


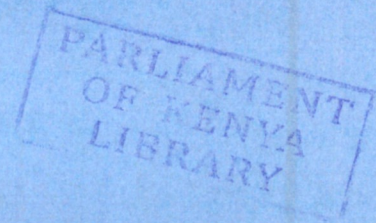
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

| | |
|---|----------------------------|
|  THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 03 APR 2019 | DAY Wednesday |
| TABLED BY: | Hon. Aden Duale, MP LOM |
| CHECK-AT THE TABLE: | Hadiya Sulaiman |



THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
SOUTH MUGIRANGO CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2017



12345



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
SOUTH MUGIRANGO CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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

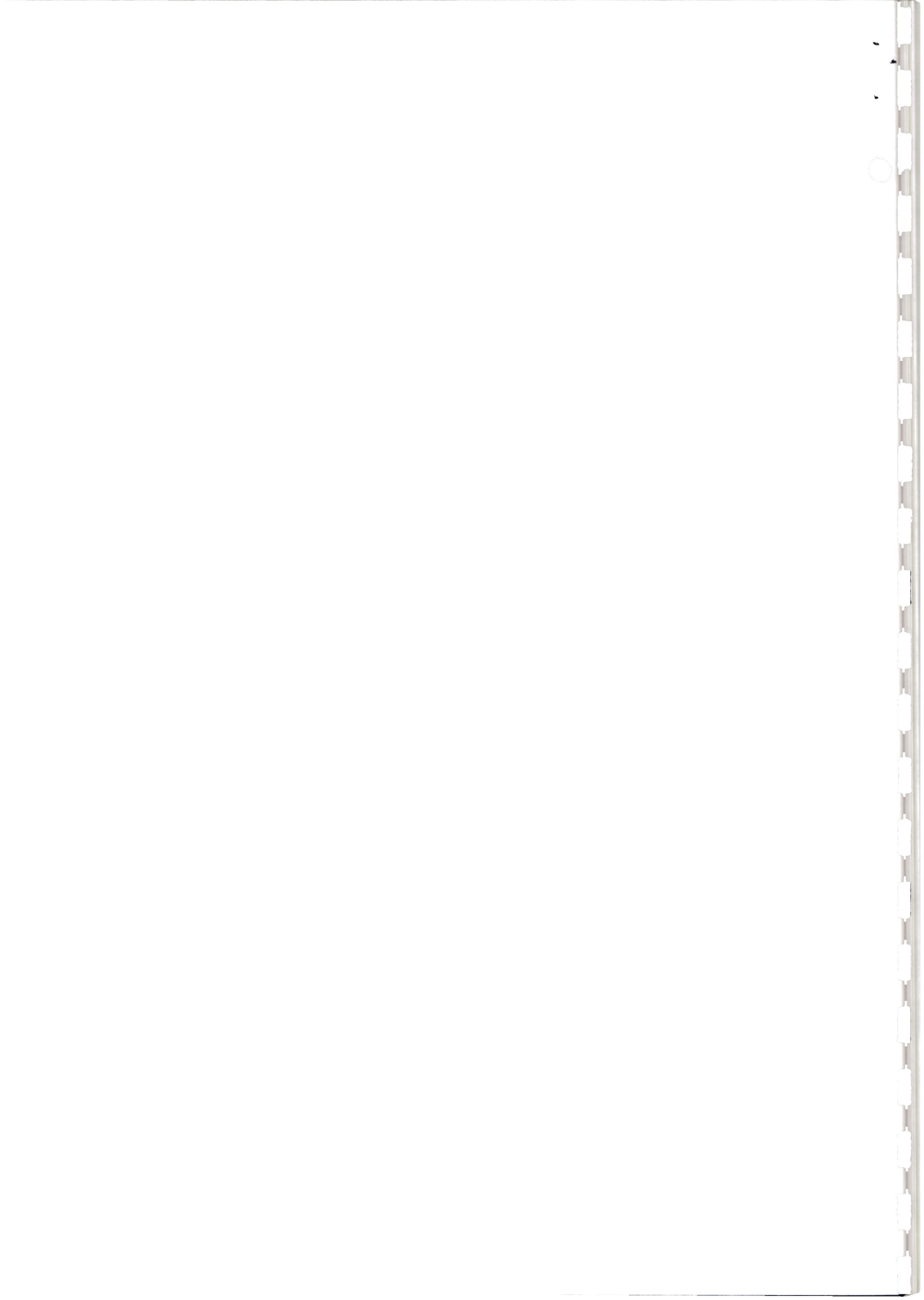


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
SOUTH MUGIRANGO CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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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The Constituencies Development Fund (NGCDF) was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2013.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 SOUTH MUGIRANGO 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 30th June 2015 and who had direct fiduciary responsibility were:

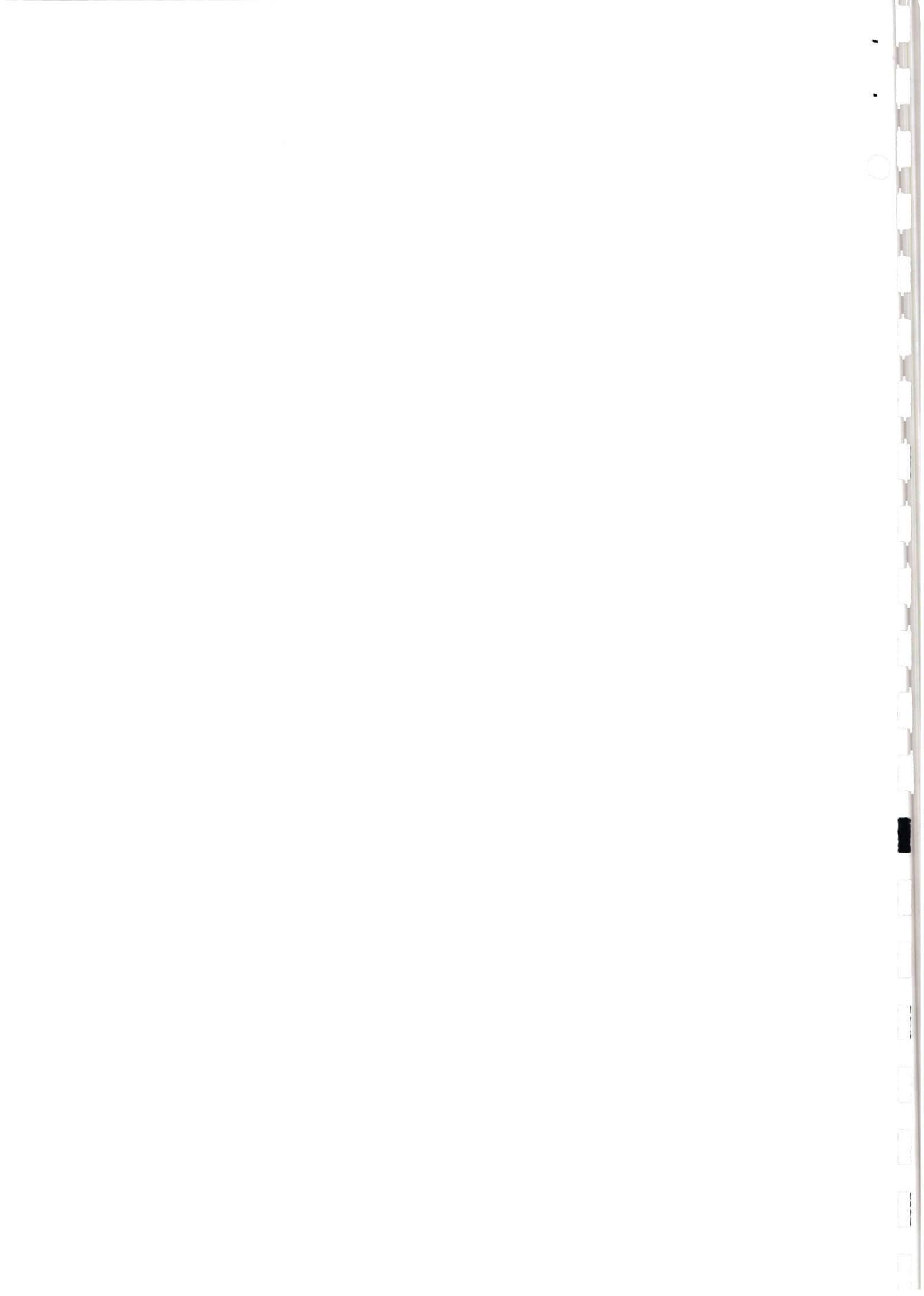
| No. | Designation | Name |
|------------|--------------------|--------------------------|
| 1. | Accounting Officer | Yusuf Mbuno |
| 2. | A.I.E holder | Francis O.Onyango |
| 3. | Accountant | Antony Mbugua |
| 4. | | |

