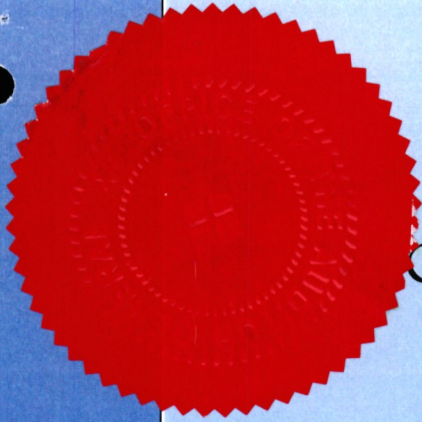


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OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-IKOLOMANI
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)

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

(b) Key Management

The Ikolomani 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.	Accounting Officer	Mr. Yusuf Mbuno
2.	A.I.E holder	Mr. Tom Ageng'a
3.	Accountant	Mr. Erick Ochuka

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Ikolomani 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) IKOLOMANI NG-CDF Headquarters

Ikolomani NG-CDF Office Building.
Behind Malinya Market-Off Sigalagala-Butere Road
P.O Box 2773-50100
Kakamega

(f) IKOLOMANI NG-CDF Contacts

Telephone: +254-716-830-440
E-mail: cdfikolomani@cdf.go.ke

(g) IKOLOMANI NG-CDF Bankers

Cooperative Bank of Kenya
P.O Box 595-50100
Kakamega

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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

To the residents of Ikolomani Constituency it's my pleasure to present the annual financial statements for Ikolomani NG-CDF for the financial year 2015/16. The NG-CDF Act, 2015 requires that every constituency develop and submit, within three months of the close of each financial year, financial statements to the Auditor General through the NG-CDFB. This report is thus submitted in fulfilment of this requirement for the financial year ended June 30, 2016.

The Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

During the last financial year 2015/16 we had an approved budget of KShs 114,234,538.00. In addition there was a balance of KShs 26,948,987.50 from the previous financial year to bring to a total of KShs 141,183,525.50 as expected receipts from the NG-CDF Board. Further, a total of KShs 140,683,525.50 was received from the CDF Board, which represents approximately 99.7% of the total sums we had expected to receive, being the amounts of the total budget together with the balance from the previous financial year. In the same vein, the Ikolomani CDFC managed to disburse to various entities an average of 93%. Just to highlight a few areas; Transfers to other government entities was 100%, while other grants and transfers was 85%. These high figures were achieved despite the late disbursements of funds from the CDF Board.

This Annual Financial Report is divided in three sections; an informational section, statement of CDF management responsibilities and the financial statements section comprising of; Statement of Receipts and payments; Statement of Assets, Statement of Cash flow; Statement of appropriation; significant accounting policies; and notes to the financial statement together with their respective annexes.

I am very grateful to the Kakamega South Sub County Accountant; Mr. Erick Ochuka for his support in maintaining proper accounting records which indeed has formed the basis of preparing this annual financial statements. In addition my deepest gratitude goes to the Fund Account Manager with his staff who have worked tirelessly to ensure that this report comes to fruition. I personally wish to thank them for their commitment and dedication. Let me also recognize the contribution of my committee who have worked so hard towards achieving the targets for this financial year. I am indeed fortunate to be supported by a team of individuals with extensive knowledge and experience. I thank them for their commitment and support. Thank you for your interest, and in reviewing the 2015/16 Annual Financial Report.

Sign:
David Muliru Lisamula
NG-CDFC Chairman

Date: 15/09/2016

III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NGCDF shall prepare financial statements in respect of that NGCDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

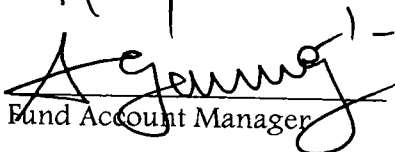
The Accounting Officer in charge of the Ikolomani NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility 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.

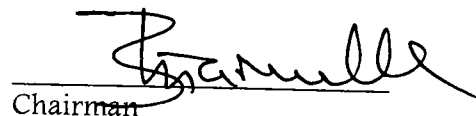
The Accounting Officer in charge of the Ikolomani NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). 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 Ikolomani 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 Ikolomani NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NGCDF's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF's financial statements were approved and signed by the Accounting Officer on 15/09 2016.


