

REPUBLIC OF KENYA

PARLIAMEN
OF KENYA
LIBRARY



*Paper laid
Wednesday 14/2/2010
Afternoon sitting
A. J. K.*

OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
MWINGI NORTH CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**



KENYA NATIONAL AUDIT OFFICE
EMBU HUB
27 AUG 2012
Tel: 068 - 30260
P. O. BOX 113, EMBU



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-
M'WINGI NORTH CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2016

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MWINGI NORTH
CONSTITUENCY**

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

TABLE OF CONTENTS

PAGE

| | |
|--|-------|
| I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT..... | 1-2 |
| II.FORWARD LETTER BY CHAIRMAN..... | 3 |
| III. STATEMENT OF CONSTITUENCY MANAGEMENT RESPONSIBILITIES | 4 |
| IV. STATEMENT OF RECEIPTS AND PAYMENTS | 5 |
| V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES..... | 6 |
| VI.STATEMENT OF CASHFLOW..... | 7 |
| VII: SUMMARY STATEMENT OF APPROPRIATION | 9 |
| VIII. SIGNIFICANT ACCOUNTING POLICIES..... | 10-11 |
| IX. NOTES TO THE FINANCIAL STATEMENTS..... | 12-17 |



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH
CONSTITUENCY**

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) was set up under the CDF Act, 2003 now repealed by the NG-CDF Act, 2015. The NG-CDF Act 2015 aligns the Fund with the Constitution of Kenya 2010 and the Public Finance Management Act 2012 that lay emphasis on citizen participation in public finance management and decision making, transparency and accountability together with equity in public resource utilization. The overall management of the Fund is the responsibility of the Constituencies Development Fund Board.

(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 30th June 2016 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|-------------------------|-------------|
| 1. | Chief Executive Officer | Yusuf Mbuno |
| 2. | Fund Account Manager | Alex Muinde |
| 3. | District Accountant | Titus Kmuyu |

(d) Fiduciary Oversight Arrangements

- John Mue
- Elizabeth Samuel
- Christine Katui
- Priscilla Karimi
- Alex Muinde

(e) Entity Headquarters

P.O. Box 179
Kyuso
CDF Office
KENYA

(f) Entity Contacts

Telephone: (254) 0711181096
E-mail: mwinginorth@cdf.go.ke
Website: www.cdf.go.ke

(g) Entity Bankers

1. Equity Bank
Mwingi Town :

(h) Independent Auditors

Auditor General



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH
CONSTITUENCY**

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

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH
CONSTITUENCY**

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

FORWARD LETTER BY THE CHAIRMAN

In the current fiscal year the committee has utilized substantial amount of money on education ,bursary as well as water projects.

The net impact on funding the above mentioned projects is improved living standards for the inhabitants of the constituency. More than 2,500 students have managed to gainfully benefit from bursary up from the last years beneficiaries numbers

Due to change of cdfact, the committee will narrow its focus to national government functions such as Education and security.

In order to progressively improve the quality of projects implemented in the constituency, the committee will continue engaging all relevant technical heads in implementation of projects. Additionally the committee will enhance capacity of projects management committee through trainings so that all relevant pmcs can discharge their duties.

On behalf of the NG-CDFC I wish to thank all stake holders who have been involved in achievement of this noble exercise

Regards



.....
John Mue
Mwingi North NG-CDFC



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH
CONSTITUENCY**

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

II. STATEMENT OF CONSTITUENCY 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 Mwingi North *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, 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 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 MWINGI NORTHNG-*CDF* accepts responsibility for the Constituency'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) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the MWINGI NORTHNG-*CDF* financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2016, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the MWINGI NORTH *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 MWINGI NORTH *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 MWINGI NORTHNG *CDF* financial statements were approved and signed on September 2016



John MueKathanzu
Chairperson



Alex Muinde
Fund Account Manager

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
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 – MWINGI NORTH 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 – Mwingi North Constituency set out on pages 5 to 18, which comprise the statement of assets and liabilities as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 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 Cash and Cash Equivalents

The financial statements reflected a cash and cash equivalents balance of Kshs.4,708,837 as at 30 June 2016. However, included in the balance were unrepresented cheques totaling to Kshs.62,428,863 which further included seventy two (72) stale cheques totaling to Kshs.3,417,526 which had not been reversed in the cash book as at 30 June 2016.

In view of the foregoing, the accuracy of the cash and cash equivalents balance Kshs.4,708,837 as at 30 June 2016 could not be ascertained.

2.0 Irregular Reallocation of Environment Projects

Note 7 of Notes to the financial statements reflected Kshs.2,800,000, a brought forward from 2014/2015 environmental budget, was paid to Migaa Hardware for the construction of stage sheds in various markets.

However, the approved budget for 2014-2015 indicated that market sheds and litter bins were to be constructed and installed as follows;

| Project name | Project number 4-015-2640510-110-2014-15 | Amount (Kshs) |
|---------------------|---|--------------------------|
| Kamuongo Market | 001 | 300,000 |
| Katse Market | 002 | 200,000 |
| Kyuso Market | 003 | 224,198 |
| Tseikuru Market | 004 | 200,000 |
| Ngomeni Market | 005 | 400,000 |
| Ciampiu Market | 006 | 400,000 |
| Mivukoni Market | 007 | 400,000 |
| Tree planting day | 008 | 539,449 |
| | Total | 2,663,647 |

No approval from the Fund Board for reallocation was made available for audit review. Further, an amount of Kshs.539,449 had been budgeted for tree planting but the fund were diverted to bus-stage sheds without authority from NG-CDF Board. Consequently, the propriety of the expenditure of Kshs.2,800,000 as at 30 June 2016 could not be confirmed.

3.0 Non Acknowledgement of Bursaries

The financial statements and other records maintained at the CDF office indicated that a total of Kshs.69,235,509 had been disbursed as bursaries to various institutions as at 30 June 2016. However, only bursaries totaling to Kshs.65,334,375

(94%) were acknowledged by the beneficiaries through letters of acknowledgement or issuance of official receipts leaving a balance of Kshs.3,901,134 (6%) unacknowledged.

In the circumstances, it has not been possible to ascertain whether the bursaries totaling to Kshs.3,901,134 benefited the intended beneficiaries and had been accounted for as at 30 June 2016.

