

REPUBLIC OF KENYA



*Paper Laid*  
*By LOMP, Hon. Bwalom*  
*on 11/4/2018*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**







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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

**KURIA WEST CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Constituencies Development Fund (NGCDF) was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2013. The Constituencies Development Fund is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

**(b) Key Management**

The KURIA WEST Constituency's day-to-day management is under the following key organs:

- i. Constituencies Development Fund Board (NGCDFB)
- ii. ~~National Government Constituency Development Fund Committee (NGCDFC)~~

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Jackson K Too</b>
3.	Accountant	<b>Kenedy Okoth</b>
4.		

**(d) Fiduciary Oversight Arrangements**

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

NGCDF Office Building.  
P.O Box 263-40413  
Kehancha

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KURIA WEST  
CONSTITUENCY**

**Reports and Financial Statements**

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

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**(f) KURIA WEST NGCDF Contacts**

Telephone: (254) 0724 615 345  
E-mail:kuriawest@NGCDF.go.ke

**(g)**

**(h) KURIA WESTNGCDF Bankers**

1. Kenya Commercial Bank  
P.O Box 134 - 40414.  
ISEBANIA  
...  
...

**(i) Independent Auditors**

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

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**(j) 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- KURIA WEST  
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**Reports and Financial Statements  
For the year ended June 30, 2016**

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

Based on the 2015/2016 budget the constituency was able achieve 61% of the utilisation of fund. The constituency had received 50% of the allocation by the close of the year thereby hindering full utilisation of the fund.

Kuria west Cdf has been able to make a stride in its developments. Key achievements include:

1. the bursary award to students which has enabled them continue or finish their courses with ease.
  2. It has also opened up roads to areas that were inaccessible hence enabling the community take their goods to markets easily.
  3. The construction of dispensaries and health centres in locations and sub location has improved health care services in the constituency and reduced long walking distances to district hospitals.
  4. Construction of chief's sub chief's and offices and AP houses has improved the security within the constituency.
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**Key challenges**

1. The disbursement from the board is not timely hence delaying the implementation of projects proposed.
2. There should be proper guidance in the funding projects done by CDF and county government to avoid the overlapping of activities/projects.

Sign..........  
**CHAIRMAN NGCDFC**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KURIA WEST  
CONSTITUENCY**

**Reports and Financial Statements**

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

**III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES**

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

The Accounting Officer in charge of the KURIA WEST NG-CDF 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.

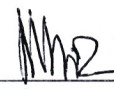
The Accounting Officer in charge of the KURIA WEST NG-CDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). 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 charge of the KURIA WEST NG CDF 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 KURIA WEST NG- CDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF'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 NG-CDF'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 30-09-2016.

  
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 FINANCIAL STATEMENTS OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KURIA WEST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Kuria West Constituency set out on pages 5 to 17, which comprise, statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation recurrent and development 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 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 (ISSAIs). 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

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



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

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

### **Basis for Qualified Opinion**

#### **1. Transfers to Other Government Units**

The transfers to other government units reflects to Kshs.69,607,793 which however had the following anomalies:

- i) Funds amounting to Kshs.2,000,000 were transferred to St. Mathias Nyamosense Secondary School for the construction of a classroom and a laboratory. However, on physical inspection of the project, it was noted that the funds had been instead applied in construction of a dormitory. Further, funds amounting to Kshs.1,500,000 were transferred to Bugembe Health Center for the completion of the kitchen, painting of male ward and plastering of the maternity. However, the funds were applied in construction of a laboratory.

An approval for these reallocations were not obtained from the NG-CDF Board contrary to section 6(2) of the National Government Constituencies Development Fund Act, 2015.

- ii) During the year under review, a sum of Kshs.700,000 was transferred to Kubweye Secondary School for completion of a computer laboratory. However, a visit to the school, revealed that no work had been done. There were also no records to confirm that the funds were retained by the school and not used for other purposes.

Consequently, the propriety of the transfers totalling Kshs.700,000 cannot be confirmed.

- iii) Transfers to health institutions totaling Kshs.4,000,000 were done after 19 February 2016 when the new Constituencies Development Fund Act, 2015 came into operation. The Act prohibited funding of health activities after these were placed under the devolved governments.

Consequently the transfers totalling Kshs.4,000,000 made by management to health institutions contravened the provisions of the Constituencies Development Fund Act.



## **2. Other Grants and Transfers**

Other grants and transfers totalled Kshs.42,270,557 during the year under review. However, a sum of Kshs.500,000 transferred to Gwikonge Assistant Chief's Office was not supported with payment vouchers, bank statements, project files and other relevant records.

