

REPUBLIC OF KENYA



*Paper Laid
By Lomp, Hon Bwale, MP
on 11/4/2018*



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

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

FOR THE YEAR ENDED
30 JUNE 2016

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

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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- ii. Homabay Town 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 2015 and who had direct fiduciary responsibility were:

	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Ronald Ingala Khaggayi
3.	Accountant	Francis Omondi Oyoo

(d) Fiduciary Oversight Arrangements

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

Kabunde CDF Social Hall,
Homabay Town,
P.O Bo 240 – 40300,
Homabay.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – HOMABAY
TOWN CONSTITUENCY
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(f) HOMABAY TOWN NGCDF Contacts

Telephone: (254) 0722 577 340
E-mail: cdfhomabaytown@cdf.go.ke
Website: www.cdf.go.ke

(g) HOMABAY TOWN NGCDF Bankers

Equity Bank (Kenya) Limited
Homabay Branch
P.O. Box
Homabay.

(h) Independent Auditors

Auditor General
Office of the 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
HOMABAY TOWN CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

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

The Homabay Town NG-CDFC wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The Homabay Town NG CDFC have improved the Education and Security infrastructures of Homabay Town Constituency.

In the current financial year, we were privileged to have received the total full year allocation from the NG-CDFB which is a good thing as it enables us be able to finish most of our projects in time.

However, the biggest challenge in the year was the in-activity that occurred due to the CDF Act 2013 being rendered unconstitutional by the court. Most of the activities which were to be carried out stopped for some time which was a disservice to the residents of Homabay Town.

We hope the NG-CDFB will continue to offer support in terms of training to the new committee members who were selected into office to achieve efficiency in carrying out their mandates. We look forward to a better year coming 2016/17.

Sign.....*C. Odipo*.....
CHAIRMAN NGCDFC

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – HOMABAY TOWN CONSTITUENCY

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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 Homabay Town 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 Homabay Town 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, 2016, and of the NGCDF's financial position as at that date. The Accounting Officer in charge of the Homabay Town 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 Homabay Town 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 Homabay Town NGCDF's financial statements were approved and signed by the Accounting Officer on 23rd September 2016.



Chairman NG-CDFC



Fund Account Manager

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- HOMA BAY TOWN 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- Homa Bay Town Constituency set out on pages 5 to 23, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

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

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

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

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion

1. Inaccuracies in Financial Statements

1.1 Summary Statement of Appropriation

Included in the summary statement of appropriation is an adjustment of Kshs.20,929,733 in respect of roll over funds from the previous financial year 2014/2015. However, an analysis of the expenditure in support of these funds was not provided. Consequently the accuracy of the financial statements could not be confirmed.

1.2 Undisclosed Re-statements

Included in the financial statements are the re-statements of the previous year figures of Kshs.2,399,000 and Kshs.87,740,696 for use of goods and services and transfer to other government units respectively due to correction of errors which is not disclosed in the financial statement as required.

Consequently, the financial statements are not fairly stated.

1.3 Unsupported Increase of Assets

The summary of fixed assets register at Annex 4 to the financial statements reflects that office equipment, furniture and fittings had increased by Kshs.52,000 from Kshs.657,000 in the previous year to Kshs.709,000 in the year under review. However, the statement of receipts and payment under the acquisition of assets reflect a nil balance.

Consequently, the accuracy of the fixed assets register figures of Kshs.23,709,000 for the year ended 30 June 2016 could not be confirmed.

2. Compensation of Employees

Compensation of employees of Kshs.2,612,656 represents payments to 14 permanent employees and 8 casuals. However, verification of the casual employees' personnel files revealed that there were no specifications for contract, engagement terms, roles and responsibilities respectively. Further, the 8 casuals engaged are paid standard rates varying between Kshs.5,000 to Kshs.7,500 per month but the master rolls were not provided for audit verification.

Consequently, the accuracy and propriety of the expenditure of Kshs.2,612,656 could not be confirmed.

3. Cash and Cash Equivalents

The cash and cash equivalents balance of Kshs.18,794,726 as analyzed by bank reconciliation statements had unrepresented cheques of Kshs.299,435 which were already stale and had not been reversed in the cash book as at 30 June 2016.