(d) Fiduciary Oversight Arrangements

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

NGCDF Office complex.
P.O Box 991-40200,
Kisii



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH
MUGIRANGO CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

(f) SOUTH MUGIRANGO NGCDF Contacts

Telephone: (254) 0725912723
E-mail: cdfsouthmugirango@ngcf.go.ke
Website: www.southmugirango.com.ke

(g) SOUTH MUGIRANGO NGCDF Bankers

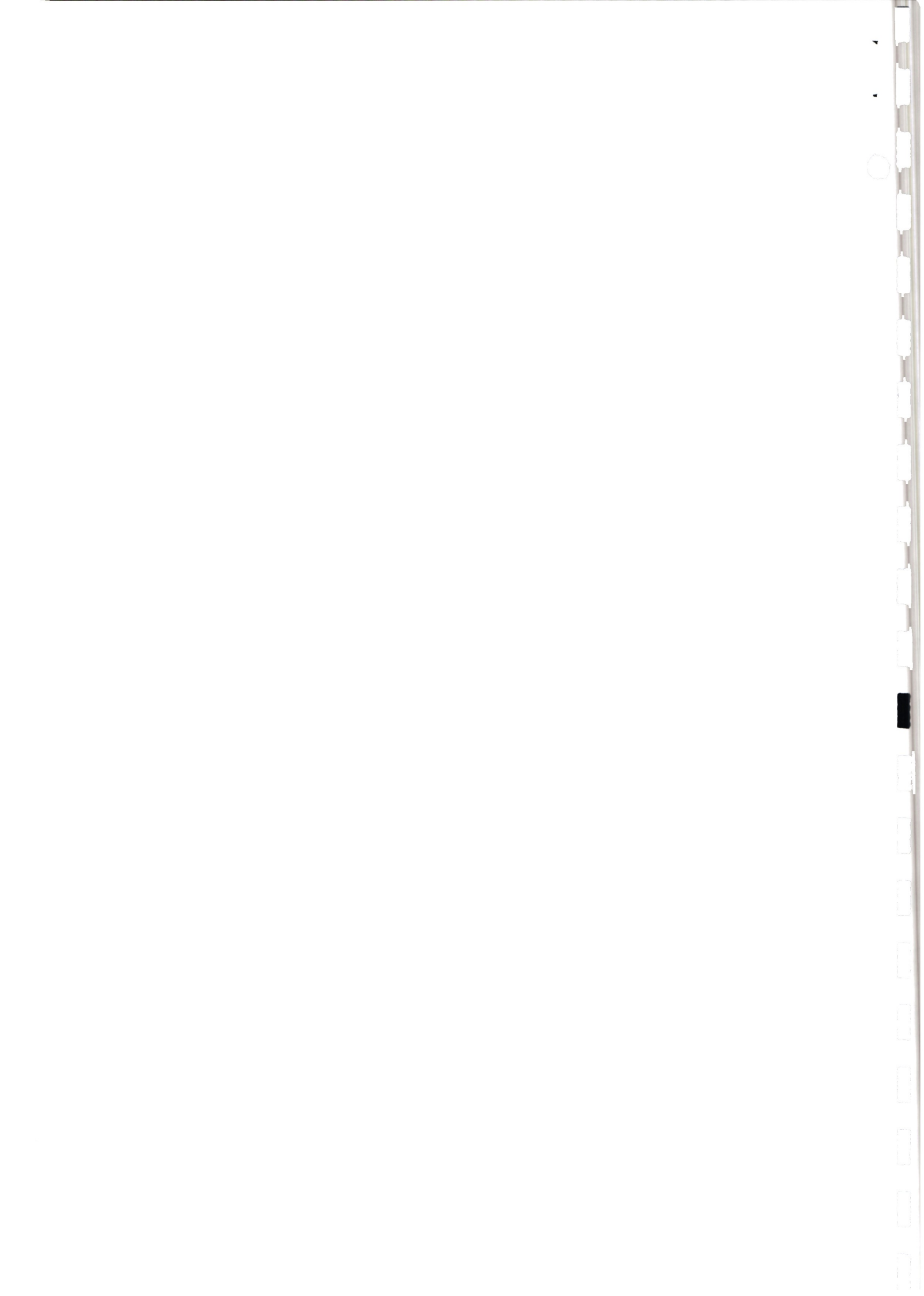
1. Cooperative Bank of Kenya
Rongo

(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- SOUTH
MUGIRANGO CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

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

It is my pleasure to present to you SOUTH MUGIRANGO CDF's annual report and financial statements for the financial year 2016/2017

The actual amounts utilised by the constituency in its various expense items were less than 100% of its budget performance, however the target should be 100% if funds are availed in time during the financial year.

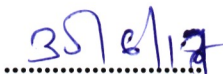
Key achievements for the CDF

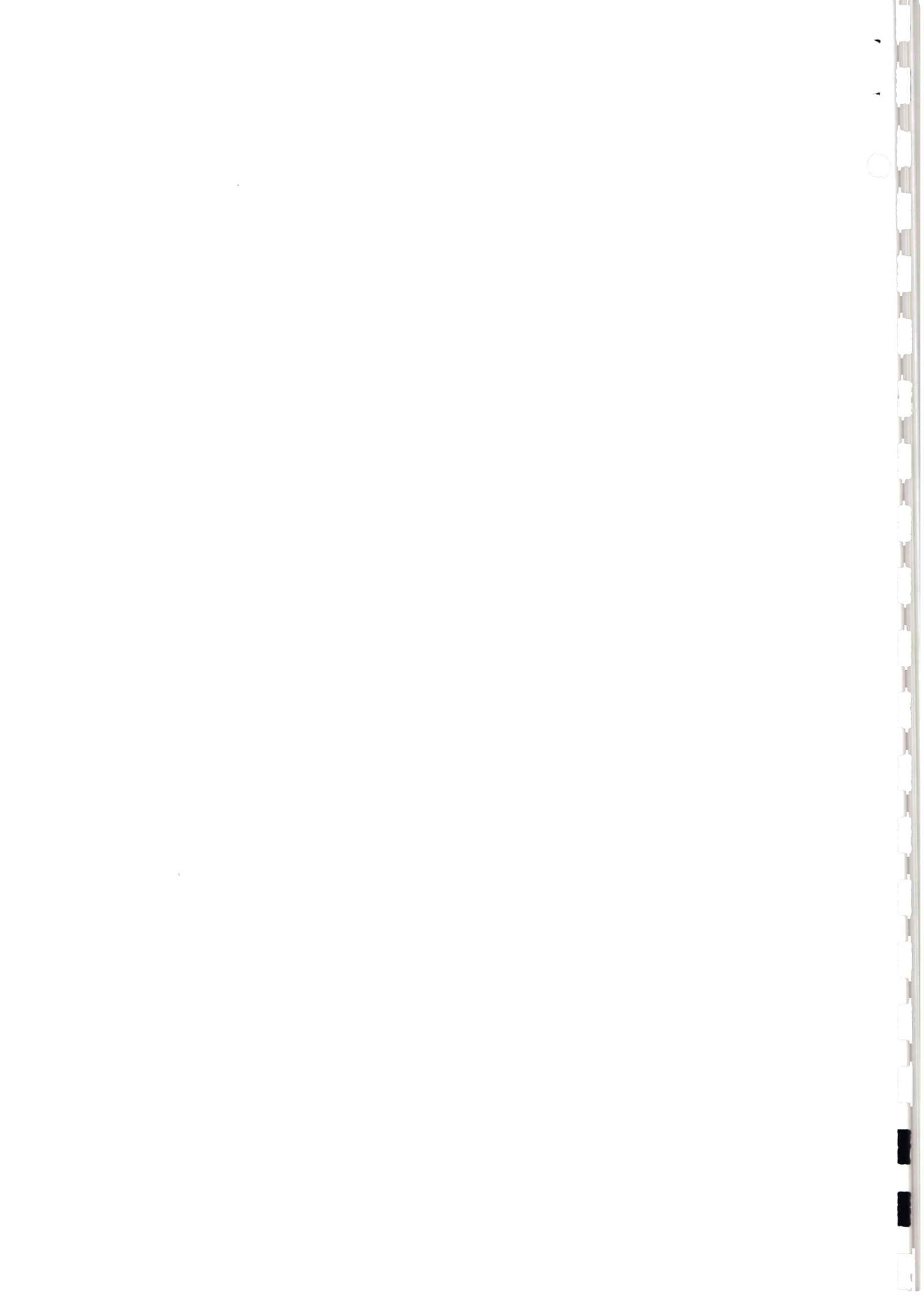
- By providing funds directly to each constituency for fighting poverty, CDF assists in ironing out regional imbalances due to patronage.
- CDF has been able to open rural access roads (feeder roads) thus contributing to economic growth.
- Through the Health Sector CDF has made it possible for the public to easily access health facilities
- Water projects have been implemented to enhance access to clean and reliable water.
- In the education sector, CDF funding of schools has assisted in increasing student enrolment, the CDF bursary has helped retain in schools students from low income families.