Fund Account Manager


Chairman

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - IKOLOMANI 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 - Ikolomani Constituency set out on pages 5 to 17, 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: recurrent and development combined 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

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

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

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

Basis for Adverse Opinion

1. Accuracy, Completeness and Presentation of the Financial Statements

The International Public Sector Accounting Standards (IPSAS) (Cash Basis) financial statements presentation format prescribed by the Kenya Public Sector Accounting Standards Board requires the management to include the action taken on the previous year auditor's recommendations. In the year 2014/2015, Ikolomani CDF had an adverse audit opinion. However, the report on follow-up of the issues raised in the audit report has not been included in the financial statements for the year under review as required. Therefore, the presentation of the financial statements does not conform to IPSAS (Cash Basis) as prescribed by Kenya Public Sector Accounting Standards Board and in accordance with the Public Finance Management Act, 2012.

In the circumstances, the completeness and presentation of the financial statement as at 30 June 2016 could not be confirmed.

2. Implementation of Project Works

The Fund management procured works totalling Kshs.13,081,000 during the year under review. However, the implementations of the projects had various challenges as highlighted in the remarks column below;

	Project Beneficiary	Amount	Remarks
1	Shihalia Primary School	5,500,000	The project for construction of 8 storey model classes was awarded to a local construction company at an initial contract sum of Kshs.8,200,000. The contractor was thereafter discontinued after failing to meeting his contractual obligations and replaced by another local company. This was after being paid Kshs.5,331,767 in two certificates for the works done. The new contractor was engaged to complete the works at a cost of Kshs.4,000,000 which brought the project anticipated cost to Kshs.9,331,767 which is Kshs.1,131,767 higher than the original cost of Kshs.8.2m. During an audit inspection conducted in Feb 2017, it was noted that the new contractor had residual staff on site after being paid Kshs.2,197,868 with reasonable works outstanding on the project.

			No details were provided for these certified works.
2	Lirhembe Girls High School	3,204,000	The school has a library project which started in 2007 but the project stalled and look abandoned. Wastage was noted given the school had used the funds advanced to construct a temporary roof while other materials like blocks are wearing off at the site. Poor workmanship was observed in the partially complete ground floor where the floor has cracked and windows affected by weight. It was further noted that the school chose in another project before completing the older one where Ikolomani CDF also contributed Kshs.1,600,000 towards procurement of a school bus. No details on how the bus was purchased were availed.
5	Imbale Secondary School	2,377,000	The project was for construction of a storey dormitory awarded to a local company in October 2014 at a contract sum of Kshs.10,865,770. The contractor has so far been paid Kshs.8,308,059 and has a balance of Kshs1,502,839. The site was abandoned in July 2016 and the contractor was not on site during the time of audit verification in February 2017. The remaining works which include roofing, plumbing, electrical, ceiling, flooring, painting and associated accessories may not be completed with the balance in the event the contractor does not resume construction. The school had no funds in the account and the project therefore lies in suspense.
6	Friends Secondary School Lusui	2,000,000	The construction of the Kshs.7.6m twin laboratory has been ongoing since 2014 with the contractor having already been paid Kshs.4.0m. The project appears to have procurement challenges given there were other contractors who had capacity and had quoted as low as Kshs.6.7m or about 900,000 lower. Currently the contractor is not in site and the project is stalled. The roofing structure was varied from timber with ceiling to steel without ceiling. These variations had not been documented and the costs of the omissions and additions could not be verified.
	Total	13,081,000	

3. Construction of Roads

The Fund management allocated funds for roads construction totalling Kshs.7,000,000 as shown below whose construction works however, had a number of irregularities as indicated below;

	Project	Amount	Remarks
1	Mutaho-Matietie Road	4,000,000	The road according to Bills of quantity was estimated to be 4km. Physical verification indicated the road was about 4km and had been graded to 7m and graveled to 4m wide and a depth of about 0.08m. The bills indicate travelling cost at Kshs.2,540,450 which is Kshs.1,348,450 higher than the recalculated actual work of Kshs.1,192,000. No certificate for measured work was provided to justify the overpayment.
2	Shikunga-River Yala Road	3,000,000	The project cost was Kshs.2,551,774 having awarded to a local company as the contractor. Physical verification revealed that the road was about 3.5km long and grading was done at 5m instead of 7m while gravelling was only 4m instead of 25m with a depth of 0.05m instead of 0.1m as indicated in the bills of quantities.
	Total	7,000,000	

Consequently, the road works valued at Kshs.7,000,000 could not be ascertained as correctly implemented and that the residents of the constituency may not have obtained value for money on these projects.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the Basis of Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund - Ikolomani 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 do not comply with the National Government Constituencies Development Fund Act, 2015.