Consequently, it has not been possible to confirm that the cash and cash equivalents balance of Kshs.18,794,726 at 30 June 2016 is fairly stated.

4. Administrative Costs

During the year under review, the management incurred a total of Kshs.19,236,058 on administrative costs representing 17.4% of the total annual receipts which is beyond 6% limit allowable expenditure on administrative expenses as per Section 25(b) of the National Government Constituencies Development Fund Act, 2015. No explanation was given for this breach of law.

5. Emergency Expenditure

The financial statements reflects a balance of Kshs.49,260,401 under other grants and other payments which includes disbursements to emergency projects totaling Kshs.6,523,901. However, no documentary evidence was provided for audit review to ascertain how the projects were identified and funded under emergency funds as required by Section 8(3) of the National Government Constituencies Development Fund Act, 2015.

Consequently, the authenticity of the expenditure of Kshs.6,523,901 could not be ascertained.

6. Projects Implementation Irregularities

6.1 Maguje Primary School

Included in the transfer to other government units Kshs.41,500,000 under transfer to primary schools Kshs.20,450,000 is Kshs.1,100,000 for the construction of two classrooms at Maguje Primary School and which had been 90% completed by the time of physical verification done on 15 June 2017. However, there were no metal poles used as per the bill of quantities but instead wooden poles were erected. The floor was also not properly done and the concrete was wearing out as a result of poor workmanship. Further, the buildings was not branded as required making it difficult to know the financier and the year the project was done.

6.2 Kopyo Primary School

Included in the transfer to other government units of Kshs.41,500,000 is transfer to primary Schools Kshs.20,450,000 which in turn includes Kshs.1,500,000 for the

construction of two classrooms at Kopiyo Primary School awarded to a local contractor at cost of Kshs.1,500,000. By the time of physical verification on 15 June 2015, the project was 90% complete and in use. However, no window panes were fitted with only one ramp in place instead of two provided for in the bills of quantity and further no painting was done.

6.3 Donjo-Nyambori-Kogwe

Included in other grants and other payments of Kshs.49,060,401 is Kshs.20,200,000 for roads which in turn includes Kshs.1,500,000 for opening and grading of 7km road at Donjo-Nyambori-Kogwe. However, physical verification revealed that the road was partially murramed but was already impassable.

6.4 Rodi-Kuja-Muche Roads

Included in other grants and other payments of Kshs.49,060,401 is Kshs.20,200,000 for roads which in turn includes Kshs.3,000,000 for gravelling of 6km road and culverts for Rodi-Kuja-Muche Road. However, physical verification conducted on 14 June 2017 revealed that road was 4km long, while the culverts were not properly done to enable smooth flow of water. One culvert had caved in and had a wide hole in the middle and was dangerous to pedestrians and motorists.

6.5 Marindi Secondary School

Included in the transfer to other government units of Kshs.41,500,000 is Kshs.20,050,000 transfer to secondary schools which in turn includes Kshs.1,100,000 for the construction of a dormitory at Marindi Secondary School. While a section of the project had been done, the rest had stalled for three years and the contractor was not on site.

In the circumstances, the propriety of the expenditure Kshs.8,200,000 incurred for the projects cannot be ascertained and the residents of constituency may not have received value for money on these projects.

Adverse Audit Opinion

In my opinion, because of the significance of the 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 - Homa Bay Town Constituency as at 30 June, 2016 in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the National Government Constituencies Development Fund Act, 2015.

Other Matter

1. Budgetary Performance Analysis

1.1 Comparison of Actual and Budgeted Expenditure

The comparison of the actual expenditure to budget for the year 2015/2016 is as follows;

Receipt/ Expense Item	Final Budget	Actual Comparable basis	Budget utilization Difference	Absorption Rate (%)
Receipts	Kshs.	Kshs.	Kshs.	
Transfer from the NGCDFB	130,191,185	130,191,185	0	100
Payments				
Compensation of employees	2,355,200	2,611,756	(256,556)	111
Use of goods and services	14,611,323	16,624,302	(2,012,979)	114
Transfer to other government units	59,550,000	42,900,000	16,650,000	72
Other grants and transfers	53,674,661	49,260,401	4,414,260	92
Total	130,191,185	111,396,459	18,794,726	86

From the above it was noted that there was unsupported over expenditure in compensation of employees by Kshs.256,556 (11%) and use of goods and services by Kshs.2,012,978 (14%).