Implementation challenges and recommended way forward

- Late disbursement of funds, lead to rise in project costs due to factors like inflation due to time value of money and also the public do not get the value of the funds in time, a good case is in late bursary awards, to remedy this, funds should be released by NGCDF Board in time.
- Frequent development forums and awareness forums should be held to intuit the public with information concerning the development initiatives, from various funding agencies and stakeholders an NG CDF, County Government and other development stakeholders plan together to avoid duplication of projects
- Lack of a simple but standardized practical curriculum for training PMC's in order to enhance their capacity to implement the projects, hence a PMC training manual should be operationalized.

ZERA OMWANDO NCDFC Chairperson.....


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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH
MUGIRANGO CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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.

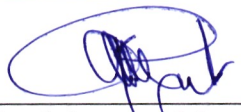
The Accounting Officer in charge of the SOUTH MUGIRANGO NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2017. This 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 SOUTH MUGIRANGO 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, 2017, and of the NGCDF's financial position as at that date. The Accounting Officer in charge of the SOUTH MUGIRANGO 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 SOUTH MUGIRANGO 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

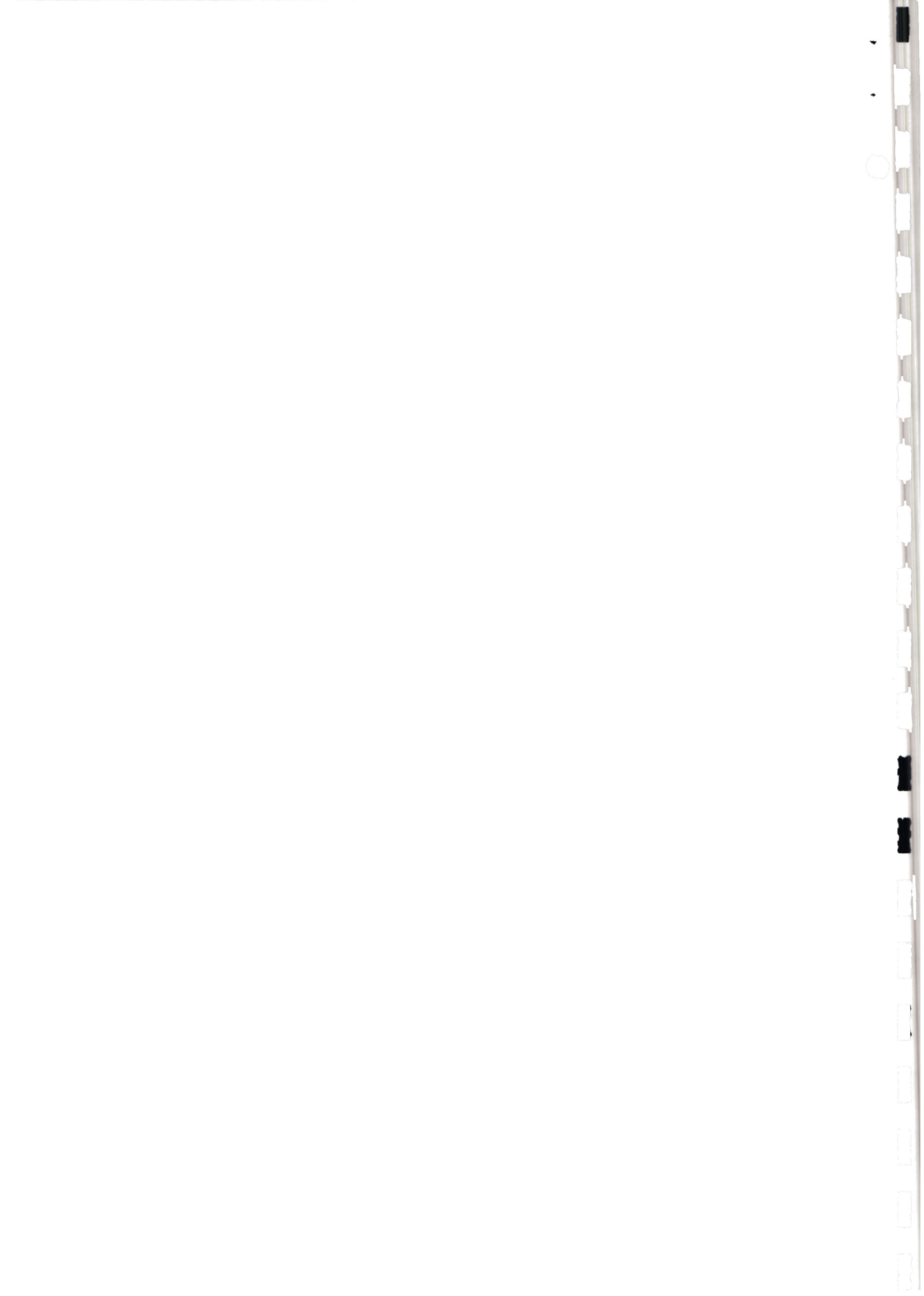
The NGCDF's financial statements were approved and signed by the Accounting Officer on 31/6 2017.



Fund Account Manager



Chairperson



REPUBLIC OF KENYA

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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 - SOUTH MUGIRANGO CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - South Mugirango Constituency set out on pages 5 to 23, which comprise the statement of receipts and payments, statement of assets as at 30 June 2017, statement of cash flows, summary statement of appropriation: recurrent and development combined 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.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund-South Mugirango Constituency as at 30 June 2017, and its financial performance and its cash flows for the period 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.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that public money has not been applied lawfully and in an effective manner.

Basis for Adverse Opinion

1. Anomalies in Financial Statements

1.1 Unexplained Expenditure Variance

The statement of receipts and payments reflects an expenditure of Kshs.8,418,706 in respect of goods and services which however, differs by Kshs.546,598 with the sum of Kshs.8,965,304 derived from the expenditure schedule presented for audit.