Other Matter

1. Budget Performance

The Fund had budgeted receipts of Kshs.171,697,426 including Kshs.57,462,888 brought forward from 2014/2015. However, the actual expenditure was Kshs.159,721,251 resulting in an under expenditure of Kshs.11,976,175 as analyzed below:

Receipt/Expense Item	Final Budget	Actual Expenditure	Difference	% of Utilization
Transfers from CDF Board	171,697,426	159,721,251	11,976,175	93%
Payments				
Compensation of Employees	4,728,126	2,530,981	2,197,144	53.5%

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

Use of goods and services	9,244,440	8,489,733	754,706	91.8%
Transfers to Other Government Units	101,287,931	101,287,811	120	99.9%
Other grants and transfers	54,436,530	46,203,717	8,232,814	84.8%
Acquisition of Assets	2,000,400	1,209,009	791,391	60.4%
Other Payments	50,000	0	50,000	0%

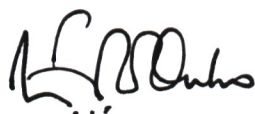
Consequently, the Fund did not operate within the approved budget and this might impact negatively in respect to service delivery to the constituents.

2. Project Analysis

The Fund management had approved plan to implement a total of one hundred and eighty seven (187) projects between financial year 2013/2014 to 2015/2016, valued at Kshs.294,945,460. However, 12 projects valued at Kshs.511,800,000 had not started, seventy nine (79) projects valued at Kshs.123,563,433 were still ongoing, seven (7) projects valued at Kshs.17,100,000 stalled and only ninety four (94) projects valued at Kshs.142,482,026 had been completed.

Sector	Complete		Not yet started		Ongoing		Stalled/Abandoned	
	No	Value	No	Value	No	Value	No	Value
Administration	8	14,267,941	2	1,000,000	14	14,011,319	-	-
Education	60	81,677,791	8	4,800,000	61	104,810,735	5	10,700,000
Environment	-	-	-	-	1	500,000	-	-
Health	3	4,141,380	-	-	2	3,241,380	-	-
Markets	2	3,064,468	-	-	-	-	-	-
Roads	12	30,156,125	2	6,000,000	-	-	2	6,400,000
Security	4	4,550,000	-	-	-	-	-	-
Sports	4	4,411,963	-	-	1	1,000,000	-	-
Water	1	212,360	-	-	-	-	-	-
Total	94	142,482,027	12	11,800,000	79	123,563,433	7	17,100,000

Consequently, the Fund did not operate within the approved budget and this might impact negatively in respect to service delivery to the constituents.



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

Nairobi

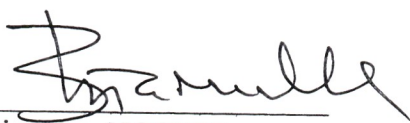
08 March 2018

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016 KShs	2014 - 2015 KShs
RECEIPTS			
Transfers from CDF board	1	140,683,525.50	125,895,497.10
Other Receipts	2	50,000.00	-
TOTAL RECEIPTS		140,733,525.50	125,895,497.10
PAYMENTS			
Compensation of employees	3	2,530,981.20	1,528,087.20
Use of goods and services	4	8,489,733.16	8,407,414.55
Transfers to Other Government Units	5	101,287,811.00	50,866,954.60
Other grants and transfers	6	46,203,716.50	43,340,017.60
Acquisition of Assets	7	1,209,009.00	614,889.00
TOTAL PAYMENTS		159,721,250.86	104,757,362.95
SURPLUS/DEFICIT		(18,987,725.36)	21,138,134.15

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ikolomani NGCDF financial statements were approved on 15/09/2016 and signed by:


 Chairman - NGCDFC


 Fund Account Manager

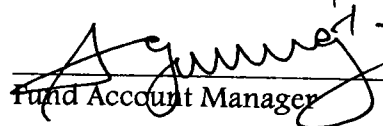
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- IKOLOMANI CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2016

V. STATEMENT OF ASSETS

	Note	2015 - 2016 KShs	2014 - 2015 KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	8	11,282,448.09	30,513,900.55
Outstanding Imprests	9	254,000.00	-
TOTAL FINANCIAL ASSETS		11,536,448.09	30,513,900.55
REPRESENTED BY			
Fund balance b/fwd. 1st July...	8	30,513,900.55	9,375,766.40
Surplus/Deficit for the year		(18,987,725.36)	21,138,134.15
Prior year adjustments	11	10,272.90	-
NET LIABILITIES		11,536,448.09	30,513,900.55

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ikolomani NGCDF financial statements were approved on 15/09/2016 and signed by:


 Chairman - NGCDFC

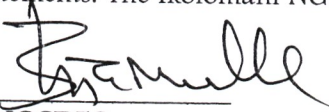

 Fund Account Manager

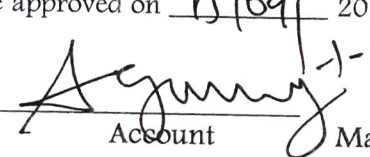
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- IKOLOMANI CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2016

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from CDF Board	1	140,683,525.50	125,895,497.10
Other Receipts	2	50,000.00	-
		<u>140,733,525.50</u>	<u>125,895,497.10</u>
Payments for operating expenses			
Compensation of Employees	3	2,530,981.20	1,528,087.20
Use of goods and services	4	8,489,733.16	8,407,414.55
Transfers to Other Government Units	5	101,287,811.00	50,866,954.60
Other grants and transfers	6	46,203,716.50	43,340,017.60
		<u>158,512,241.86</u>	<u>104,142,473.95</u>
Adjusted for:			
Prior Year Adjustments	11	10,272.90	-
Changes in Receivables		(254,000.00)	-
Net cash flow from operating activities		<u>(18,022,443.46)</u>	<u>21,753,023.15</u>
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(1,209,009.00)	(614,889.00)
Net cash flows from Investing Activities		<u>(1,209,009.00)</u>	<u>(614,889.00)</u>
NET INCREASE IN CASH AND CASH EQUIVALENT			
		<u>(19,231,452.46)</u>	<u>21,138,134.15</u>
Cash and cash equivalent at BEGINNING of the year	10	30,513,900.55	9,375,766.40
Cash and cash equivalent at END of the year		<u>11,282,448.09</u>	<u>30,513,900.55</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ikolomani NGCDF financial statements were approved on 15/09/2016 and signed by:


 Chairman NGCDF


 Fund Account Manager

UNSHAKEN DEVELOPMENT FUND IN ULOMANI CONSISTENCY
Reports and Financial Statements
For the year ended June 30, 2016

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual Comparable Basis	Budget Utilisation Difference	% Utilisation
a	b	c=a+b	d	e=c-d	f=d/c %	
RECEIPTS						
Transfers from CDF Board	114,234,538.00	57,462,888.05	171,697,426.05	171,197,426.05	500,000.00	99.7%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	50,000.00	50,000.00	50,000.00	-	100.0%
TOTAL	114,234,538.00	57,512,888.05	171,747,426.05	171,247,426.05	500,000.00	99.7%
PAYMENTS						
Compensation of Employees	2,600,000.00	2,128,125.50	4,728,125.50	2,530,981.20	2,197,144.30	53.5%
Use of goods and services	5,586,891.00	3,657,548.50	9,244,439.50	8,489,733.16	754,706.34	91.8%
Transfers to Other Government Units	70,350,000.00	30,937,931.00	101,287,931.00	101,287,811.00	120.00	100.0%
Other grants and transfers	34,397,647.00	20,038,883.05	54,436,530.05	46,203,716.50	8,232,813.55	84.9%
Acquisition of Assets	1,300,000.00	700,400.00	2,000,400.00	1,209,009.00	791,391.00	60.4%
Other Payments	-	50,000.00	50,000.00	-	50,000.00	0.0%
TOTAL	114,234,538.00	57,512,888.05	171,747,426.05	159,721,250.86	12,026,175.19	93.0%

