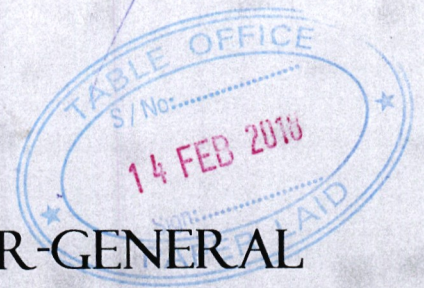
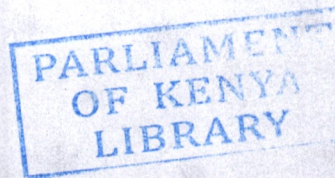


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00109, NAIROBI

nanc[30th SEPTEMBER 2016]



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**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND - MBOONI**

**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)

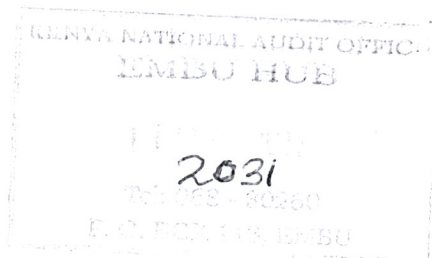


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## I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

### (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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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, 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 Constituency's day-to-day management is under the following key organs:

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

### (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:

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Paul Kimilu
3.	District Accountant	Josphat Kioko

### (d) Fiduciary Oversight Arrangements

List the CDFC as gazetted

1. Sammy	Mbithi	Chairman
2. Paul	Kimilu	Fam
3. Terah	Kyunguti	Secretary
4. Peter	Maitunge	Dec
5. Amos	Maingi	Member
6. Veronica	Malila	Member
7. Rael	Kilulu	Member
8. Aurelia	Muendo	Member
9. Mary	Mukula	Member

**(e) Entity Headquarters**

*Provide box and physical address of the constituency CDF office*

P.O. Box 80 Code 90133, TAWA  
Matee building,  
Mbumbuni Market  
Makueni County

**(f) Entity Contacts**

**Provide telephone number and email of the constituency CDF office**

Telephone: 0715681197  
E-mail: mboonicdf@yahoo.com

**(g) Entity Bankers**

Constituency CDF main banker (provide the bank, branch, account number and address)

1. Equity Bank  
Wote Branch  
**0670262509102**

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

## II. FOWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE

### (a) Summary of Budget Performance

Chairman Mbooni NG-CDFC on behalf of the committee members and residents hereby thank the NG-CDF Board for their continous support in the disbursement of funds and project implementation. In the the FY 2015/2016 Mbooni was allocated a total of Ksh 133,747,175. The budget for the year was fairly utilised despite the challenges of delays in funds disbursement.

### (b) Key Achievements

Some key achievements during the year were completion of new classrooms, Science Laboratories, Dormitories and Chiefs Offices.

### (c) Emerging Issues related to NG CDF

The new NG-CDF CDF Act 2015 was enacted and operationalized. This milestone was achieved after a court ruling was issued by the high court to ensure NG-CDF Act was aligned to the constitution.

### (d) Implementation Challenges and Way forward.

Some implementation challenges include:

- (i) Delays in Funds disbursement
- (ii) Lack of commitment and managerial skills by the PMCs
- (iii) Misappropriation of funds by the PMCs
- (iv) Lack of support and technical guidance by the line Ministries

#### The way forward;

- (a) Capacity build PMCs
- (b) Increase funds for M&E



**SAMMY MBITHI**

**CHAIRMAN NG-CDFC**

### 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 entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

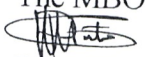
The Fund Account Manager in charge of the MBOONI *NG-CDF* is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 2014. This responsibility 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 constituency; (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 constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

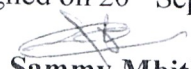
The Fund Account Manager in charge of the MBOONI *NG-CDF* accepts responsibility for the Constituencies' financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the MBOONI *NG-CDF* financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2015, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the MBOONI *NG-CDF* further confirms the completeness of the accounting records maintained for the Constituency, which have been relied upon in the preparation of the Constituency financial statements as well as the adequacy of the systems of internal financial control.