No plausible explanation has been provided by management for the discrepancy.

*Report of the Auditor-General on the Financial Statements of National Government Constituencies
Development Fund - South Mugirango Constituency for the year ended 30 June 2017*

1.2 No Trial Balance

The management did not present the trial balance as at 30 June 2017 for audit along with the financial statements.

In the circumstance, the basis of the financial statements submitted for audit is not clear and therefore their accuracy and validity cannot be confirmed.

2. Lack of Clarity on Previous Year's Project Allocations

The summary of the statement of appropriation reflects an original budget of Kshs.81,896,601 and an adjustment of Kshs.67,894,413 resulting in a total budget to Kshs.149,791,015. However, the adjustments have not been supported by an approved receipts code list showing year 2015/2016 projects financed in 2016/2017. In the circumstance, it is not possible to identify the 2015/2016 projects financed through the budget for the year under review.

3. Old Unpresented Cheques

The statement of assets as at 30 June 2017 reflects cash and cash equivalents balance of Kshs.7,443,717. However, a review of the bank reconciliation statement as at 30 June 2017 revealed inclusion of stale cheques amounting to Kshs.338,603 that, contrary to public financial management regulations, had not been reversed in the cash book as at 30 June 2016.

4. Non-submission of Expenditure Returns by Project Management Committees

The Constituency Development Fund Committee made disbursements totaling Kshs.70,565,362 under transfers to other government entities budget item during the year under review. The transfers benefited primary and , secondary schools as well as tertiary and health institutions. However, disbursements totaling Kshs.20,400,000 made to project management committees(PMCs) were not supported with expenditure returns including bank statements, stores records and minutes.

In the absence of supporting documents, the occurrence and propriety of the disbursements totaling Kshs.20,400,000 cannot be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund- South Mugirango Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of financial statements. Except for the matter described in the

Basis for Adverse Opinion section, I have determined that there are no key audit matters to communicate in my report.

Other Matter

1. Budget Absorption Rate

Comparison of budgeted and actual expenditures revealed the variances highlighted below:

| Item | Budget Kshs. | Actual Kshs. | Variance Kshs. | Performance (%) |
|---------------------------------------|-------------------------|-------------------------|---------------------------|----------------------------|
| Compensation of Employees | 2,720,627 | 2,720,627 | 0 | 100 |
| Use of Goods and Services | 8,548,117 | 8,418,706 | 129,411 | |
| Transfer to Other Government Entities | 72,565,362 | 70,565,362 | 2,000,000 | 97 |
| Other Grants and transfers | 61,142,702 | 61,142,702 | 0 | 100 |
| Other Payments | 6,814,207 | 1,499,900 | 5,314,307 | 22 |
| Total | 151,791,015 | 144,347,297 | 7,443,718 | 95 |

As the data shows, the management underspent on three (3) items namely; use of goods and services, transfers to other government entities, and other payments. The total amount budgeted was Kshs.151,791,015 but aggregate expenditure was Kshs.144,347,297 resulting in a variance of Kshs.7,443,718 that depicted a budget absorption rate of 95%.

2. Overpayment on Construction of Kisii University Campus.

Included in the transfers to other government entities balance of Kshs.70,565,362 is Kshs.19,437,908 disbursed to tertiary institutions. Part of the allocation to tertiary institutions related to a contract for construction of a tuition block (Phase II) at Nyangweta Campus of Kisii University. The contract was awarded to a local company at a contract sum of Kshs.12,394,745. However, examination of payments made in respect of the contract revealed that a total of Kshs.13,949,161 was paid resulting in an overpayment of Kshs.1,544,415.

Management have not provided any plausible explanation for the overpayment amounting to Kshs.1,544,415. As a result, the validity of the expenditure cannot be confirmed.

3. Project Implementation Status

During the year under review, a sample of sixteen projects (16) costing Kshs.34,939,161 were verified during an audit inspection conducted in June 2018. Out

of this number, 14 projects were found to be complete and in use while works on the remainder two were ongoing.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management intends to liquidate the Fund or to cease operations or have no realistic alternatives but to do so.

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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

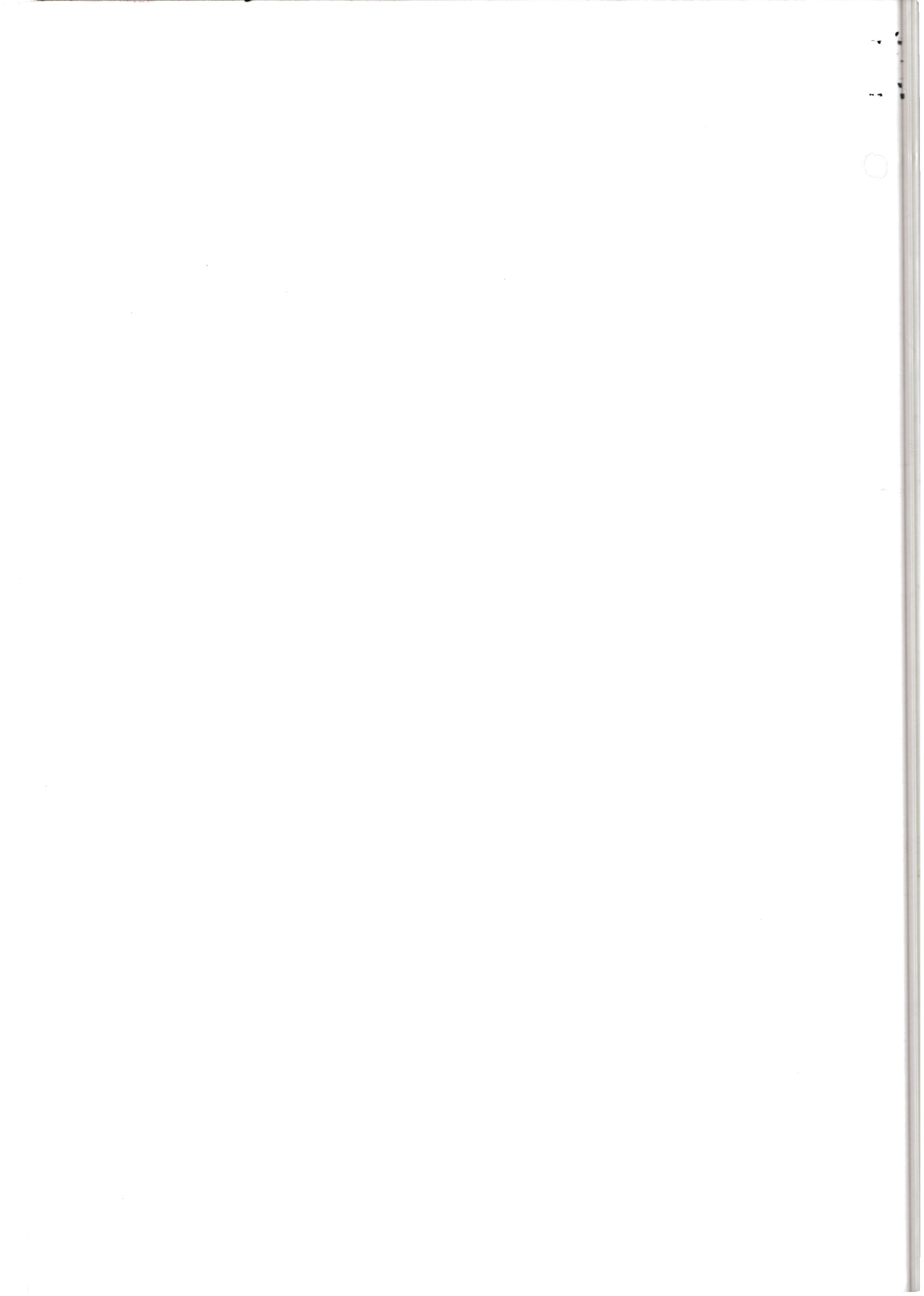
I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

