE	AICO
9	GENERATOR(SMALL)	GASOLINE GENERATOR AC 3800DC IP 23	
9.	CABLE FOR GENERATOR	-	-
10.	DIGITAL CAMERA(14.1 MEGAPIXEL)	DSC.W610/SC	SONY

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Prepared by:



**KENNETH AMANYA**  
**FUND ACCOUNT MANAGER**  
**MACHAKOS TOWN CONSTITUENCY**