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 the National Government Constituencies Development Fund – Mwingi North 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 Control and Performance

The Fund had an approved budget for the year under review of Kshs.120,271,105. In addition to the approved budget for the year, the Fund had a cash balance of Kshs.57,454,383 brought forward from the 2014/2015 and a further Kshs.56,591,199 which was budgeted for in 2014/2015 but was released by the Board in 2015/2016. Therefore, the Fund total budget for the year under review was Kshs.234,316,687. However, out of the Kshs.234,316,687 total budget for the year only Kshs.179,336,745 (77%) was utilized during the year while Kshs.54,979,942 remained unutilized as at 30 June 2016 as shown below;

| Revenue/Expenses | Original Budget (Kshs.) | Adjustments (Kshs.) | Final Budget (Kshs.) | Actual on comparable basis (Kshs.) | Variance (Kshs.) | Performance (%) |
|---|-------------------------|---------------------|----------------------|------------------------------------|-------------------|-----------------|
| RECEIPTS | | | | | | |
| Cash balance b/f | | 57,494,384 | 57,494,383 | 57,494,384 | - | 100 |
| Transfers from NG-CDF Board (2014/2015) | | 56,591,199 | 56,591,199 | 56,591,199 | - | 100 |
| Transfers from NG-CDF Board (2015/2016) | 120,271,105 | | 120,271,105 | 70,000,000 | 50,271,105 | 58 |
| Total Receipts | 120,271,105 | 114,085,583 | 234,356,688 | 183,985,583 | 50,271,105 | 79 |
| PAYMENTS | | | | | | |
| Compensation of employees | 2,584,716 | 200,000 | 2,784,716 | 2,493,649 | 291,067 | 90 |
| Use of goods and services | 4,159,071 | 8,982,221 | 13,141,292 | 11,532,805 | 1,608,487 | 88 |
| Transfers to other government units | 40,000,000 | 86,591,199 | 114,097,468 | 65,601,254 | 48,496,214 | 57 |
| Other grants and transfers | 73,527,318 | 10,628,162 | 96,649,211 | 92,065,037 | 4,584,174 | 95 |
| Acquisition of assets | - | 7,644,000 | 7,644,000 | 7,644,000 | - | 100 |
| TOTAL | 120,271,105 | 114,045,582 | 234,316,687 | 179,336,745 | 54,979,942 | 77 |

The residents of Mwingi North Constituency did not therefore, get promised and expected services worth Kshs.54,979,942 equivalent to the unutilized budgeted fund as at 30 June 2016.

2.0 Project Implementation and Management

The approved budget for development project was apportioned among various sectors within the constituency namely Education, Sports, Health, Environment, Security and Others. The funds allocated amounted to Kshs.107,549,779 which represented 89.4% of the total approved budget.

Review of the project implementation status report revealed that 5 projects worth Kshs.4,500,000 were completed, 43 projects with a cost of Kshs.57,727,702 were ongoing and 26 projects worth Kshs.45,322,077 had not started as shown below:

| Project Status | Sector | Amount Allocated (Kshs) | Amount Disbursed (Kshs) | No of Projects |
|--------------------|------------------|-------------------------|-------------------------|----------------|
| Completed | Education | 4,500,000 | 4,500,000 | 5 |
| Ongoing | Sports | 14,760,055 | 14,760,055 | 1 |
| | Emergency | 5,767,647 | 886,658 | 1 |
| | Education | 29,600,000 | 20,800,000 | 31 |
| | Security | 7,600,000 | 7,600,000 | 10 |
| | Sub Total | 57,727,702 | 44,046,713 | 43 |
| Not Started | Sports | 2,826,961 | - | 1 |
| | Environment | 2,826,961 | - | 1 |
| | Others | 21,018,155 | - | 2 |
| | Education | 8,100,000 | 1,400,000 | 7 |
| | Health | 2,150,000 | - | 5 |
| | Security | 8,400,000 | - | 10 |
| | Sub Total | 45,322,077 | 1,400,000 | 26 |
| Grand Total | | 107,549,779 | 49,946,713 | 74 |

In the circumstance, it was not possible to ascertain that the fund would implement all its budgeted projects.



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

Nairobi

02 November 2017

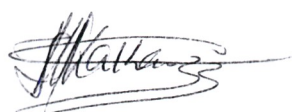
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH
CONSTITUENCY**

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

III STATEMENT OF RECEIPTS AND PAYMENTS

| | Note | 2015-2016 | 2014-2015 |
|---------------------------------------|------|---------------------|-------------------|
| | | (Kshs) | (Kshs) |
| RECEIPTS | | | |
| Transfer from CDF board-AIEs Received | 1 | 126,591,199 | 140,959,030 |
| TOTAL RECEIPTS | | 126,591,199 | 140,959,030 |
| PAYMENTS | | | |
| Compensation of Employees | 2 | 2,493,649 | 2,339,497 |
| Use of goods and services | 3 | 11,532,805 | 6,432,823 |
| Transfers to Other Government Units | 4 | 65,601,254 | 41,492,309 |
| Other grants and transfers | 5 | 92,065,037 | 48,678,389 |
| Acquisition of Assets | 6 | 7,644,000 | 2,181,455 |
| Committee expenses | 7 | - | 4,357,805 |
| Social Security expenses | 8 | - | 133,580 |
| TOTAL PAYMENTS | | 179,336,745 | 105,615,858 |
| SURPLUS/DEFICIT | | (52,745,546) | 35,343,172 |