11 October 2018



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH MUGIRANGO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

| | Note | 2016-2017 | 2015 - 2016 |
|-------------------------------------|------|---------------------|--------------------|
| | | Kshs | Kshs |
| RECEIPTS | | | |
| Transfers from CDF board | 1 | 81,986,602 | 126,651,820 |
| Proceeds from Sale of Assets | 2 | | |
| Other Receipts | 3 | 2,000,000 | |
| TOTAL RECEIPTS | | 83,986,602 | 126,651,820 |
| PAYMENTS | | | |
| Compensation of employees | 4 | 2,720,627 | 2,617,690 |
| Use of goods and services | 5 | 8,418,706 | 8,604,989 |
| Transfers to Other Government Units | 6 | 70,565,362 | 38,637,931 |
| Other grants and transfers | 7 | 61,142,702 | 41,223,131 |
| Acquisition of Assets | 8 | - | - |
| Other Payments | 9 | 1,499,900 | |
| TOTAL PAYMENTS | | 144,347,297 | 91,083,741 |
| SURPLUS/DEFICIT | | (60,360,695) | 35,568,079 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

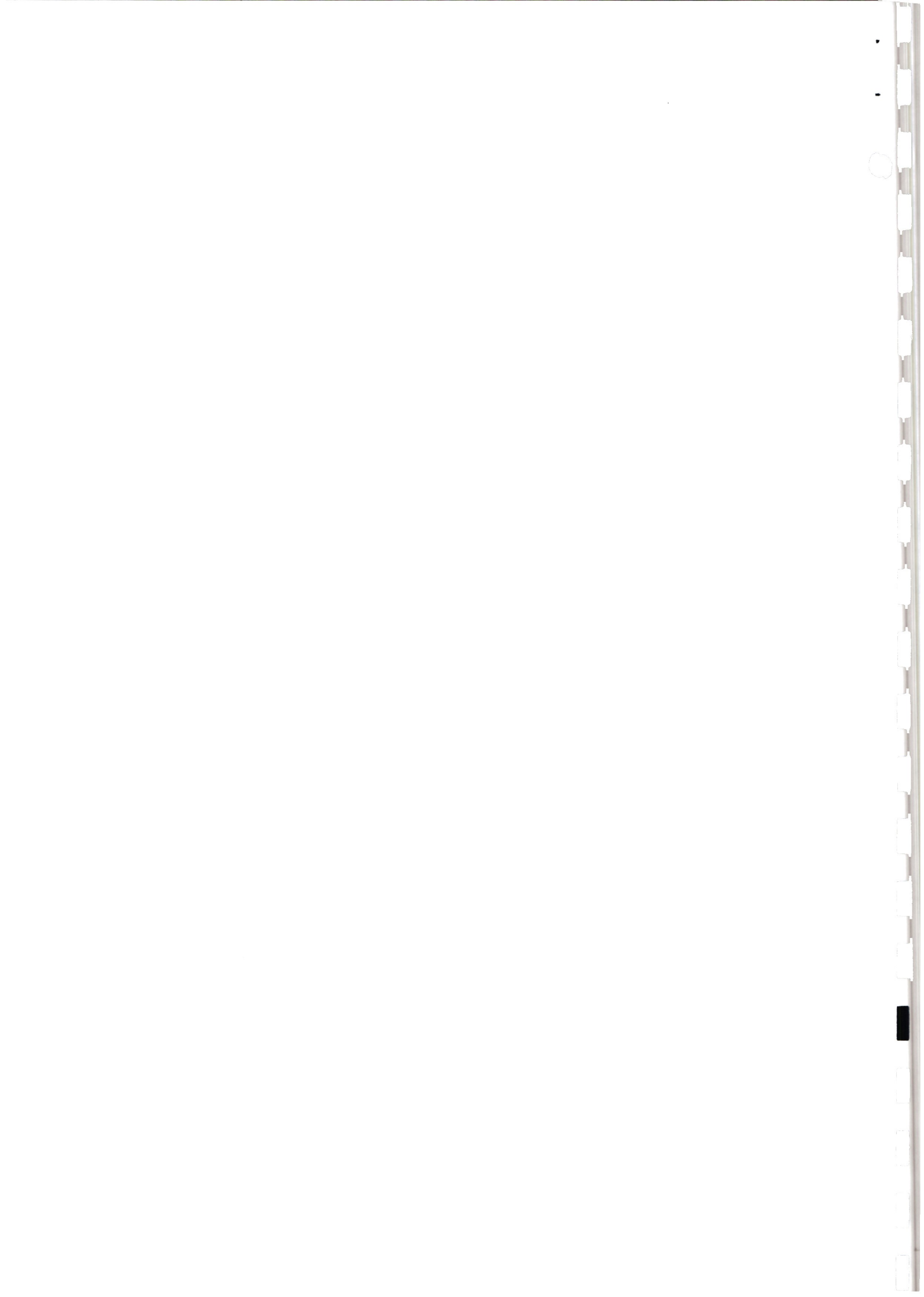
The SOUTH MUGIRANGO NGCDF financial statements were approved on 30/6 2017 and signed by:



Chairperson - NGCDFC



Fund Account Manager

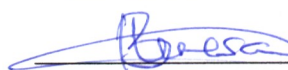


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH
MUGIRANGO CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