2. Project Verification Status

During the year under review, twenty (20) projects costing Ksh.26,336,363 were verified on June 2017. The following was their respective status;

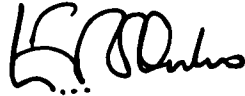
Projects Verified				
	Project Name	Project Description	Amount Kshs.	Status
1	Wiobiero-Nyamila-Pundo road	opening grading of 5km road	1,500,000	complete and in use
2	Marindi AP camp	construction of two no staff houses and toilet	1,000,000	Ongoing
3	Lorateng-Ndori road	opening and grading of road	0	complete and in use
4	Ndiru-Nyakoyo-Ogande road	opening and grading of road	2,000,000	complete and in use
5	Rodi-kuja-muche road	opening and grading of 7km road	1,136,363	complete and in use
6	Ngere-opande ramage road 3km	opening and grading of road	1,500,000	complete and in use
7	Marindi health centre	construction of staff house	0	
8	Marindi Girls secondary school	Completion of dormitory; walling	1,000,000	Ongoing

9	Donjo-Nyambori-kogwe	opening and grading of 7km road	1,500,000	complete and in use
10	Ogande girls secondary school	construction of two new classrooms	1,000,000	complete and in use
11	Nyalkinyi mixed secondary school	flooring, fixing doors and windows, glazing and painting of two classrooms	1,500,000	complete and in use
12	Got kokech -kotewamasakla road	culverting and gravelling of 13km road	4,000,000	complete and in use
13	Chiga mixed secondary school	roofing, plastering, fixing doors and painting of a laboratory.	2,000,000	Ongoing
14	Kuja mixed secondary school	roofing, plastering, fixing doors and painting of a laboratory.	2,000,000	Ongoing
15	Maguje primary school	flooring, fixing doors and windows, glazing and painting of two classrooms	700,000	complete and in use
16	Ngere primary school	construction of administration block	700,000	Ongoing
17	Kotewa primary school	Fixing doors and windows, glazing, plastering and painting of two no. classrooms	0	
18	Kopiyo primary school	construction of two new classrooms	1,000,000	Ongoing
19	Got Kokech primary school	completion of two no classrooms (plastering and fittings)	1,300,000	complete and in use
20	Imbo health centre	construction health center	2,500,000	Ongoing
	Total		26,336,363	

From the analysis it was noted, that some of the projects were not branded and some were ongoing. Failure to brand the project may lead to duplication by other Government agencies.

3. Previous Years Audit Issues

The Constituency did not indicate the status and follow up of the audit issues reported in the previous year in the financial statements as required by Public Sector Accounting Standards Board Reporting Template.



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

Nairobi

22 January 2018

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – HOMABAY
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IV. STATEMENT OF RECEIPTS AND PAYMENTS

I. STATEMENT OF RECEIPTS AND PAYMENTS				
	Note	2015-2016		2014-2015
		Kshs		Kshs
RECEIPTS				
Transfers from CDF board	1	110,261,452.00		102,139,640.00
Proceeds from Sale of Assets	2	-		-
Other Receipts	3	-		-
TOTAL RECEIPTS		110,261,452.00		102,139,640.00
PAYMENTS				
Compensation of employees	4	2,612,656.00		2,369,235.00
Use of goods and services	5	18,223,402.35		2,650,994.00
Transfers to Other Government Units	6	41,500,000.00		87,240,696.00
Other grants and transfers	7	49,060,401.00		35,699,719.00
Acquisition of Assets	8	-		-
Other Payments	9	-		-
TOTAL PAYMENTS		111,396,459.35		127,960,644.00
SURPLUS/DEFICIT		(1,135,007.35)		(25,821,004.00)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Homabay Town NGCDFC's financial statements were approved on 23rd September 2016 and signed by:

C. Odigo
Chairman - NGCDFC

[Signature]
Fund Account Manager

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V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

II. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES			
	<i>Note</i>	2015 - 2016	2014 - 2015
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	<i>10A</i>	18,794,726.25	11,605,471.60
Cash Balances (cash at hand)	<i>10B</i>	-	-
		18,794,726.25	11,605,471.60
Receivables - Outstanding Imprest	<i>11</i>	-	8,324,262.00
TOTAL FINANCIAL ASSETS		18,794,726.25	19,929,733.60
REPRESENTED BY			
Payables - Retention	<i>12</i>	-	-
Fund balance b/fwd 1st July 2015	<i>13</i>	19,929,733.60	45,750,737.60
Surplus/Deficit for the year		(1,135,007.35)	(25,821,004.00)
Prior year adjustments	<i>14</i>	-	-
NET LIABILITIES		18,794,726.25	19,929,733.60

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Homabay Town NGCDF financial statements were approved on 23rd September 2016 and signed by:

C. Odexo
Chairman - NGCDFC

Popla
Fund Account Manager

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VI. STATEMENT OF CASHFLOW

		2015 - 2016 Kshs	2015 - 2014 Kshs
Receipts for operating income			
Transfers from CDF Board	1	110,261,452.00	102,139,640.00
Other Receipts	3	-	-
		<u>110,261,452.00</u>	<u>102,139,640.00</u>
Payments for operating expenses			
Compensation of Employees	4	2,612,656.00	2,369,235.00
Use of goods and services	5	18,223,402.35	2,650,994.00
Transfers to Other Government Units	6	41,500,000.00	87,240,696.00
Other grants and transfers	7	49,060,401.00	35,699,719.00
Other Payments	9	-	-
		<u>111,396,459.35</u>	<u>127,960,644.00</u>
Adjusted for:		-	-
Adjustments during the year		-	-
Net cash flow from operating activities		<u>(1,135,007.35)</u>	<u>(25,821,004.00)</u>
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		<u>(1,135,007.35)</u>	<u>(25,821,004.00)</u>
Cash and cash equivalent at BEGINNING of the year	15	<u>19,929,733.60</u>	<u>45,750,737.60</u>
Cash and cash equivalent at END of the year	16	<u>18,794,726.25</u>	<u>19,929,733.60</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Homabay Town NGCDF financial statements were approved on 23rd September 2016 and signed by:

C Odiyo
Chairman NGCDFC

Pepla
Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – HOMABAY TOWN CONSTITUENCY
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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 %
RECEIPTS						
Transfers from CDF Board	109,261,452.00	20,929,733.60	130,191,185.60	130,191,185.60	-	100
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
	109,261,452.00	20,929,733.60	130,191,185.60	130,191,185.60	-	100
PAYMENTS						
Compensation of Employees	1,766,400.00	588,800.00	2,355,200.00	2,612,656.00	(257,456.00)	111
Use of goods and services	7,536,813.00	7,074,510.80	14,611,323.80	18,223,402.35	(3,612,078.55)	125
Transfers to Other Government Units	52,550,000.00	7,000,000.00	59,550,000.00	41,500,000.00	18,050,000.00	70
Other grants and transfers	47,408,239.00	6,266,422.80	53,674,661.80	49,060,401.00	4,614,260.80	91
Acquisition of Assets	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
TOTALS	109,261,452.00	20,929,733.60	130,191,185.60	111,396,459.35	18,794,726.25	86

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(a) There was no AIA for the year under review.

(b) There was overutilization in the following areas;

i. Compensation of Employees

The compensation was as a result of paying arrears due to employees from the previous financial year for one month equivalent amount with regards to the financial year 2014/15.

ii. Use of Goods and Services

The use of goods and services was underutilised in the financial year 2014/15. The balance was carried over to the new financial year as a result of a delay in receiving the funding for that respective year.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Homabay Town NGCDF financial statements were approved on 23rd September 2016 and signed by:

C. Odipo
Chairman NGCDFC

[Signature]
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – HOMABAY
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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.

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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.