The Fund Account Manager in charge of the *NG-CDF* confirms that the entity has complied fully with applicable Government Regulations and that the Constituency'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 Fund Account Manager confirms that the Constituency'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 MBOONI *NG-CDF* financial statements were approved and signed on 20<sup>th</sup> September 2015.

  
**Paul Kimilu**  
Fund Account Manager

  
**Sammy Mbithi**  
Chairman – NG CDFC

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MBOONI 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 – Mbooni Constituency set out on pages 5 to 22, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and the 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 the 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 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 qualified audit opinion.

### **Basis for Qualified Opinion**

#### **1.0 Non Compliance with the Prescribed Reporting Format**

The Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS) adopted by the National Treasury requires that a report on progress on follow-up of auditor recommendations form part of the financial statements. However, although the Fund had an adverse audit opinion in 2014/2015, no report on the progress of follow up on the issues raised in the audit report was included in the financial statements for the year under review.

In the circumstances, the financial statements do not comply with IPSAS (Cash Basis) financial presentation format prescribed by the National Treasury.

#### **2.0 Accuracy of the Financial Statements**

##### **2.1 Statement of Cash Flows**

The statement of cash flows for the year ended 30 June 2016 reflects a cash and cash equivalent balance at end of the year of Kshs. 40,761,033. However, a recasting of the figures gave an actual balance of Kshs. 39,623,233 leading to an unexplained and unreconciled variance of Kshs. 1,137,800.

In the circumstances, the accuracy of the statement of cash flow as at 30 June 2016 could not be confirmed.

##### **2.2 Prior Year Adjustments**

Note 14 of the notes to the financial statements reflects a prior year adjustment of Kshs.40,761,033 in respect to the financial year 2015/2016. However, the statement of assets as at 30 June 2016 does not reflect any prior year adjustments. Consequently, the accuracy of the financial statements as at 30 June 2016 could not be ascertained

#### **3.0 Unsupported Project Expenditure**

During the year under review, a total of Kshs.3,800,000 was spent in respect to 5 projects in 4 secondary schools and a Chief's office as follows:

<b>No</b>	<b>Project Name</b>	<b>Amount (Kshs.)</b>
1.	Mavindu Secondary School	500,000
2.	Mituvu Secondary School	1,000,000
3.	Kyome Secondary School	1,200,000

4.	Mukimwani Secondary School	800,000
5.	Mbooni Chief's Office	300,000
	<b>TOTAL</b>	<b>3,800,000</b>

However, no project files and procurement documents were made available for audit review.

As a result, the propriety of the expenditure of Kshs.3,800,000 as at 30 June 2016 could not be confirmed.

#### 4.0. Pending Bills

During the year under review, the Fund had pending bills of Kshs.40,732,100 as shown in annex 3 as at 30 June 2016. However, the supporting documents were not provided for audit review as the projects was said to be on tendering process. Consequently, the validity and propriety of the pending bills of Kshs.40,734,100 could not be confirmed as at 30 June 2016.

#### Qualified Opinion

In my opinion, except for the effect of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund-Mbooni Constituency as at 30 June 2016, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis), and do comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

#### Other Matter

##### 1.0 Budgetary Control and Performance

The Fund's approved budget for the year under review reflected a total expenditure of Kshs.12,036,925 while the final budget as per the summary statement of appropriation was Kshs.136,855,280 leading to unexplained variance of Kshs.124,818,355. Further, the statement of appropriation reflects budgeted receipts of Kshs.136,855,280 and actual receipts of Kshs.112,561,835 resulting to a revenue shortfall of Kshs.24,293,445. In addition, budgeted expenditure of the summary statement of appropriation reflects Kshs.136,855,280 and actual expenditure of Kshs.74,879,907 leading to an under-absorption of Kshs.61,975,373 as detailed below;