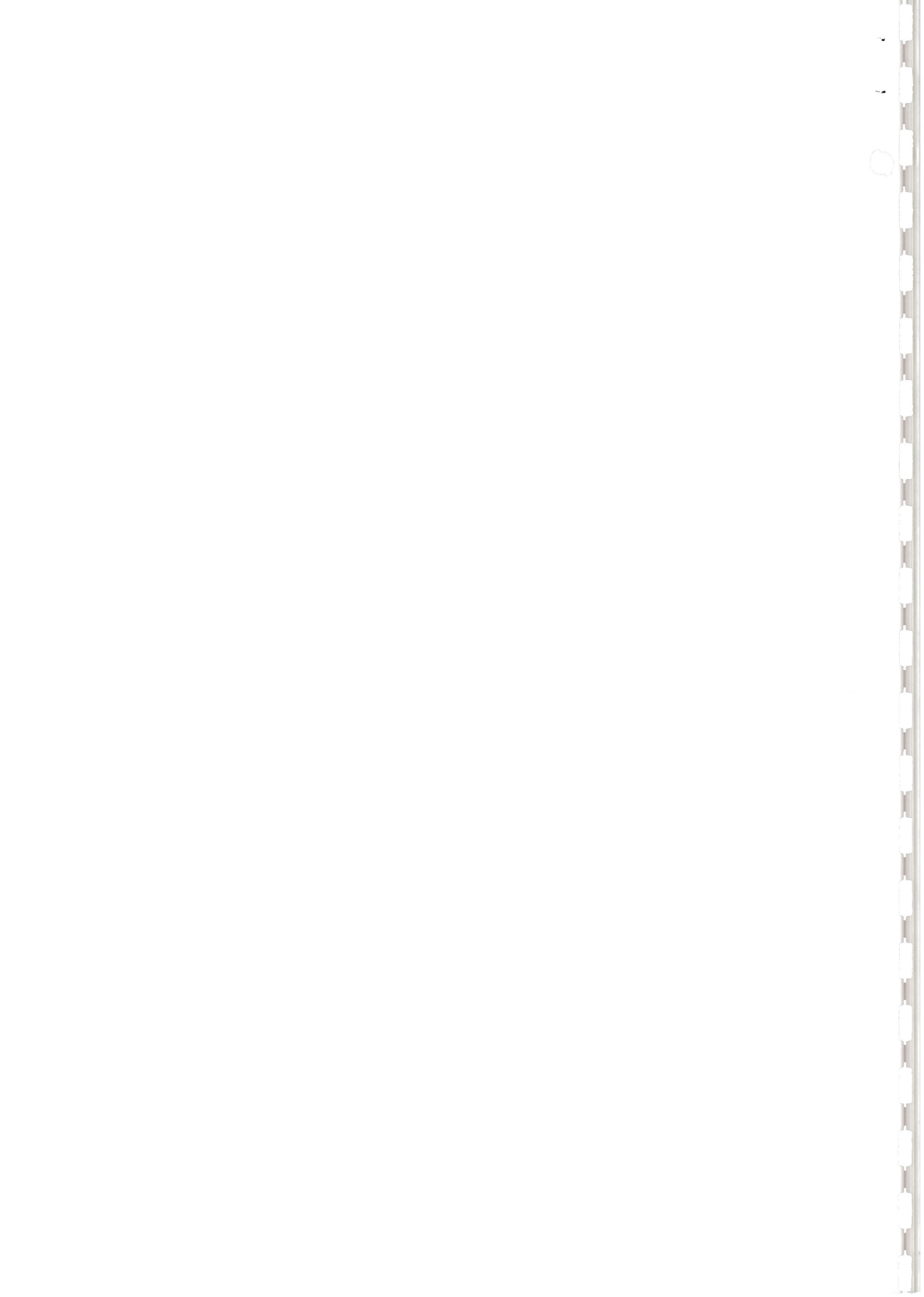
V. STATEMENT OF ASSETS

| | Note | 2016 - 2017 Kshs | 2015 - 2016 Kshs |
|---------------------------------------|------|---------------------|---------------------|
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances (as per the cash book) | 10A | 7,443,717.31 | 67,894,413 |
| Cash Balances (cash at hand) | 10B | - | - |
| Outstanding Imprests | 11 | - | - |
| TOTAL FINANCIAL ASSETS | | <u>7,443,717.31</u> | <u>67,894,413</u> |
| REPRESENTED BY | | | |
| Retention | 12 | | |
| Fund balance b/fwd 1st July... | 13 | 7,443,717.31 | 32,326,334 |
| Surplus/Defict for the year | | | (60,360,695) |
| Prior year adjustments | 14 | - | - |
| NET LIABILITIES | | <u>7,443,717.31</u> | <u>(28,034,361)</u> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SOUTH MUGIRANGO NGCDF financial statements were approved on 23/6 2017 and signed by:


Chairperson - NGCDFC


Fund Account Manager



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH MUGIRANGO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

VI. STATEMENT OF CASHFLOW

| Receipts for operating income | | 2016 - 2017 | 2015 - 2016 |
|--|----|----------------------|----------------------|
| Transfers from CDF Board | 1 | 81,896,601.70 | 126,651,820 |
| Other Receipts | 3 | 2,000,000 | |
| | | 83,896,602 | 126,651,820 |
| Payments for operating expenses | | | |
| Compensation of Employees | 4 | 2,720,627 | 2,617,690 |
| Use of goods and services | 5 | 8,418,706.68 | 8,604,989 |
| Transfers to Other Government Units | 6 | 70,565,362.28 | 38,637,931 |
| Other grants and transfers | 7 | 61,142,701.65 | 41,223,131 |
| Other Payments | 9 | 1,499,900 | 0.00 |
| | | 144,347,297.8 | 91,083,741 |
| Adjusted for: | | | |
| Adjustments during the year | 14 | - | - |
| Net cash flow from operating activities | | 144,347,297.2 | 35,568,079 |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | 2 | - | - |
| Acquisition of Assets | 9 | - | - |
| Net cash flows from Investing Activities | | - | - |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | (60,450,695) | 35,568,079 |
| Cash and cash equivalent at BEGINNING of the year | 13 | 67,894,413 | 32,326,334.00 |
| Cash and cash equivalent at END of the year | | 7,443,717 | 67,894,412.94 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SOUTH MUGIRANGO NGCDF financial statements were approved on 20/6/2017 2017 and signed by:







**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH
MUGIRANGO CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

Chairperson NGCDFC



Fund Account Manager



Reports and Financial Statements
For the year ended June 30, 2017

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 | 81,896,602 | 67,894,413 | 149,791,015 | 149,791,015 | (0) | 100.0% |
| Proceeds from Sale of Assets | | | | - | | |
| Other Receipts | - | 2,000,000 | 2,000,000 | 2,000,000 | - | |
| TOTAL | 81,896,602 | 69,894,413 | 151,791,015 | 151,791,015 | (0) | 100.0% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 2,456,897 | 263,730.47 | 2,720,627 | 2,720,627 | - | 100.0% |
| Use of goods and services | 4,913,793 | 3,634,324 | 8,548,117 | 8,418,706 | 129,411 | 98.5% |
| Transfers to Other Government Units | 49,956,895 | 22,608,468 | 72,565,362 | 70,565,362 | 2,000,000 | 97.2% |
| Other grants and transfers | 20,474,190 | 40,668,512 | 61,142,702 | 61,142,702 | (0) | 100.0% |
| Other payments | 4,094,828 | 2,719,379 | 6,814,207 | 1,449,900 | 5,314,307 | 21.3% |
| TOTAL | 81,896,602 | 69,894,413.00 | 151,791,015 | 144,347,297 | 7,443,718 | 95.1% |



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH
MUGIRANGO CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

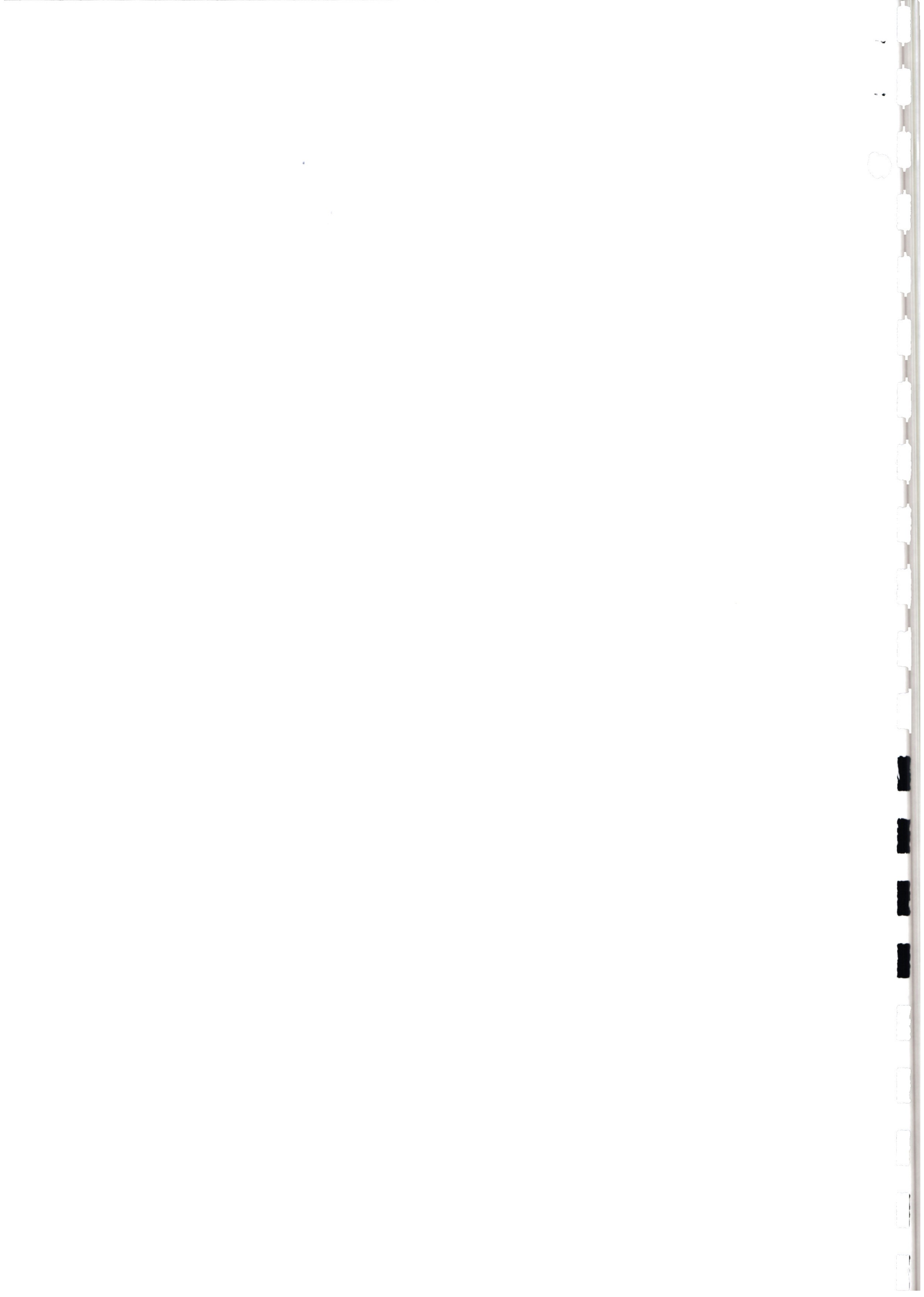
The SOUTH MUGIRANGO NGCDF financial statements were approved on 2/6 2017 and signed by:



Chairperson NGCDF



Fund Account Manager



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

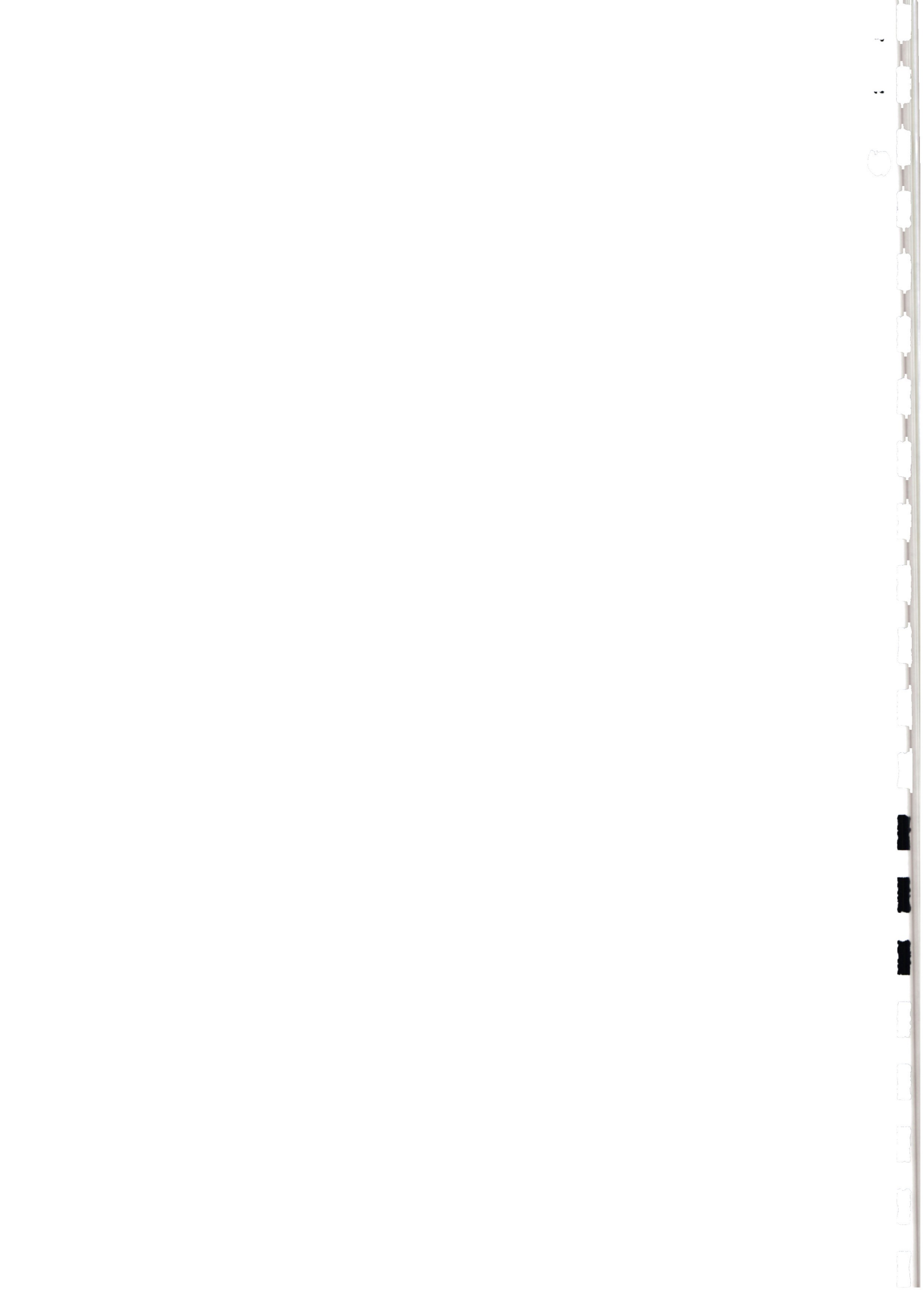
The NGCDF recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NGCDF. In addition, the NGCDF recognises all expenses when the event occurs and the related cash has actually been paid out by the NGCDF.

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.



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 – SOUTH MUGIRANGO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

IX. NOTES TO THE FINANCIAL STATEMENTS

| 1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES | | | |
|---|----------|----------------------|--------------------|
| Description | | 2016-2017 | 2015 -2016 |
| | | | Ksh |
| Normal Allocation | A 839501 | 4,094,827.60 | 10,000,000 |
| | A 850590 | 36,853,499.00 | 10,000,000 |
| | A855608 | 40,948,275.10 | 20,000,000 |
| | A 820644 | | 10,000,000 |
| | A821000 | | 13,000,000 |
| | A825814 | | 63,651,820.00 |
| TOTAL | | 81,896,601.70 | 126,651,820 |

| 3 OTHER RECEIPTS | | | |
|-------------------------------|--|-------------------|--------------------|
| Description | | 2016- 2017 | 2015 - 2016 |
| | | Kshs | Kshs |
| Receipt from Kisii University | | 2,000,000 | |
| Rents | | - | - |
| Total | | - | - |



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH
MUGIRANGO CONSTITUENCY**

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For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| 4 COMPENSATION OF EMPLOYEES | | |
|---|---------------------|---------------------|
| Description | 2016 - 2017 | 2015 - 20156 |
| | Ksh | Ksh |
| Basic wages of contractual employees | 1,474,672.12 | 1,780,070 |
| Basic wages of casual labor | 21,000.00 | - |
| Personal allowances paid as part of salary | - | 120,000 |
| House allowance | | - |
| Transport allowance | - | - |
| Leave allowance | - | - |
| Other personnel payments(MEDICAL ALLOWENCE) | | 60,000 |
| Employer contribution to NSSF | | 657,620 |
| gratuity | 1,224,955.08- | |
| Total | 2,720,627.20 | 2,617,690 |



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH
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For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

USE OF GOODS AND SERVICES

| Description | 2016 - 2017 | 2015 - 2016 |
|--|---------------------|-------------------|
| | Kshs | Kshs |
| Office rent | 156,000.00 | 78,000 |
| Communication, supplies and services | 0 | 6,960 |
| Domestic travel and subsistence | 640,400.00 | 1,031,100 |
| Printing, advertising and information supplies & services | 0 | 271,020 |
| Training expenses | 1,169,600.00 | 681,000 |
| Hospitality supplies and services | 230,064.00 | - |
| Other committee expenses | 1,218,400.05 | 4,611,825 |
| Committee allowance | 3,791,500.00 | 948,000 |
| Office and general supplies and services | 464,617.00 | 207,483.86 |
| Fuel ,oil & lubricants | 55,200.00 | 474,000 |
| Routine maintenance – vehicles and other transport equipment | 683,125.00 | 295,600.20 |
| Routine maintenance – other assets | 9,800.00 | - |
| Total | 8,418,706.05 | 17,023,695 |