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



John Mue
Chairperson -NG-CDFC



Alex Muinde
Fund Account Manager

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

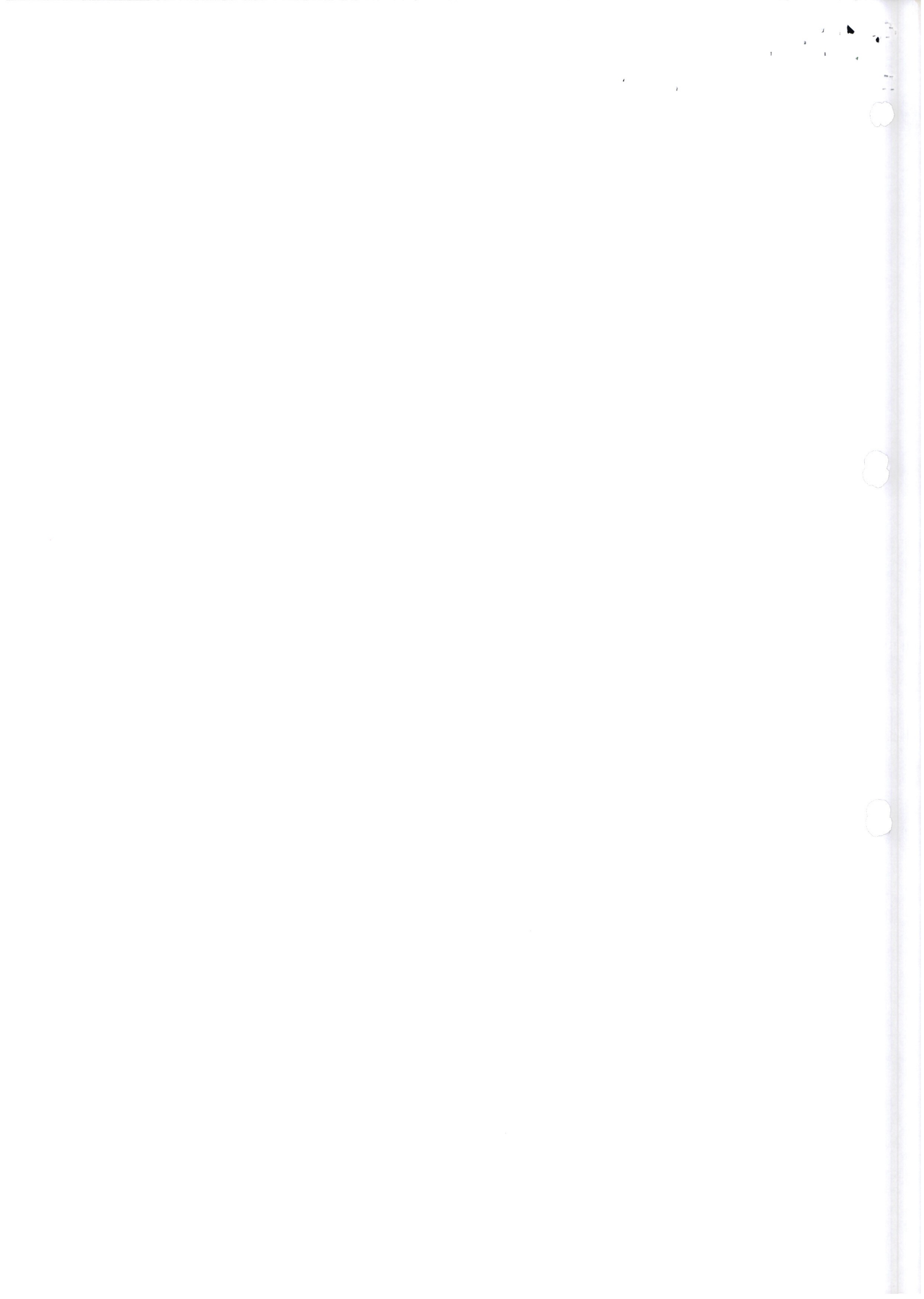
IV. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

| ITEM | Note | 2015-2016 | 2014-2015 |
|--|------|------------------|-------------------|
| FINANCIAL ASSETS | | (Kshs) | (Kshs) |
| Cash and Cash Equivalents | | | |
| Bank Balances(as per the cash book) | 9 | 3,510,029 | 57,067,820.60 |
| Cash Balances | 10A | 1,198,808 | 326,563.00 |
| Accounts Receivables- Outstanding Imprests | 10B | | 60,000.00 |
| TOTAL FINANCIAL ASSETS | | 4,708,837 | 57,454,383 |
| REPRESENTED BY | | | |
| Fund balance b/fwd 1 st July 2015 | 11 | 57,454,383 | 22,111,211 |
| Surplus/Deficit for the year | | (52,745,546) | 35,343,172 |
| NET LIABILITIES | | 4,708,837 | 57,454,383 |

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


John Mue
Chairperson - CDFC


Alex Muinde
Fund Account Manager



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH
CONSTITUENCY**

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

V. STATEMENT OF CASH FLOW

| | NOTE | 2015-2016 | 2014-2015 |
|--|------|---------------------|-----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | (Kshs) | (Kshs) |
| RECEIPTS FROM OPERATING ACTIVITIES | | | |
| Transfer from CDF Board | 1 | 126,591,199 | 140,959,030 |
| Payments for operating expenses | | | |
| Compensation of Employees | 2 | (2,493,649) | (2,339,497) |
| Use of goods and services | 3 | (11,532,805) | (6,432,823) |
| Transfers to Other Government Units | 4 | (65,601,254) | (41,492,308) |
| Other grants and transfers | 5 | (92,065,037) | (48,678,389) |
| Committee expenses | 6 | - | (4,357,805) |
| Social Security expenses | 7 | - | (133,850) |
| Total payments for operating activities | | (171,692,745) | (103,434,403) |
| NET CASH FLOW FROM OPERATING ACTIVITIES | | (45,101,546) | 37,524,627 |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Acquisition of Assets | 8 | (7,644,000) | (2,181,455) |
| NET CASH FLOW FROM INVESTING ACTIVITIES | | (7,644,000) | (2,181,455.00) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT | | (52,745,546) | 35,343,172 |

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH
CONSTITUENCY**

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

| | | | |
|---|---|------------|------------|
| Cash and cash equivalent at the BEGINNING of the year | 9 | 57,454,383 | 22,111,211 |
| Cash and cash equivalent at the END of the year | | 4,708,837 | 57,454,838 |

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



John Mue
Chairperson -NG- CDFC




Alex Muinde
Fund Account Manager

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

VI: SUMMARY STATEMENT OF APPROPRIATION

| Revenue/Expenses | Original Budget (Kshs.) | Adjustments (Kshs.) | Final Budget (Kshs.) | Actual on comparable basis (Kshs.) | Variance (Kshs.) | Performance (%) |
|---|-------------------------|---------------------|----------------------|------------------------------------|------------------|-----------------|
| RECEIPTS | | | | | | |
| Cash balance b/f | | 57,454,383 | 57,454,383 | 57,454,383 | - | 100% |
| Transfers from NG-CDF Board (2014/2015) | | 56,591,199 | 56,591,199 | 56,591,199 | - | 100% |
| Transfers from NG-CDF Board (2015/2016) | 120,271,105 | | 120,271,105 | 70,000,000 | 50,271,105 | 58% |
| Total Receipts | 120,271,105 | 114,045,582 | 234,316,687 | 184,045,582 | 50,271,105 | 79% |
| PAYMENTS | | | | | | |
| Compensation of employees | 2,584,716 | 200,000 | 2,784,716 | 2,493,649 | 291,067 | 90% |
| Use of goods and services | 4,159,071 | 8,982,221 | 13,141,292 | 11,532,805 | 1,608,487 | 88% |
| Transfers to other government units | 40,000,000 | 86,591,199 | 114,097,468 | 65,601,254 | 48,496,214 | 57.49% |
| Other grants and transfers | 73,527,318 | 10,628,162 | 96,649,211 | 92,065,037 | 4,584,174 | 95% |
| Acquisition of assets | 0 | 7,644,000 | 7,644,000 | 7,644,000 | - | 100% |
| TOTAL | 120,271,105 | 114,045,582 | 234,316,687 | 179,336,745 | 54,979,933 | 94% |