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

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES				
GFS CODES	Description	AIE NO.	2015 - 2016	2014 - 2015
			Kshs	Kshs
1330407	Normal Allocation	A724223	20,000,000.00	-
		A724084	30,000,000.00	-
		A830930	30,000,000.00	-
		A825621	29,261,452.00	-
		A825699	1,000,000.00	-
		A750336	-	7,300,000.00
		A750446	-	44,269,820.00
		A797179	-	50,569,820.00
			-	-
	TOTAL		110,261,452.00	102,139,640.00

2. PROCEEDS FROM SALE OF ASSETS

2. PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS				
3510000	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
3510202	Receipts from the Sale of Buildings		-	-
3510601	Receipts from the Sale of Vehicles and Transport Equipment		-	-
3510801	Receipts from the Sale Plant Machinery and Equipment		-	-
3510803	Receipts from the Sale of office and general equipment		-	-
		Total	-	-

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

3. OTHER RECEIPTS

3. OTHER RECEIPTS				
1400000	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
1410107	Interest Received		-	-
1410405	Rents		-	-
1420601	Sale of tender documents		-	-
1450207	Other Receipts Not Classified Elsewhere (specify)		-	-
			-	-
	Total		-	-

4. COMPENSATION OF EMPLOYEES

4. COMPENSATION OF EMPLOYEES				
2110000	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
2110201	Basic wages of contractual employees		2,064,100.00	2,142,365.00
2110202	Basic wages of casual labour		439,500.00	
	Personal Allowances paid as part of salary			
2110301	House allowance		-	-
2110314	Transport allowance		-	-
2110320	Leave allowance		-	-
2110326	Other personnel payments		-	-
2710120	Gratuity			
2120101	Employer contribution to NSSF		109,056.00	226,870.00
	Total		2,612,656.00	2,369,235.00

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

5. USE OF GOODS AND SERVICES

2200000		5. USE OF GOODS AND SERVICES		
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
2210100	Utilities, supplies and services		12,652,402.35	950,000.00
2210104	Office rent		-	-
2210200	Communication, supplies and services		-	-
2210300	Domestic travel and subsistence		56,000.00	
2210500	Printing, advertising and information supplies & services		-	
2210600	Rentals of produced assets		-	
2210700	Training expenses		1,950,000.00	
2210800	Hospitality supplies and services		85,000.00	
2210900	Insurance costs		-	
2210802	Other Committee expenses		1,150,000.00	-
2210809	Committee allowance		2,080,000.00	1,449,000.00
2211000	Specialised materials and services		-	
2211100	Office and general supplies and services		250,000.00	
2211200	Fuel ,oil & lubricants		-	
2211300	Other operating expenses		-	251,994.00
2220100	Routine maintenance – vehicles and other transport equipment		-	
2220200	Routine maintenance – other assets		-	
			-	
	Total		18,223,402.35	2,650,994.00

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

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

6. TRANSFER TO OTHER GOVERNMENT ENTITIES				
2630200				
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
2630204	Transfers to primary schools		20,450,000.00	38,370,000.00
2630205	Transfers to secondary schools		20,050,000.00	44,387,931.00
2630206	Transfers to Tertiary institutions		-	-
2630207	Transfers to Health institutions		1,000,000.00	4,482,765.00
	TOTAL		41,500,000.00	87,240,696.00

7. OTHER GRANTS AND OTHER PAYMENTS

7. OTHER GRANTS AND OTHER PAYMENTS				
2640000				
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
2640101	Bursary -Secondary		16,250,000.00	22,489,200.00
2640102	Bursary -Tertiary		636,500.00	-
2640104	Bursary-Special schools		-	-
2640105	Mocks & CAT		700,000.00	-
2640504	water		-	-
2640505	Agriculture (food security)		-	-
2640506	Electricity projects		-	-
2640507	Security		2,050,000.00	-
2640508	Roads		20,200,000.00	7,476,363.00
2640509	Sports		2,200,000.00	900,000.00
2640510	Environment		500,000.00	-
2640200	Emergency Projects (specify)		6,523,901.00	4,834,156.00
	Total		49,060,401.00	35,699,719.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
HOMABAY TOWN CONSTITUENCY
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For the year ended June 30, 2016**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