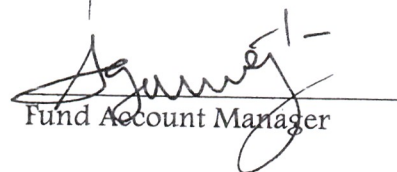
*NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IKOLOMANI
CONSTITUENCY*

Reports and Financial Statements

For the year ended June 30, 2016

The IKOLOMANI NGCDF financial statements were approved on 15/09/2016 and signed by:


Chairman NGCDF


Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IKOLOMANI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

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.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IKOLOMANI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the 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 – IKOLOMANI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	KShs	KShs
Normal allocation		
A790780	26,948,987.50	45,048,534.60
A724088	20,000,000.00	24,948,987.50
A820557	10,000,000.00	16,169,393.00
A820734	27,000,000.00	12,779,594.50
A825726	56,734,538.00	26,948,987.50
TOTAL	140,683,525.50	125,895,497.10

2. OTHER RECEIPTS

Description	2015 - 2016	2014 - 2015
	KShs	KShs
Receipts from Sale of tender documents	50,000.00	-
Total	50,000.00	-

3. COMPENSATION OF EMPLOYEES

Description	2015 - 2016	2014 - 2015
	KShs	KShs
Basic wages of contractual employees	1,371,284.00	935,245.20
Basic wages of casual labour	8,000.00	16,500.00
Personal allowances paid as part of salary		
House allowance	256,000.00	142,000.00
Transport allowance	280,000.00	160,000.00
Leave allowance	52,000.00	36,000.00
Other personnel payments	63,000.00	32,000.00
Employer contribution to NSSF	75,600.00	38,400.00
Gratuity	425,097.20	167,942.00
Total	2,530,981.20	1,528,087.20

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IKOLOMANI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

4. USE OF GOODS AND SERVICES

Description	2015 - 2016	2014 - 2015
	KShs	KShs
Utilities, supplies and services	32,039.10	38,871.10
Communication, supplies and services	426,557.82	313,608.95
Domestic travel and subsistence	1,720,200.00	1,014,500.00
Printing, advertising and information supplies & services	9,200.00	3,600.00
Rentals of produced assets	315,000.00	22,000.00
Hospitality supplies and services	306,900.00	103,660.00
Other committee expenses	3,543,357.78	4,206,000.00
Committee allowance	370,000.00	751,000.00
Insurance costs	196,000.00	261,075.00
Office and general supplies and services	652,032.00	861,918.00
Fuel ,oil & lubricants	443,264.00	368,700.00
Bank Service Commission and Charges	20,100.00	43,582.50
Routine maintenance – vehicles and other transport equipment	436,082.46	410,899.00
Routine maintenance – other assets	19,000.00	8,000.00
Total	8,489,733.16	8,407,414.55

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	KShs	KShs
Transfers to primary schools (see attached list)	75,337,931.00	29,384,195.60
Transfers to secondary schools (see attached list)	24,949,880.00	16,000,000.00
Transfers to tertiary institutions (see attached list)	1,000,000.00	-
Transfers to health institutions (see attached list)	-	5,482,759.00
TOTAL	101,287,811.00	50,866,954.60

6. OTHER GRANTS AND OTHER PAYMENTS

	2015 – 2016	2014 -2015
	KShs	KShs
Bursary – secondary schools (see attached list)	6,969,500.00	4,849,500.00
Bursary – tertiary institutions (see attached list)	3,530,500.00	5,148,000.00
Mock & CAT (see attached list)	1,862,872.00	1,170,000.00
Security projects (see attached list)	250,000.00	4,943,383.00
Roads projects (see attached list)	28,256,124.50	16,500,000.00
Sports projects (see attached list)	2,300,000.00	3,867,962.60
Environment projects (see attached list)	360,000.00	-
Other Projects (see attached list)	-	3,000,000.00
Emergency Projects (specify)	2,674,720.00	3,861,172.00
Total	46,203,716.50	43,340,017.60

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IKOLOMANI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. ACQUISITION OF ASSETS

Non-Financial Assets

	2015 - 2016	2014 - 2015
	KShs	KShs
Refurbishment of Buildings	-	406,500.00
Purchase of Bicycles & Motorcycles	475,500.00	-
Purchase of Office Furniture and General Equipment	266,109.00	208,389.00
Purchase of ICT Equipment, Software and Other ICT Assets	467,400.00	-
Total	1,209,009.00	614,889.00