The MWINGI NORTH NG-CDF financial statements were approved on September 2016 and signed by:


John Mue

Chairperson - CDFC


Alex Muinde

Fund Account Manager

VII. 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. 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

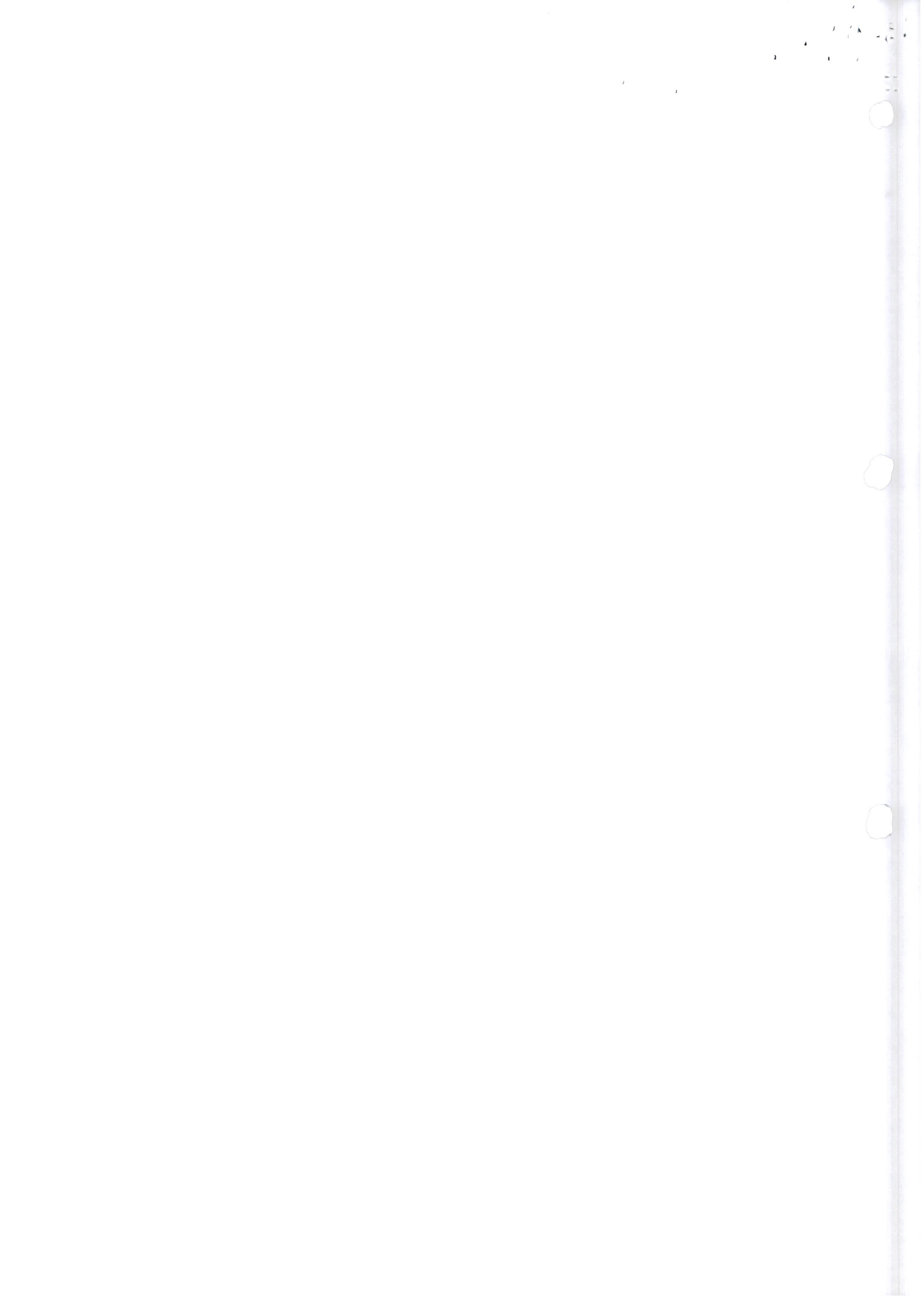
The Constituency recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the Constituency. In addition, the Constituency recognises all expenses when the event occurs and the related cash has actually been paid out by the Constituency.

c) In-kind contributions

In-kind contributions are donations that are made to the Constituency in the form of actual goods and/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 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.



CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Receivables and payables :

Receivables are funds due to the Constituency at the end of the financial year from the 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) 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, 2015.

CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2016****VIII. NOTES TO THE FINANCIAL STATEMENTS****1. Transfer From CDF Board**