3100000	8. ACQUISITION OF ASSETS			
	Non-Financial Assets		2015 - 2016	2014 - 2015
			Kshs	Kshs
3110102	Purchase of Buildings		-	-
3110202	Construction of Buildings		-	-
3110302	Refurbishment of Buildings		-	-
3110701	Purchase of Vehicles		-	-
3110704	Purchase of Bicycles & Motorcycles		-	-
3110801	Overhaul of Vehicles		-	-
3111001	Purchase of Office furniture and fittings		-	-
3111002	Purchase of computers ,printers and other IT equipment		-	-
3111005	Purchase of photocopier		-	-
3111009	Purchase of other office equipment		-	-
3111112	Purchase of soft ware		-	-
3130101	Acquisition of Land		-	-
	Total		-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
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For the year ended June 30, 2016
NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

9. OTHER PAYMENTS				
	Description		2015 - 2016 Kshs	2014 - 2015 Kshs
	specify		-	-
	specify		-	-
	specify		-	-
			-	-
	TOTAL		-	-

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

10A: BANK BALANCES (CASH BOOK BANK BALANCE)				
	Name of Bank, Account No. & currency	Account Number	2015 - 2016 Kshs (30/6/2016)	2014 - 2015 Kshs (30/6/2015)
	<i>Equity Bank Kenya Ltd, Homabay Branch</i>	<i>0980261595074</i>	18,794,726.25	11,605,471.60
			-	-
			-	-
	Total		18,794,726.25	11,605,471.60
10B: CASH IN HAND				
			2015 - 2016 Kshs (30/6/2015)	2014 - 2015 Kshs (30/6/2014)
	Location 1		-	-
	Location 2		-	-
	Location 3		-	-
	Other receipts (specify)		-	-
			-	-
	Total		-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
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For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

10C: OUTSTANDING IMPRESTS				
<i>Name of Officer</i>	<i>Date imprest taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2016)</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
-	-	-	-	-
Total				-

13: BALANCES BROUGHT FORWARD

13. BALANCES BROUGHT FORWARD			
		2015 - 2016	2014 - 2015
		Kshs (1/7/2015)	Kshs (1/7/2014)
Bank accounts		11,605,471.60	45,002,352.60
Cash in hand		-	-
Imprest		8,324,262.00	748,385.00
Total		19,929,733.60	45,750,737.60

14: PRIOR YEAR ADJUSTMENTS

14. PRIOR YEAR ADJUSTMENTS			
		2015 - 2016	2014 - 2015
		Kshs	Kshs
Bank accounts		-	-
Cash in hand		-	-
Imprest		-	-
Total		-	-

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

15. OTHER IMPORTANT DISCLOSURES

15. OTHER IMPORTANT DISCLOSURES			
15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)			
	2015 - 2016		2014 - 2015
	Kshs		Kshs
Construction of buildings		-	-
Construction of civil works		-	-
Supply of goods		-	-
Supply of services		-	-
		-	-
TOTAL		-	-
15.2: PENDING STAFF PAYABLES (See Annex 2)			
	2015 - 2016	Kshs	2014 - 2015 Kshs
Senior management		-	-
Middle management		-	-
Unionisable employees		-	-
Others (Casuals)		-	-
		-	-
TOTAL		-	-
15.3: OTHER PENDING PAYABLES (See Annex 3)			
	Kshs		Kshs
Amounts due to other Government entities (see attached list)		-	-
Amounts due to other grants and other transfers (see attached list)		-	-
Others (<i>specify</i>)		-	-
		-	-

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – HOMABAY 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		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – HOMABAY 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 d=a-c	Outstanding Balance 2014	Comments
		A	b	c			
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – HOMABAY 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		
Amounts due to other Government entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to other grants and other transfers							
4.							
5.							
6.							
Sub-Total							
Sub-Total							
Others (specify)							
7.							
8.							
9.							
Sub-Total							
Grand Total							

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – HOMABAY TOWN CONSTITUENCY
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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	23,000,000.00	23,000,000.00
Transport equipment	N/A	N/A
Office equipment, furniture and fittings	709,000.00	657,000.00
ICT Equipment, Software and Other ICT Assets	N/A	N/A
Other Machinery and Equipment	-	-
Heritage and cultural assets	N/A	N/A
Intangible assets	N/A	N/A
Total	23,709,000.00	23,657,000.00

Prepared by:



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Fund Account Manager
Homabay Town Constituency