Components	Final Budget (Kshs)	Actuals (Kshs)	Variance- (Actual Budget) (Kshs)	Abortion rate
Transfers from Other Government Entities	136,826,280.00	112,532,835.00	-24,293,445.00	82%
Other receipts	29,000.00	29,000.00	0.00	100%
<b>Receipt total</b>	<b>136,855,280.00</b>	<b>112,561,835.00</b>	<b>-24,293,445.00</b>	<b>82%</b>

Compensation of Employees	2,060,000.00	1,880,450.00	-179,550.00	91%
Use of goods and services	2,412,145.00	1,887,974.00	-524,171.00	78%
Committee Expenses	6,700,270.00	4,877,930.00	-1,822,340.00	73%
Other Committee expenses	1,864,830.00	1,110,470.00	-754,360.00	60%
Primary schools	23,051,613.00	3,451,613.00	-19,600,000.00	15%
Secondary schools	31,250,000.00	7,150,000.00	-24,100,000.00	23%
Tertiary Institutions	17,140,670.00	26,625,670.00	9,485,000.00	155%
Health sector	4,500,000.00	4,500,000.00	0.00	100%
Bursary Secondary	15,000,000.00	15,136,800.00	136,800.00	101%
Bursary others	12,250,105.00	309,000.00	-11,941,105.00	3%
Water sector	3,500,000.00	2,000,000.00	-1,500,000.00	57%
Environment Sector	500,000.00	450,000.00	-50,000.00	90%
Security sector	5,500,000.00	2,200,000.00	-3,300,000.00	40%
Roads	1,800,000.00	1,000,000.00	-800,000.00	56%
Emergency	5,767,647.00	2,100,000.00	-3,667,647.00	36%
Sports	2,000,000.00	1,000,000.00	-1,000,000.00	50%
Social hall project	1,000,000.00	100,000.00	-900,000.00	10%
Acquisition of Assets	500,000.00		-500,000.00	0%
Other payments	29,000.00		-29,000.00	0%
<b>GRAND TOTALS</b>	<b>136,855,280.00</b>	<b>74,879,907.00</b>	<b>-61,975,373</b>	<b>55%</b>

Transfers to tertiary institutions projects exceeded its budget by 36%. Further three items namely; transfers to primary schools, Secondary schools projects and Bursary had very low absorption rates of 15%, 23% and 3% respectively.

The residents of Mbooni Constituency, therefore, did not enjoy promised services, equivalent to Kshs.61,975,373 being budgeted funds which was not utilized during the year.

Further, the statement of receipts and payments reflects total receipts of Kshs.112,561,835 during the year and total payments of Kshs.74,879,907 resulting to a surplus of Kshs.37,681,929 which translates to an equivalent of the promised services not availed to the residents of Mbooni constituency.

## 2.0 Project Implementation Status

The Kshs.218,266,744 projects' budget was categorized into various sectors within the Constituency namely emergency, bursary, education, health, roads, environment, sports, market sheds and water.

Review of the project implementation status report for 2015/2016 revealed that a total of 150 projects were undertaken out of which 73 projects with an allocation of Kshs.72,534,372 were completed, 15 projects allocated Kshs.40,117,647 were new and 59 projects with an allocation of Kshs.95,214,725 were ongoing as shown below;