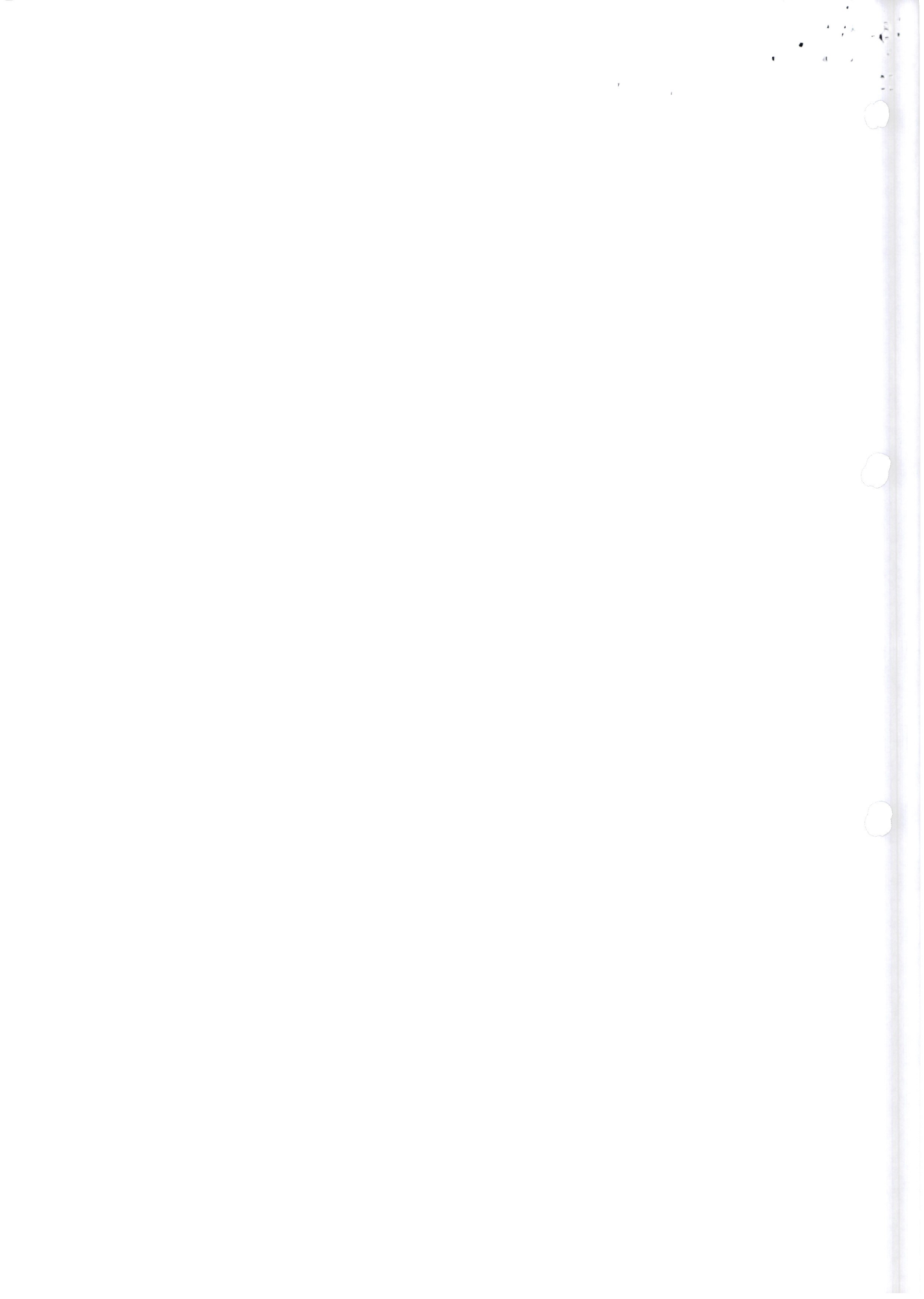
| GFS codes | Description | 2015-2016 | 2014-2015 |
|-----------|------------------------|--------------------|-----------------------|
| | | (Kshs) | (Kshs) |
| 1330407 | A.I.E NO 754494/750278 | 56,591,199 | 28,749,165.50 |
| 1330407 | A.I.E NO 825583/796696 | 35,000,000 | 10,000,000.00 |
| 1330407 | A.I.E NO 825592/759649 | 35,000,000 | 45,618,666.00 |
| | | | 56,591,199.00 |
| | Total | 126,591,199 | 140,959,030.50 |

2. Compensation of Employees

| GFS codes | Description | 2015-2016 | 2014-2015 |
|-----------|--------------------------------------|------------------|------------------|
| | | (Kshs) | (Kshs) |
| 2110000 | | - | - |
| 2110201 | Basic wages of contractual employees | 2,355,409 | 2,339,497 |
| 2110200 | NSSF Contribution | 138,240 | - |
| | TOTAL | 2,493,649 | 2,339,497 |

3. Use of Goods And Services

| | | 2015-2016 | 2014-2015 |
|---------|-------------------------------------|-----------|-----------|
| | | (Kshs) | (Kshs) |
| 2210100 | Utilities supplies and | 80,394 | 70155 |
| 2210100 | Office rent | 270,000 | 357,500 |
| 2210100 | Communication supplies and services | 300,000 | 97,960 |
| 2210100 | Domestic travel and subsistence | 950,000 | 972,710 |
| 2210100 | Printing and advertising | 567,000 | 548,899 |
| 2210100 | Training expenses | 1,136,200 | 1,513,485 |
| 2210100 | Hospitality supplies | | 218,071 |
| 2210100 | Insurance costs | 148,264 | 148,304 |
| 2210100 | Office General supplies costs | 309,000 | 297841 |
| 2210100 | Fuel oil and lubricants : | 600,000 | 1,248,007 |



CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2016**

| | | | |
|--------------|-----------------------------------|-------------------|------------------|
| 2220100 | Routine Maintenance-Motor Vehicle | 1,433,151 | 913,046 |
| 2220200 | Routine Maintenance-Other Assets | 500,000 | 46,845 |
| 2220200 | Committee expenses | 3,861,385 | |
| 2220200 | Other Committee expenses | 1,377,411 | |
| TOTAL | | 11,532,805 | 6,432,823 |

4. Transfer to Other Government Entities

:

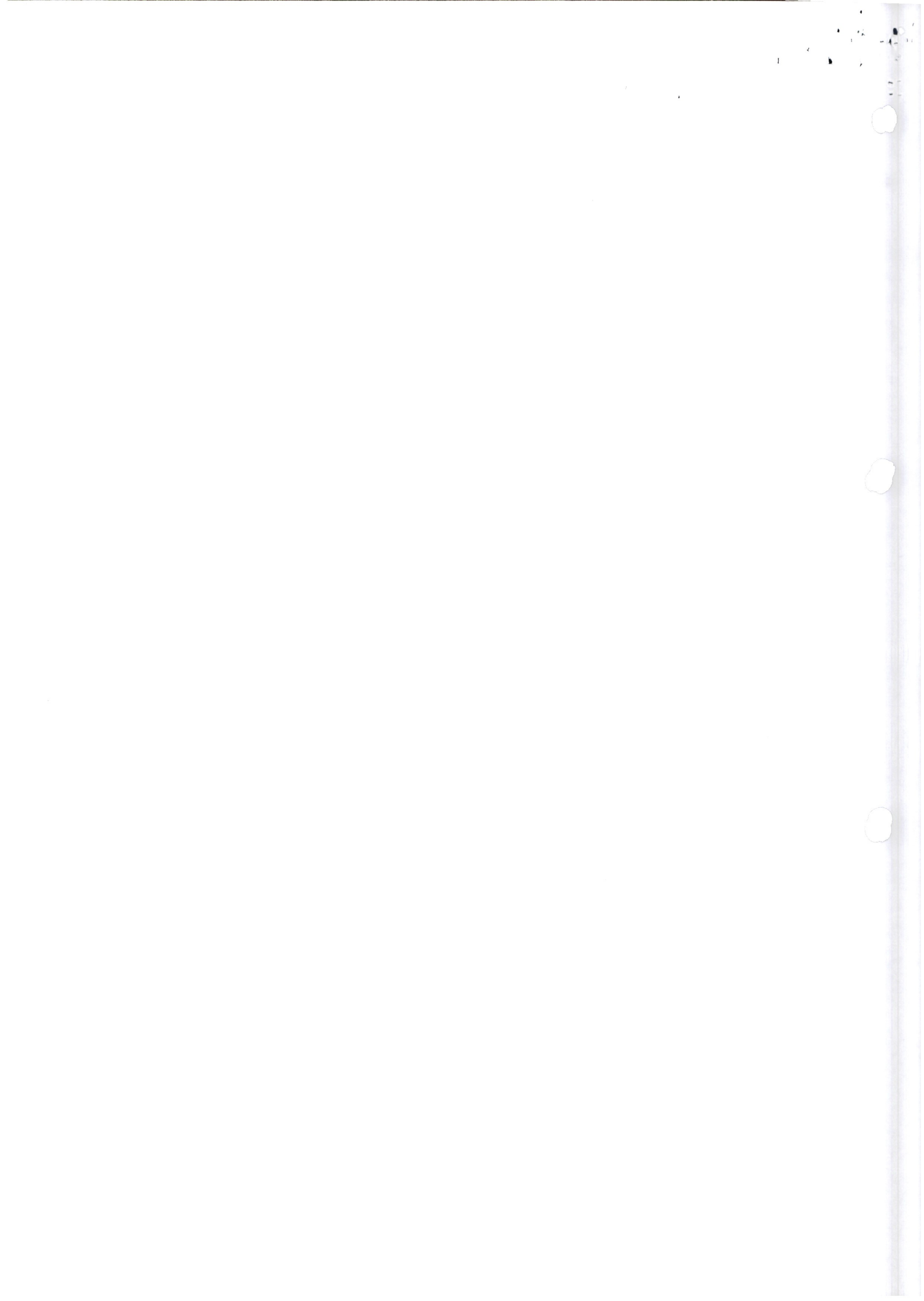
| GFS Codes | Description | 2015-2016 | 2014-2015 |
|-----------|----------------------------------|-------------------|----------------------|
| | | (Kshs) | (Kshs) |
| 2630204 | Transfers to primary schools | 35,944,000 | 17,925,000.00 |
| 2630205 | Transfers to secondary schools | 29,657,254 | 17,147,322.85 |
| 2630207 | Transfers to health institutions | | 6,419,986 |
| | TOTAL | 65,601,254 | 41,492,308.85 |