8: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
Cooperative Bank, Kakamega Branch A/C No.01120023550000	11,282,448.09	30,513,900.55
TOTAL	11,282,448.09	30,513,900.55

9: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		KShs	KShs	KShs
Tom Oriwa Ageng'a	14/06/2016	100,000.00	-	100,000.00
Tom Oriwa Ageng'a	21/06/2016	112,000.00	-	112,000.00
Tom Oriwa Ageng'a	21/06/2016	42,000.00	-	42,000.00
				254,000.00

10. BALANCES BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	KShs	KShs
Bank accounts	30,513,900.55	9,375,766.40
Cash in hand		
Total	30,513,900.55	9,375,766.40

11. PRIOR YEAR ADJUSTMENTS

	2014 - 2015	2013 - 2014
	KShs	KShs
Bank accounts	10,272.90	-
Total	10,272.90	-

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

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

Prior year adjustments were occasioned by reversals in the cashbook without replacements relating to previous years. In addition they were errors in the cashbook which were discovered after the closure of the financial year. The summary of the adjustments are as follows;

ERRORS IN THE CASHBOOK EXPLAINED Details	Amount	Sub Total
Reversal of Cheque No. 000660	74,040.20	
Reversal of Cheque No. 000914	900.00	
Reversal of Cheque No. 000947	2,000.00	
Reversal of Cheque No. 002443	5,916.20	
Reversal of Cheque No. 002992	12,600.00	
Reversal of Cheque No. 002983	16,417.20	
Sub Total	<u>16,417.20</u>	
Overcast -Cheque No. 3483	90,000.00	111,873.60
Overcast- Cheque No. 3311	10,000.00	
NHIF-Correction	1,600.00	
Correction on Cashbook	0.70	
Sub Total	<u>0.70</u>	
Cumulative Error on the Cashbook		<u>(101,600.70)</u>
		<u>10,272.90</u>

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs'000)

ANNEX 1 - ANALYSIS OF OTHER PENDING PAYABLES


Name	Brief Description	Transaction	Original Amount	Date Payable Contracte	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
			a	d	c	d=a-c		
Amounts due to other Government entities				b				
Sub-Total								
Amounts due to other grants and other transfers								
1. Emergency Fund	To cater for any unforeseen occurrences in the constituency during the financial year		5,767,647.00	n/a	1,000,000.00	4,767,647.00	2,188,190.00	Funds are held at the constituency account awaiting allocation to need projects
2. Bursary	Payment of fees to needy students		12,000,000.00	n/a	11,500,000.00	502,500.00	2,500.00	Funds are held at the constituency account awaiting awarding
3. Environment	Provision of seedlings to schools		110,000.00	n/a	0.00	420,000.00	310,000.00	
Sub-Total			17,877,647.00			5,690,147.00	2,500,690.00	
Others (specify)								
4. Administration and M&E Expenses	For incurring office running costs and monitoring and evaluation		6,986,981.00	n/a	3,145,352.91	5,346,301.09	1,504,673.00	Funds are held at the constituency account
5. Audit Fee	Payment of audit fee to KENAO		500,000.00	n/a	0.00	1,000,000.00	500,000.00	These funds are earmarked for reallocation
Sub-Total			7,486,981.00			6,346,301.09	2,004,673.00	
Grand Total			25,364,628.00			12,036,448.09	4,505,363.00	

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
 Reports and Financial Statements
 For the year ended June 30, 2014 (Kshs'000)

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	300,000.00	300,000.00
Buildings and structures	5,000,000.00	5,000,000.00
Transport equipment	5,306,500.00	4,831,000.00
Office equipment, furniture and fittings	2,190,278.00	1,924,169.00
ICT Equipment, Software and Other ICT Assets	839,900.00	372,500.00
Other Machinery and Equipment	440,380.00	440,380.00
Heritage and cultural assets	0.00	0.00
Intangible assets	0.00	0.00
Total	14,077,058.00	12,868,049.00

Prepared by:

 15/07/2015

Tom Oriwa Ageng'a
 Fund Account Manager
 IKOLOMANI