Sector	Project Status	Amount Allocated Kshs.	Amount Disbursed Kshs.	No. of projects
Education	Completed	27,501,613	27,501,613	31
	Ongoing	32,250,000	10,652,808	18
	Not started	5,350,000		4
	Relocated	4,500,000		1
	<b>Sub Total</b>	<b>69,601,613</b>	<b>38,154,421</b>	<b>54</b>
Bursary	Completed			
	Ongoing	24,500,000	10,000,000	2
	Not started	15,000,000		1
	<b>Sub Total</b>	<b>39,500,000</b>	<b>10,000,000</b>	<b>3</b>
Health	Completed	14,482,759	14,482,759	12
	Ongoing	4,000,000	4,000,000	4
	New			0
	<b>Sub Total</b>	<b>18,482,759</b>	<b>18,482,759</b>	<b>16</b>
Market Shed	Completed			0
	Ongoing			0
	New	2,000,000	2,000,000	4
	<b>Sub Total</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>4</b>
Water	Completed	600,000	600,000	1
	Ongoing	10,500,000	10,500,000	7
	Not started	1,500,000		1
	<b>Sub Total</b>	<b>12,600,000</b>	<b>11,100,000</b>	<b>9</b>
Roads Bridges	Completed	1,500,000	1,500,000.00	1
	Ongoing	2,000,000	1,000,000.00	3
	Not started	5,000,000		1
	Relocated	700,000		1
	<b>Sub Total</b>	<b>9,200,000</b>	<b>2,500,000</b>	<b>6</b>
Environment	Completed			0
	Ongoing			0
	Not started	500,000.00	500,000.00	1
	<b>Sub Total</b>	<b>500,000</b>	<b>500,000</b>	<b>1</b>
Emergency	Completed			0
	Ongoing	8,964,725	8,964,725	2
	Not started	5,767,647		1
	<b>Sub Total</b>	<b>14,732,372</b>	<b>8,964,725</b>	<b>3</b>
Security	Completed	26,950,000	26,950,000	27
	Ongoing	15,000,000	15,000,000	20
	Tendering	500,000	500,000	1
	<b>Sub Total</b>	<b>42,450,000.00</b>	<b>41,450,000</b>	<b>48</b>
Other	Completed	1,500,000	1,500,000	1
	Ongoing	2,000,000	1,000,000.00	3
	Not started	5,000,000		1
	Relocated	700,000		1
	<b>Sub Total</b>	<b>9,200,000</b>	<b>2,500,000</b>	<b>6</b>
<b>Grand Total</b>		<b>218,266,744</b>	<b>135,651,905</b>	<b>150</b>

In the circumstances, the residents of Mbooni Constituency did not get the promised and expected services equivalent to Kshs.40,117,647, being the budgeted but not started projects. Further, it was not possible to ascertain that the Fund would implement all the projects as budgeted considering that 59 projects worth Kshs.95,214,725 which ought to have been completed by 30 June 2016 were still ongoing as at the same date.



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

**Nairobi**

**19 October 2017**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	112,532,835	112,635,761
Proceeds from Sale of Assets	2	-	2,107,475
Other Receipts	3	29,000	-
<b>TOTAL RECEIPTS</b>		<b>112,561,835</b>	<b>114,743,236</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,880,450	1,618,380
Use of goods and services	5	7,876,374	6,061,060
Transfers to Other Government Units	6	41,727,283	64,110,565
Other grants and transfers	7	23,395,800	52,534,474
Other Payments	8	-	251,279
<b>TOTAL PAYMENTS</b>		<b>74,879,907</b>	<b>124,575,758</b>
<b>SURPLUS/DEFICIT</b>		<b>37,681,928</b>	<b>(9,832,522)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MBOONI NG-CDF financial statements were approved on 20<sup>th</sup> September 2016 and signed by:



**Paul Kimilu**  
 Fund Account Manager



**Sammy Mbithi**  
 Chairman – NG CDFC

**V. STATEMENT OF ASSETS**

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	40,732,033	1,941,305
Cash Balances (cash at hand)	10B	29,000	
<b>TOTAL FINANCIAL ASSETS</b>		<b>40,761,033</b>	<b>1,941,305</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	1,941,305	11,773,829
Surplus/Deficit for the year		37,681,928	(9,832,522)
Prior year adjustments	14	-	-
<b>NET FINANCIAL POSITION</b>		<b>40,761,033</b>	<b>1,941,305</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MBOONI CDF financial statements were approved on 20<sup>th</sup> September 2016 and signed by:



**Paul Kimilu**  
Fund Account Manager



**Sammy Mbithi**  
Chairman – NG CDFC

**VI. STATEMENT OF CASHFLOW**

Receipts for operating income	NOTE	2015 - 2016	2014 - 2015
Transfers from CDF Board	1	112,532,835	112,635,761
Other Receipts	2	29,000	2,107,475
		<b>112,561,835</b>	<b>114,743,236</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	3	1,880,450	1,618,380
Use of goods and services	4	7,876,374	6,061,060
Transfers to Other Government Units	5	41,727,283	64,110,565
Other grants and transfers	6	23,395,800	52,534,474
Other Payments	7	-	251,279
		<b>74,879,907</b>	<b>124,575,758</b>
<b>Net cash flow from operating activities</b>		<b>37,681,928</b>	<b>(8,694,724)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>37,681,928</b>	<b>(8,694,724)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	13	<b>1,941,305</b>	<b>11,773,829</b>
<b>Cash and cash equivalent at END of the year</b>		<b>40,761,033</b>	<b>1,941,305</b>

The MBOONI CDF financial statements were approved on 20<sup>th</sup> September 2016 and signed by:



**Paul Kimilu**  
 Fund Account Manager



**Sammy Mbithi**  
 Chairman NG-CDFC



**VII. SUMMARY STATEMENT OF APPROPRIATION:  
 RECCURENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilizat
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	133,747,175	3,079,105	136,826,280	112,532,835	24,293,445	82%
Other Receipts	0	29,000	29,000	29,000.00	0	
<b>TOTAL</b>	<b>133,747,175</b>	<b>3,108,105</b>	<b>136,855,280</b>	<b>112,561,835</b>	<b>24,293,445</b>	<b>82%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,060,000	0	2,060,000	1,880,450	179,550	91.28%
Use of goods and services	9,977,245	1,000,000	10,977,245	7,876,374	3,100,871	71.75%
Transfers to Other Government Units	74,942,283	1,000,000	75,942,283	41,727,283	34,215,000	54.95%
Other grants and transfers	46,767,647	1,079,105	47,846,752	23,395,800	24,450,952	48.90%
Other payments	0	29,000	29,000	0	29,000	0.00%
<b>TOTAL</b>	<b>133,747,175</b>	<b>3,108,105</b>	<b>136,855,280</b>	<b>74,879,907</b>	<b>61,975,373</b>	<b>54.71%</b>

VIII. TRIAL BALANCE AS AT 30TH JUNE 2016

	DR	CR
<b>Cash and Cash equivalents</b>		
Bank Balances	40,732,033	
Cash Balances	29,000	
Outstanding Imprest	-	
<b>Payments</b>		
Compensation of Employees	1,880,450	
Use of goods and services	7,876,374	
Transfers to Other Government Units	41,727,283	
Other grants and transfers	23,395,800	
<b>Receipts</b>		
Transfers from the Board		112,532,835
Others receipts		29,000
Prior Year Adjustment		-
<b>Fund Balance b/f 1.7.2015</b>		<b>1,941,305</b>
<b>TOTAL</b>	<b>115,640,940</b>	<b>114,503,140</b>

## IX. SIGNIFICANT ACCOUNTING POLICIES

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

### a) **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 and relevant legal framework of the Government of Kenya. 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 Constituency and all values are rounded to the nearest thousand (Kshs'000). 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 Constituency.

### b) **Recognition of revenue and expenses**

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

### c) **In-kind contributions**

In-kind contributions are donations that are made to the Constituency in the form of actual goods and services rather than in money or cash terms. These donations may include vehicles, equipment and personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Constituency 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.