5. Other Grants and other Payments

| GFS Codes | Description | 2015-2016 | 2014-2015 |
|-----------|-------------------------|-------------------|----------------------|
| | | (Kshs) | (Kshs) |
| 2640101 | Bursary secondary | 50,032,894 | 12,873,116.00 |
| 2640102 | Bursary tertiary | 19,142,615 | 3,387,570.00 |
| 2640104 | Bursary special schools | 60,000 | 55,000.00 |
| 2640105 | Mocks and Cats | - | 254,000.00 |
| 2640504 | Water | 7,800,000 | 20,968,712.85 |
| 2640507 | Security | 5,560,000 | 1,877,016.65 |
| 2640508 | Roads | 6,019,528 | 579,973.60 |
| 2640509 | Sports | | 603,000.00 |
| 2640510 | Environment | 2,800,000 | 4,500,000.00 |
| 2640200 | Emergency Projects | 650,000 | 3,580,000.00 |
| | TOTAL | 92,065,037 | 48,678,389.10 |

6. Acquisition of Non-Financial Assets

| GFS Codes | Description | 2015-2016 | 2014-2015 |
|-----------|-------------|-----------|-----------|
|-----------|-------------|-----------|-----------|



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

| 3100000 | | (Kshs) | (Kshs) |
|---------|---|------------------|---------------------|
| 3110202 | Construction of buildings | 7,000,000 | 2,000,000.00 |
| 3111002 | Purchase of computers, printers and other IT equipments | 644,000 | 181,455.00 |
| | Total | 7,644,000 | 2,181,455.00 |

7. Committee expenses

| Description | 2015-2016 | 2014-2015 |
|--------------------------|-----------|------------------|
| | (Kshs) | (Kshs) |
| Committee expenses | - | 3,080,905 |
| Other committee expenses | - | 1,276,900 |
| Total | | 4,357,805 |

8. Social security expenses

| Description | 2015-2016 | 2014-2015 |
|-------------|-----------|----------------|
| | (Kshs) | (Kshs) |
| | - | 133,850 |
| | - | 133,850 |

9. Bank Balances (cash book bank balance)

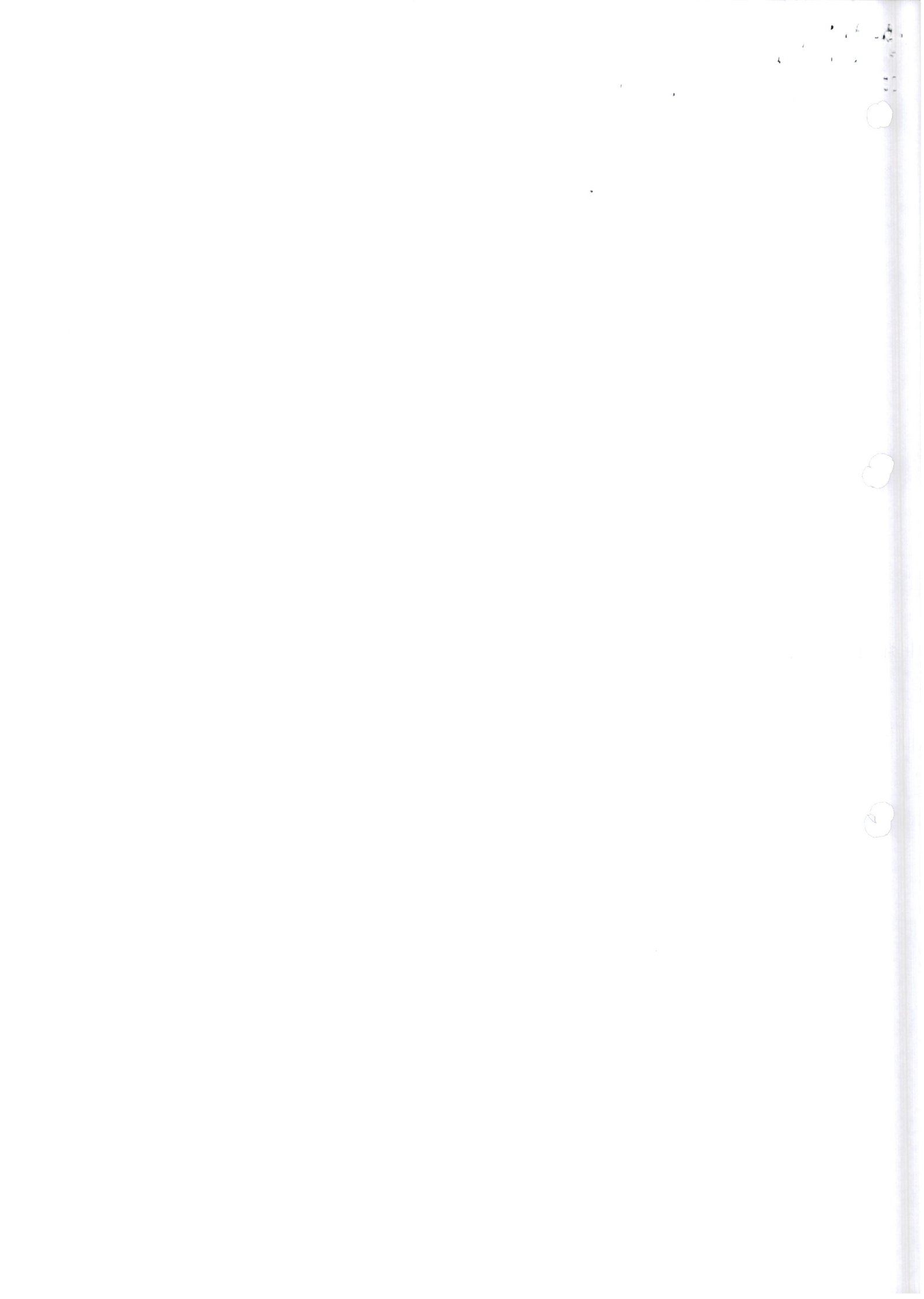
| Bank | Branch | Account No | 2015-2016 | 2014-2015 |
|--------|--------|---------------|--------------------|----------------------|
| | | | (Kshs) | (Kshs) |
| Equity | Mwingi | 0590292513495 | | |
| | | TOTAL | 3,510,029.6 | 57,067,820.60 |