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH MUGIRANGO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

| Description | 2016 - 2017 | 2015 - 2016 |
|------------------------------------|----------------------|--------------------|
| | Kshs | Kshs |
| Transfers to primary schools | 38,009,784.56 | 18,737,931 |
| Transfers to secondary schools | 12,717,669.70 | 19,900,000 |
| Transfers to Tertiary institutions | 19,437,908.02 | - |
| Transfers to Health institutions | 400,000.00 | - |
| TOTAL | 70,565,362.28 | 38,637,931 |

7 OTHER GRANTS AND OTHER PAYMENTS

| Description | 2016 - 2017 | 2015 - 2016 |
|--|----------------------|--------------------|
| | Kshs | Kshs |
| Bursary -Secondary | 1,739,000.00 | 100,000 |
| Bursary -Tertiary | 23,675,000.00 | 13,080,000 |
| Bursary-Special schools | - | - |
| Mocks & CAT | - | - |
| water | 5,313,200.00 | 1,149,282 |
| Agriculture (food security) | - | - |
| Electricity projects | - | - |
| Security | 2,511,895.00 | 3,600,000 |
| Roads | 20,189,400.11 | 19,121,508 |
| Other capital grants and transfer(Enviroment | 900,000.00 | 958,000 |
| Emergency Projects (specify) | 6,814,206.54 | 3,214,341 |
| Total | 61,142,701.65 | 41,223,131 |



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH
MUGIRANGO CONSTITUENCY**

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For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)1

| 8 ACQUISITION OF ASSETS | | |
|---|--------------------|--------------------|
| Non-Financial Assets | 2016 - 2017 | 2015 - 2016 |
| | Kshs | Kshs |
| Purchase of Buildings | - | - |
| Construction of Buildings | - | - |
| Refurbishment of Buildings | - | - |
| Purchase of Vehicles | - | - |
| Purchase of Bicycles & Motorcycles | - | - |
| Overhaul of Vehicles | - | - |
| Purchase of office furniture and fittings | - | - |
| Purchase of computers ,printers and other IT equipments | - | - |
| Purchase of photocopier | - | - |
| Purchase of other office equipments | - | - |
| Purchase of soft ware | - | - |
| Acquisition of Land | - | - |
| Total | - | - |



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH MUGIRANGO CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Other Payments

| | | | |
|------------------|--|------------------|----------|
| specify (Sports) | | 1,499,900 | - |
| specify | | - | - |
| specify | | - | - |
| TOTAL | | 1,499,900 | - |

10A: Bank Balances (cash book bank balance)

| Name of Bank, Account No. & currency | | 2016 - 2017 | 2015 - 2016 |
|--------------------------------------|-----------------|---------------------|----------------------|
| | Account Number | Ksh (30/6/2017) | Ksh (30/6/2016) |
| Cooperative bank, Rongo. | 01120018205600, | 7,443,717.31 | 67,894,413.42 |
| Total | | 7,443,717.31 | 67,894,413.42 |

10B: CASH IN HAND)

| | 2016 - 2017 | 2015 - 2016 |
|--------------------------|---|------------------|
| | Kshs (30/6/2017) | Kshs (30/6/2016) |
| Location 1 | - | - |
| Location 2 | - | - |
| Location 3 | - | - |
| Other receipts (specify) | - | - |
| Total | - | - |
| | <i>[Provide cash count certificates for each]</i> | |



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH MUGIRANGO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| 11: OUTSTANDING IMPRESTS | | | |
|---------------------------------|---------------------------|---------------------|---------------------------|
| <i>Name of Officer</i> | | Amount Taken | Amount Surrendered |
| | Date imprest taken | Kshs | Kshs |
| | | | - |
| | | - | - |
| | | - | - |
| | | - | - |
| | | - | - |
| | | - | - |
| | | - | - |
| | | - | - |
| 12 Retention | | | |
| Supplier/Contractor | PV no | | |
| | | | |
| | | | |
| | | | |
| | | | |



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH
MUGIRANGO CONSTITUENCY**

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For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| 13 BALANCES BROUGHT FORWARD | | |
|------------------------------------|------------------------|------------------------|
| | 2016 - 2017 | 2015 - 2016 |
| | Kshs (1/7/2016) | Kshs (1/7/2015) |
| Bank accounts | 7,443,717.31 | 67,894,413.42 |
| Cash in hand | | - |
| Imprest | | |
| Total | 7,443,717.31 | 67,894,413.42 |

| 14. PRIOR YEAR ADJUSTMENTS | 2016 - 2017 | 2015 - 2016 |
|-----------------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Bank accounts | | |
| Cash in hand | - | |
| Imp rest | - | - |
| | - | - |
| Total | - | - |



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH
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For the year ended June 30, 2017**

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

| | 2016- 2017 | 2015 - 2016 |
|-----------------------------|-------------------|--------------------|
| | Kshs | Kshs |
| Construction of buildings | 0 | 0 |
| Construction of civil works | | 0 |
| Supply of goods | | 0 |
| Supply of services | | 0 |
| | <u>0</u> | <u>0</u> |

15.2: PENDING STAFF PAYABLES (See Annex 2)

| | Kshs | Kshs |
|-----------------------|-------------|-------------|
| Senior management | 0 | 0 |
| Middle management | 0 | 0 |
| Union sable employees | 0 | 0 |
| Others (specify) | 0 | 0 |
| | <u>0</u> | <u>0</u> |

15.3: OTHER PENDING PAYABLES (See Annex 3)

| Kshs | Kshs |
|-------------|-------------|
|-------------|-------------|

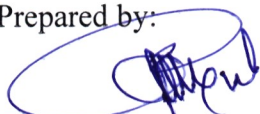


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH
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For the year ended June 30, 2017**

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

| Asset class | Historical Cost (Kshs) 2016/17 | Historical Cost (Kshs) 2015/16 |
|--|---|---|
| Land | | NIL |
| Buildings and structures | 7,281,179.00 | 7,281,179.00 |
| Transport equipment | 4,378,363.00 | 4,378,363.00 |
| Office equipment, furniture and fittings | 81,180.00 | 81,180.00 |
| ICT Equipment, Software and Other ICT Assets | 280,067.00 | 280,067.00 |
| Other assets (cutlery) | 10,274.00 | 10,274.00 |
| Total | 12,031,063.00 | 12,031,063.00 |

Prepared by:



Francis Onyango
Fund Account Manager
SOUTH MUGIRANGO



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH
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| TRIAL BALANCE AS AT 30TH JUNE 2017 | | | |
|---|-------------------------------------|--------------------|--------------------|
| | | DR | CR |
| Cash and Cash equivalents | | | |
| | Bank Balances | 7,443,717 | |
| | Cash Balances | - | |
| | Outstanding Imp rest | - | |
| Payments | | | |
| | Compensation of Employees | 2,720,627 | |
| | Use of goods and services | 8,418,706 | |
| | Committee Expenses | - | |
| | Transfers to Other Government Units | 70,565,362 | |
| | Other grants and transfers | 61,142,702 | |
| | Social Security Benefits | - | |
| | Acquisition of Assets | - | |
| | Other Payments | 1,499,900 | |
| Receipts | | | |
| | Transfers from the Board | | 81,896,602 |
| | Proceeds from sale of assets | - | - |
| | Others receipts | | 2,000,000 |
| | Prior Year Adjustment | | - |
| | Fund Balance b/f | | 67,894,413 |
| | | | |
| | TOTAL | 151,791,014 | 151,791,015 |



1990

1991

1

1992

1993

1994

1995

1996