**d) 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 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.

**e) Receivables and payables**

Receivables are funds due to the Constituency at the end of the financial year from the NG-CDF Board and other sources but not yet received while payables are funds due to other parties at the end of the financial year but not yet paid. As receivables and payables do not involve the receipt or payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Constituency at the end of the year. When the receivables or payables are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**f) 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 Constituency'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 Constituency's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**g) Comparative figures**

This is the first year the Constituency is preparing financial statements and hence we do not have comparative figures.

**h) 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.

**X. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES**

Description NO.	AIE	2015-2016	AIE	2014-2015
		Kshs		Kshs
CDF BOARD				
	A724011	5,000,000	A750225	5,000,000
	A750293	45,021,348	A750293	43,570,352
	A724011	12,511,487	A796944	63,032,835
	A820683	10,000,000	A735927	1,032,835
	A820983	40,000,000		
<b>TOTAL</b>		<b>112,532,835</b>		<b>112,635,761</b>

**3. OTHER RECIEPTS**

	2015-2016	2014-2015
	Kshs	Kshs
Other Receipts not classified elsewhere	29,000	-
(Sale of Tender documents)		
<b>TOTAL</b>	<b>29,000</b>	<b>-</b>

#### 4. COMPENSATION OF EMPLOYEES

	2015-2016	2014-2015
	Kshs	Kshs
Basic wages of contractual employees	1,858,850	1,575,180
Employer contribution to NSSF	21,600	-
<b>TOTAL</b>	<b>1,880,450</b>	<b>1,575,180</b>

#### 5. USE OF GOODS AND SERVICES

	2015-2016	2014-2015
	Kshs	Kshs
Utilities, supplies and services	-	1,196,440
Domestic travel and subsistence	530,274	189,250
Rental of produced assets	-	66,000
Other committee expenses	1,110,470	-
Committee allowance	4,877,930	-
Office and general supplies and services	197,484	-
Fuel, Oil & Lubricant	600,000	-
Routine Maintenance of-Vehicles and other transport equipment	560,216	387,180
<b>TOTAL</b>	<b>7,876,374</b>	<b>1,838,870</b>

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

	<b>2015-2016</b>	<b>2014-2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to Primary schools	3,451,613	16,400,000
Transfers to Secondary Schools	7,150,000	31,269,501
Transfers to tertiary Institutions	26,625,670	4,000,000
Transfers to Health Institutions	4,500,000	12,441,064
<b>TOTAL</b>	<b>41,727,283</b>	<b>64,110,565</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	<b>2015-2016</b>	<b>2014-2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary -- Secondary Schools	15,136,800	6,220,000
Bursary Tertiary	89,000	5,623,474
Bursary Special Schools	220,000	41,000
Water	2,000,000	4,200,000

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Agriculture	-	500,000
Social Halls	100,000	5,000,000
Security	2,200,000	19,750,000
Roads	1,000,000	2,500,000
Sports	1,000,000	1,900,000
Environment	450,000	2,800,000
Emergency	2,100,000	4,000,000
<b>TOTAL</b>	<b>23,395,800</b>	<b>52,534,474</b>



**10A: BANK BALANCES (CASH BOOK BANK BALANCE)**

Name of Bank, Account No. & Currency	2015-2016		2014-2015
	Account No.	Kshs (30/6/2016)	Kshs (30/6/2016)
EQUITY WOTE BRANCH	670262509102	40,732,033	838,075
<b>TOTAL</b>		<b>40,732,033</b>	<b>838,075</b>

**10B: CASH IN HAND** **29,000** **30,000**

	2015-2016	2014-2015
	Kshs (30/6/2016)	Kshs (30/6/2016)
Location 1	40,732,033	-
Other Receipts (SALE OF TENDER)	29,000	-
<b>TOTAL</b>	<b>40,761,033</b>	<b>-</b>

**13. BALANCES BROUGHT FORWARD**

	2015-2016	2014-2015
	Kshs(1/7/2015)	Kshs(1/7/2014)
Bank Accounts	1,941,305	11,028,829
Imprests	-	745,000
<b>TOTAL</b>	<b>1,941,305</b>	<b>11,773,829</b>