Consequently, the propriety of other grants and transfers of Kshs.500,000 for the year ended 30 June 2016 cannot be confirmed.

## **3. Cash and Cash Equivalents**

The reported bank balance as at 30 June 2016 is Kshs.27,945,772. However, a review of the bank reconciliation statements and the cash books revealed the following anomalies:

- i) The cash book balance as per the bank reconciliation statement is indicated as Kshs.15,241,274 which is at variance with the financial statements figure of Kshs.27,945,772 leading to an unexplained difference of Kshs.12,704,498.
- ii) Cheque payments totaling Kshs.2,657,311 had not been presented for payment as at 30 June 2016, and were thus more than six months old and therefore stale but had not been reversed in the cash book.
- iii) The bank balances are not supported with bank certificate of balances.
- iv) There were receipts totaling Kshs.10,101,969 in the bank statement but not yet recorded in the cash book.

Consequently, it has not been possible to confirm the cash and cash equivalents balance of Kshs.27,945,772 as at 30 June 2016 as fairly stated.

## **4. Statement of Appropriation – Recurrent and Development**

The summary statement of appropriation for recurrent and development expenditure indicates the original budget figure as Kshs.133,394,733. However, the fund management received only Kshs.128,867,839 during the year under review and thus the Constituents failed to receive all the services due to them because the CDF was underfunded by Kshs.4,526,894. In addition, the adjustments of Kshs.19,530,769 were not supported.

Consequently, the accuracy of the summary statement of appropriation – recurrent and development cannot be confirmed.

## 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 Kuria West Constituency Development Fund as at June 30, 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. Budgetary Control and Performance

#### 1.1. Budget Performance

Kuria West Constituency's approved budget for 2015/2016 amounted to Kshs.152,925,502 with an actual expenditure of Kshs.124,979,730 or 81% of the approved budget thus resulting to under-expenditure of Kshs.27,945,772 as detailed below:

	Approved Budget (Kshs)	Actual (Kshs)	Difference (Kshs)	% Utilization
<b>RECEIPTS</b>				
Transfers from NG-CDF board	152,925,502	152,925,502	0	0%
<b>PAYMENTS</b>				
Compensation of Employees	3,152,444	1,940,538	1,211,906	62%
Use of Goods and Services	12,363,757	11,160,843	1,202,914	90%
Transfers to Other Government Units	69,750,000	69,607,793	142,207	99%
Other Grants and Transfers	67,659,301	42,270,557	25,388,744	62%
<b>Total</b>	<b>152,925,502</b>	<b>124,979,730</b>	<b>27,945,772</b>	<b>81%</b>

Failure to fully utilize the funds denied the residents of Kuria West Constituency benefits due to them during the year under review.

#### 1.2. Project Verification

During the year under review, eighteen (18) projects Kshs.14,300,000 were verified for audit. As recorded in the following table, 13 projects were found to be complete, one was ongoing and four had not been implemented at all:

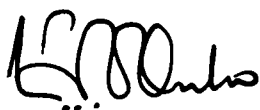


	<b>Project Name</b>	<b>Activity</b>	<b>Budget (Kshs)</b>	<b>Level Of Completion %</b>	<b>Observations</b>
1	Kehancha District Hospital	Fixing ceiling, flooring, wiring and painting of an administration block	1,000,000	100	Complete
2	Taranganya Girls Secondary School	Construction of laboratory	700,000	100	Complete
3	Robarisia Primary School	Construction of a new classroom	600,000	100	Completed
4	Ikerege Secondary School	Completion-plastering, painting and fixing of shutters in the dormitory	800,000	100	Completed
5	Bingutwi Primary School	Construction of 1 new classroom	600,000	100	Completed
6	Sirori Simba Primary School	Construction of one classroom	600,000	100	Completed
7	Nyatira Primary School	Construction of dormitory and kitchen	1,400,000	100	Completed
8	Kombe Primary School	Construction of 1 new class	700,000	100	Completed
9	Nyankore Dispensary	Completion-Fixing lintel and roofing of dispensary	700,000	100	Completed
10	Nyankore Secondary School	Purchase of school bus (co-funding with BOG)	1,500,000	100	Bus purchased
11	Nyamekoma Dispensary	Construction-painting and fixing ceiling	400,000	100	Completed but not operational.