10 A. Cash in Hand

| Description | 2015-2016 | 2014-2015 |
|--------------|------------------|-------------------|
| | (Kshs) | (Kshs) |
| Cash in hand | 1,198,808 | 326,563.00 |
| | 1,198,808 | 326,563.00 |

10 B. Accounts receivables-Outstanding imprests

| Description | 2015-2016 | 2014-2015 |
|----------------------|-----------|---------------|
| | (Kshs) | (Kshs) |
| Outstanding imprests | - | 60,000 |
| | - | 60,000 |



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

11. Balances Brought Forward

| | 2015-2016 | 2014-2015 |
|---------------------------------------|-------------------|----------------------|
| Description | (Kshs) | (Kshs) |
| Bank accounts | 57,067,820 | 21,991,211.45 |
| Cash in hand | 326,563 | - |
| Cash equivalents(short-term deposits) | | - |
| Imprests | 60,000 | 120,000.00 |
| Total | 57,454,383 | 22,111,211.45 |

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

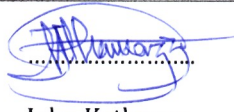
| Referenc e No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|---|--|---|
| 1 | Cash and cash equivalents- unreversed cheques | Cheques reversed | Fund Manager | Resolved | N/A |
| 2 | Unsupported bursary cheques | Acknowledgement of bursary letters were received | Fund Manager | Resolved | N/A |
| 3 | Budgetary control and performance | Undisbursed funds for the previous years were received and utilized | Fund Manager | Resolved | N/A |
| 4 | Implementation of projects | Un implemented projects were implemented | Fund Manager/CDFCs/PMC s | Resolved | N/A |