**14. PRIOR YEAR ADJUSTMENTS**

	2015-2016	2014-2015
	Kshs	Kshs
Bank accounts	40,733,033	-
Cash in hand	29,000	-
<b>TOTAL</b>	<b>40,761,033</b>	<b>-</b>

## 15. OTHER IMPORTANT DISCLOSURES

### 15.3: OTHER PENDING PAYABLES

	Kshs
Amount due to other Government entities	24,150,000
Amount due to other grants and other transfers	16,500,000
Amount due to Use of Goods and Services	82,100
<b>TOTAL</b>	<b>40,732,100</b>

### ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES

NAME	Brief Transaction Description	Original Amount	Date Payable contracted	Amount paid to date	Outstanding balance 2016	Outstanding balance 2015	Comments
		A	B	C	D=a-c		
<b>Amount Due to other Government entities</b>							
1. Tertiary Institutions Projects	Construction of KMTC	10,000,000	FY 2015/16	-	10,000,000	-	Tendering process ongoing
2. Education projects	Mbooni Boys Sec.	1,000,000	FY 2015/16	-	1,000,000	-	Tendering process ongoing
	Kalawa Boys Sec.	1,000,000	FY 2015/15	-	1,000,000	-	Tendering process ongoing
	Utuneni Sec	1,000,000	FY 2015/16	-	1,000,000	-	Tendering Process ongoing

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	Itulu Sec.	1,000,000	FY 2015/16	-	1,000,000	-	Tendering process on going
	Kalawa Girls Sec.	1,500,000	FY 2015/16	-	1,500,000	-	Tendering Process on going
	Muthwani Sec.	1,000,000	FY 2015/16	-	1,000,000	-	Tendering process on going
	Miau Sec	1,000,000	FY 2015/16	-	1,000,000	-	Tendering process ongoing
	Malaa Sec	1,000,000	FY 2015/16	-	1,000,000	-	Tendering process on going
	Kyanguma Sec	1,500,000	FY 2015/16	-	1,500,000	-	Tendering process on going
	Kitoo Sec	1,500,000	FY 2015/16	-	1,500,000	-	Tendering process on going
	Ititu Sec	1,500,000	FY2015/16	-	1,500,000	-	Tendering process on going
	Kyangondu Sec	500,000	FY 2015/16	-	500,000	-	Tendering process on going
	Kithuia Primary	650,000	FY2015/16	-	650,000	-	Tendering process on going

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<b>Sub-Total</b>		<b>24,150,000</b>			<b>24,150,000</b>	-	-
<b>Amount Due to Other grants and Transfers</b>							
1.Bursary	Fees to needy students	15,000,000	FY2015/16	-	15,000,000	-	Tendering Process or going
2.Security Projects	Mataa Chiefs Office	1,500,000	FY 2015/16	-	1,500,000	-	Tendering process on going
<b>Sub-Total</b>		<b>16,500,000</b>	<b>FY 2015/16</b>	-	<b>16,500,000</b>	-	<b>Tendering process</b>
<b>Amount Due to Supply of Goods and services</b>							
	Vista Eight Agencies	82,100	FY 2015/16	-	82,100	-	Tendering process or going
<b>Sub- Total</b>		<b>82,100</b>			<b>82,100</b>		
<b>Grand Total</b>		<b>40,732,100</b>			<b>40,732,100</b>		

**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset Class</b>	<b>Historical Cost</b>	<b>Historical Cost</b>
	<b>Kshs</b>	<b>Kshs</b>
	<b>2015-2016</b>	<b>2014-2015</b>
<b>Transport Equipment</b>	4,737,672	4,737,672
<b>Office equipment, furniture &amp; fittings</b>	113,674	113,674
<b>ICT Equipment, software and other</b>	277,500	277,500
<b>Other Machinery and Equipment</b>	22,040,000	22,040,000
<b>TOTAL</b>	<b>27,168,846</b>	<b>27,168,846</b>