12	Kubweye Mixed Secondary School	Completion-walling of computer Laboratory	700,000	0	The funds were never utilized
13	Bugembe Health Centre	Renovation-Fixing ceiling and painting of Male ward	600,000	0	Change of project activity to modern lab
14	Bugembe Health Centre	Plastering, fixing, fittings and painting of maternity ward	300,000	100	Completed
15	St. Mathias Nyamosense Secondary	Construction of 1 classroom	600,000	0	Utilized in the construction of dormitory
16	St. Mathias Nyamosense Secondary	Construction of Laboratory	1,400,000	0	Utilized in the construction of dormitory
17	Mabera Resource Centre	Completion-Fittings and plastering of resource centre	1,000,000	90	Work in progress
18	St. Mary's Mabera Girls Secondary School	Walling and roofing of the computer Laboratory.	700,000	100	Completed
		<b>Total</b>	<b>14,300,000</b>		

## 2. Previous Year Matters

The Constituency management did not indicate in the financial statements the status of their follow-up on audit issues reported in the previous year as required under the reporting template presented by the by Public Sector Accounting Standards Board.



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

**Nairobi**

**7 March 2018**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KURIA WEST  
CONSTITUENCY**

**Reports and Financial Statements**

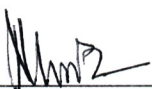
**For the year ended June 30, 2016**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

**I. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	128,867,839	115,021,093
<b>TOTAL RECEIPTS</b>		<b>128,867,839</b>	<b>115,021,093</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,940,538	2,264,160
Use of goods and services	5	11,160,843	11,156,123
Transfers to Other Government Units	6	69,607,793	53,032,000
Other grants and transfers	7	42,270,557	29,995,000
<b>TOTAL PAYMENTS</b>		<b>124,979,730</b>	<b>96,447,283</b>
<b>SURPLUS/DEFICIT</b>		<b>3,888,109</b>	<b>18,573,810</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KURIA WEST NGCDF financial statements were approved on 30-09-2016 2016 and signed by:

  
\_\_\_\_\_  
Chairman - NGCDFC

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KURIA WEST  
CONSTITUENCY**

**Reports and Financial Statements**

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

**V. STATEMENT OF ASSETS**

**II. STATEMENT OF FINANCIAL  
ASSETS**

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	27,945,772	24,057,663
Outstanding Imprests	11	-	
<b>TOTAL FINANCIAL ASSETS</b>		<u>27,945,772</u>	<u>24,057,663</u>
<b>REPRESENTED BY</b>			
Retention	12		
Fund balance b/fwd 1st July...	13	24,057,663	5,483,853
Surplus/Defict for the year		3,888,109	18,573,810
<b>NET LIABILITIES</b>		<u>27,945,772</u>	<u>24,057,663</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KURIA WESTNGCDF financial statements were approved on 30-9-2016 and signed by:

  
\_\_\_\_\_  
Chairman - NGCDFC

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KURIA WEST  
CONSTITUENCY**


**Reports and Financial Statements**


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

**VI. STATEMENT OF CASHFLOW**

<b>Receipts for operating income</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
Transfers from CDF Board	1	128,867,839	115,021,093
		<b>128,867,839</b>	<b>115,021,093</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,940,538	2,264,160
Use of goods and services	5	11,160,843	11,156,123
Transfers to Other Government Units	6	69,607,793	53,032,000
Other grants and transfers	7	42,270,557	29,995,000
		<b>124,979,730</b>	<b>96,447,283</b>
<b>Adjusted for:</b>			
<b>Net cash flow from operating activities</b>		<b>3,888,109</b>	<b>18,573,810</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>3,888,109</b>	<b>18,573,810</b>
Cash and cash equivalent at BEGINNING of the year	13	24,057,663	5,483,853
Cash and cash equivalent at END of the year		<b>27,945,772</b>	<b>24,057,663</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KURIA WEST NGCDF financial statements were approved on 30-9-2016 and signed by:

  
\_\_\_\_\_  
**Chairman NGCDFC**

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

**CONSTITUENCIES DEVELOPMENT FUND KURIA WEST CONSTITUENCY**  
**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 a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	133,394,733	19,530,769	152,925,502	152,925,502	-	100.00%
Proceeds from Sale of Assets						
Other Receipts						
<b>TOTAL</b>	<b>133,394,733</b>	<b>19,530,769</b>	<b>152,925,502</b>	<b>152,925,502</b>	<b>-</b>	<b>100.00%</b>
<b>PAYMENTS</b>						
Compensation of Employees	3,152,444		3,152,444	1,940,538	1,211,906	61.6%
Use of goods and services	8,853,082	3,510,675	12,363,757	11,160,843	1,202,914	90.27%
Transfers to Other Government Units	54,250,000	15,500,000	69,750,000	69,607,793	142,207	99.80%
Other grants and transfers	67,139,207	520,094	67,659,301	42,270,557	25,388,744	62.48%
<b>TOTAL</b>	<b>133,394,733</b>	<b>19,530,769</b>	<b>152,925,502</b>	<b>124,979,730</b>	<b>27,945,771</b>	<b>81.73%</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KURIA WEST  
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**Reports and Financial Statements**