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



Alex Muinde
Fund Manager



John Kathanzu
Chairman

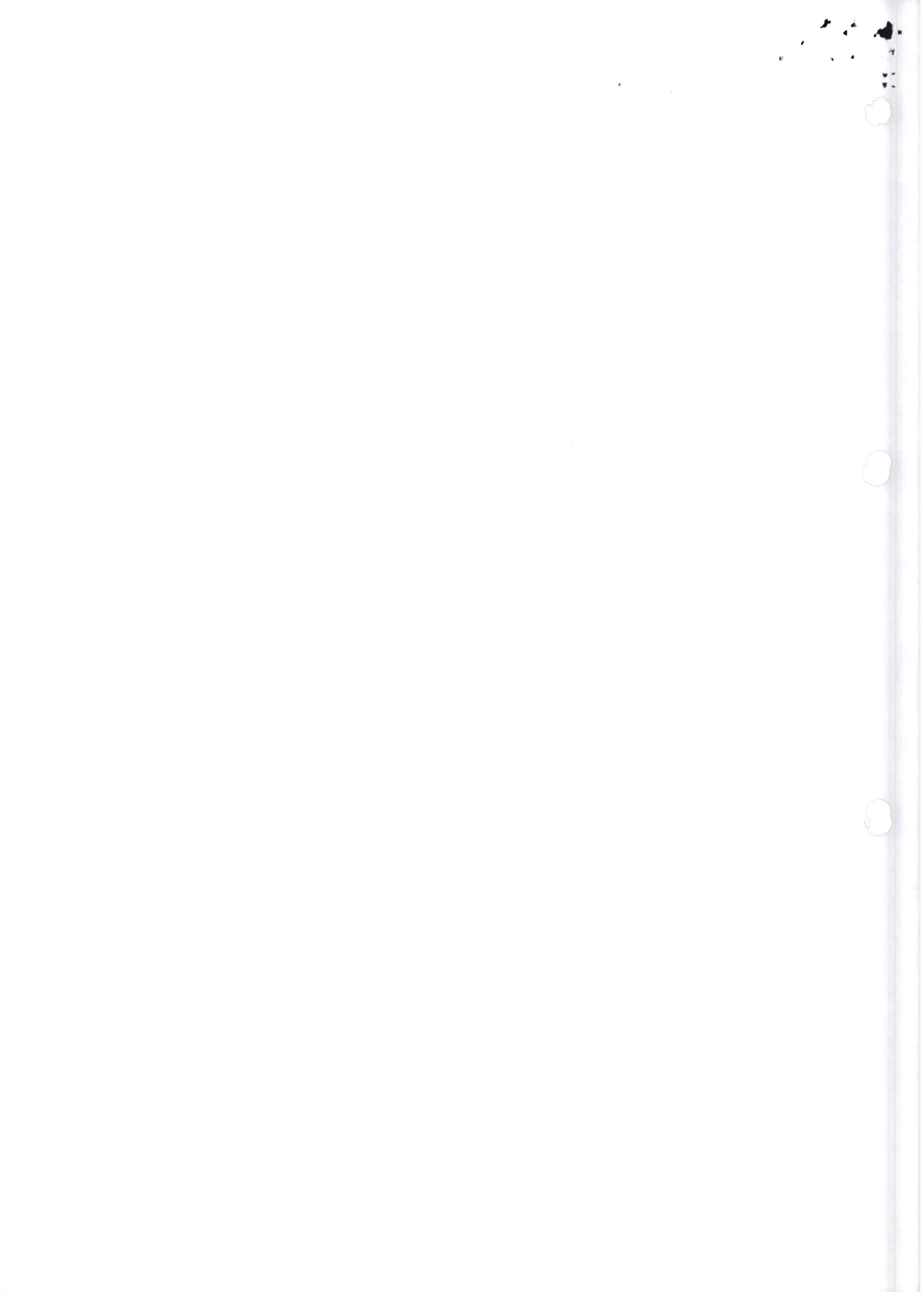
ANNEX 1: RECEIVABLES

| Project Title | Description | Allocation (Kshs) | Financial year | Amount of receivable (Kshs) |
|------------------------|----------------------------------|----------------------|-------------------|--------------------------------------|
| Karindi P.S | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Kyamututa P. Sch | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Kasyathyuni P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Mwangeni P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Ndooni P. Sch. | Construction of classroom | 1,000,000.00 | 2015/2016 | 400,000.00 |
| Ivonangya P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Kamwengi P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Mugero P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Kimangao P. Sch. | Construction of classroom | 1,000,000.00 | 2015/2016 | 400,000.00 |
| Maseki P. Sch. | Roofing and plastering 5 classes | 900,000.00 | 2015/2016 | 400,000.00 |
| Kingingo P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Ndunguni P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Malawa P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Mutairu P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Kalwa P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Manguu P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Miramba Ikamba P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Nkaragu P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Gacigongo P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Mbangwani P. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Mbarani P. Sch. | Roofing and plastering 5 classes | 900,000.00 | 2015/2016 | 400,000.00 |
| Kaundu Special Unit | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |
| Kalatine P. Sch. | Dormitory | 1,200,000.00 | 2015/2016 | 500,000.00 |
| Mulangoni S. School | Laboratory | 1,500,000.00 | 2015/2016 | 800,000.00 |
| Usueni G. S. Sch. | Dormitory | 1,400,000.00 | 2015/2016 | 700,000.00 |
| Mandala S. Sch. | Construction of classroom | 900,000.00 | 2015/2016 | 400,000.00 |



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

| | | | | |
|-------------------------|-----------------------------------|--------------|-----------|------------|
| Matooni S. Sch. | Laboratory | 1,500,000.00 | 2015/2016 | 700,000.00 |
| Katuuni G. S. Sch. | Laboratory | 1,500,000.00 | 2015/2016 | 750,000.00 |
| Gankanga S. Sch. | Laboratory | 1,400,000.00 | 2015/2016 | 700,000.00 |
| Nguuku AP Line | Cubicles | 1,200,000.00 | 2015/2016 | 700,000.00 |
| Itivanzou Chiefs office | Chiefs office | 900,000.00 | 2015/2016 | 400,000.00 |
| Ngaai AP line | pit latrine | 500,000.00 | 2015/2016 | 395,000.00 |
| Kiruini P. School | Construction of 2 classrooms | 1,200,000.00 | 2015/2016 | 700,000.00 |
| cdf vehicle | Purchase of vehicle | 6,018,155 | 2015/2016 | 6,018,155 |
| Sports | Sports activities | 2,826,961 | 2015/2016 | 2,826,961 |
| Mangulu primary | Completion of classroom | 400,000 | 2015/2016 | 400,000 |
| Maseveseveni primary | Construction of classroom | 900,000 | 2015/2016 | 900,000 |
| Kabwea primary | Construction of classroom | 900,000 | 2015/2016 | 900,000 |
| Kaithango primary | Construction of classroom | 900,000 | 2015/2016 | 900,000 |
| Twikoli primary | Construction of classroom | 900,000 | 2015/2016 | 900,000 |
| Ngomeni polytechnic | wiring | 300,000 | 2015/2016 | 300,000 |
| Mitamisiyi special | Construction of classroom | 500,000 | 2015/2016 | 500,000 |
| Kinolu primary | Construction of classroom | 500,000 | 2015/2016 | 500,000 |
| Mivukoni secondary | Construction of classroom | 3,000,000 | 2015/2016 | 3,000,000 |
| Kaningo secondary | Construction of classroom | 1,000,000 | 2015/2016 | 1,000,000 |
| Kalatine girls | Construction of classroom | 500,000 | 2015/2016 | 500,000 |
| Ngomeni secondary | Construction of classroom | 700,000 | 2015/2016 | 700,000 |
| Muumoni police | Construction of police house | 1,200,000 | 2015/2016 | 1,200,000 |
| Kasaini AP | Construction of ap camp | 1,200,000 | 2015/2016 | 1,200,000 |
| Muumoni dc | Construction of residential house | 400,000 | 2015/2016 | 400,000 |
| Dos residential house | Construction of residential house | 1,200,000 | 2015/2016 | 1,200,000 |
| Kyandoo ASS Chief | Construction of ass chief office | 700,000 | 2015/2016 | 700,000 |
| Kakunike ass chief | Construction of ass chief office | 900,000 | 2015/2016 | 900,000 |
| Kanthingu ass | Construction of ass chief office | 900,000 | 2015/2016 | 900,000 |
| Kaseluni ass | Construction of ass chief office | 900,000 | 2015/2016 | 900,000 |
| Kathiani ass | Construction of ass chief office | 400,000 | 2015/2016 | 400,000 |
| Ngongoni ass chief | Construction of ass chief office | 500,000 | 2015/2016 | 500,000 |
| Kathalani ass | Construction of ass chief office | 900,000 | 2015/2016 | 900,000 |
| Ndoo ass chief | Construction of ass chief office | 700,000 | 2015/2016 | 700,000 |
| Wikithuki AP Camp | Construction of an AP Camp | 600,000 | 2015/2016 | 600,000 |
| Emergency | Emergency cases | 5,767,647 | 2015/2016 | 4,880,989 |
| TOTAL | | | | 50,271,105 |



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

ANNEX 2.SUMMARY OF ASSETS REGISTER

| ASSET CLASSIFICATION | HISTORICAL COST 2015/2016 (Kshs) | HISTORICAL COST 2014/2015 (Kshs) |
|--|---|---|
| BUILDINGS | 9,000,000 | 2,000,000 |
| TRANSPORT EQUIPMENTS | 4,572,450 | 4,572,450 |
| OFFICE EQUIPMENT,FURNITURE AND FITTINGS | 651,910 | 651,910 |
| ICT EQUIPMENTS | 1,040,670 | 396,670 |
| | | |
| TOTAL | 15,265,030 | 7,621,030 |