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

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(a) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- i. XXXX
- ii. XXXX

The KURIA WEST NG-CDF financial statements were approved on 30-9-2016 and signed  
by:



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**Chairman NGCDF**



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**Fund Account Manager**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KURIA  
WEST CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016**

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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.

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The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the NGCDF.

**2. Recognition of revenue and expenses**

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

**3. In-kind contributions**

In-kind contributions are donations that are made to the NGCDF in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the NGCDF includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**4. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KURIA  
WEST CONSTITUENCY**

**Reports and Financial Statements**

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

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**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the NGCDF at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**6. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NGCDF’s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NGCDF’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**7. Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**8. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.



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

**1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Normal Allocation	A790838	40,356,352.00	52,153,254.00
	A724048	10,000,000.00	31,433,919.50
	A820680	10,000,000.00	18,860,352.00
	A820897	30,000,000.00	12,573,567.50
	A852532	26,000,000.00	
	A724004	12,511,487.00	
<b>TOTAL</b>		<b>128,867,839</b>	<b>115,021,093</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**4. COMPENSATION OF EMPLOYEES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,522,946.35	1,918,890
Basic wages of casual labour	-	-
House allowance	203,000	276,000
Transport allowance		-
Leave allowance	4,000	16,000
Other personnel payments	142,912.30	-
Employer contribution to NSSF	67,680.00	53,270
<b>Total</b>	<b>1,940,538</b>	<b>2,264,160</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**5. USE OF GOODS AND SERVICES**

<b>Description</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	64,358	207,315
Communication, supplies and services	286,920	370,000
Domestic travel and subsistence	1,271,000	1,266,500
Printing, advertising and information supplies & services	225,000	22,000
Training expenses	965,000	872,000
Hospitality supplies and services	365,500	
Other committee expenses	2,475,000	1,840,000
Committee allowance	2,576,000	3,330,040
Office and general supplies and services	1,065,000	221,776
Fuel ,oil & lubricants	1,190,000	1,595,700
Other operating expenses	-	557,200
Routine maintenance – vehicles and other transport equipment	594,650	873,592
Bank charges	82,415	
<b>Total</b>	<b>11,160,843</b>	<b>11,156,123</b>



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	23,237,931	23,400,000
Transfers to secondary schools (see attached list)	20,700,000	19,632,000
Transfers to tertiary institutions (see attached list)	12,000,000	-
Transfers to health institutions (see attached list)	13,669,862	10,000,000
<b>TOTAL</b>	<b>69,607,793</b>	<b>53,032,000</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary – secondary schools (see attached list)	7,724,000	9,142,000
Bursary – tertiary institutions (see attached list)	2,000,000	4,838,000
Bursary – special schools (see attached list)	-	100,000
Water projects (see attached list)	1,400,000	2,945,000
Security projects (see attached list)	5,700,000	6,050,000
Roads projects (see attached list)	20,276,872	2,800,000
Sports projects (see attached list)	573,100	500,000
Emergency Projects (specify)	4,596,585	3,620,000
<b>Total</b>	<b>42,270,557</b>	<b>29,995,000</b>

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


**10A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency		2015 - 2016	2014 - 2015
	Account Number	Kshs (30/6/2016)	Kshs (30/6/2015)
<i>KCB ISEBANIA Branch</i>	1148977260	27,945,772	24,057,663
<b>Total</b>		<b>27,945,772</b>	<b>24,057,663</b>

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

**1.1. FIXED ASSET SCHEDULE**

Asset Class	Historical Cost	
	(KSHS) 2015/16	(KSHS) 2014/15
Transport Equipment	4,793,000	4,793,000
Office equipment, Furnitures and Fittings	407,397	407,397
ICT Equipment, Software and other ICT Assets	254,000	254,000
<b>Total</b>	<b>5,454,397</b>	<b>5,454,397</b>

Prepared by:   
**JACKSON K. TOO**  
Fund Account Manager  
**KURIA WEST**