


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

 THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT 03 APR 2019	
DAY: Wednesday	
TABLED BY:	Hon. Aden Duale MP LDM
CLERK AT TABLE:	Halima Suleman

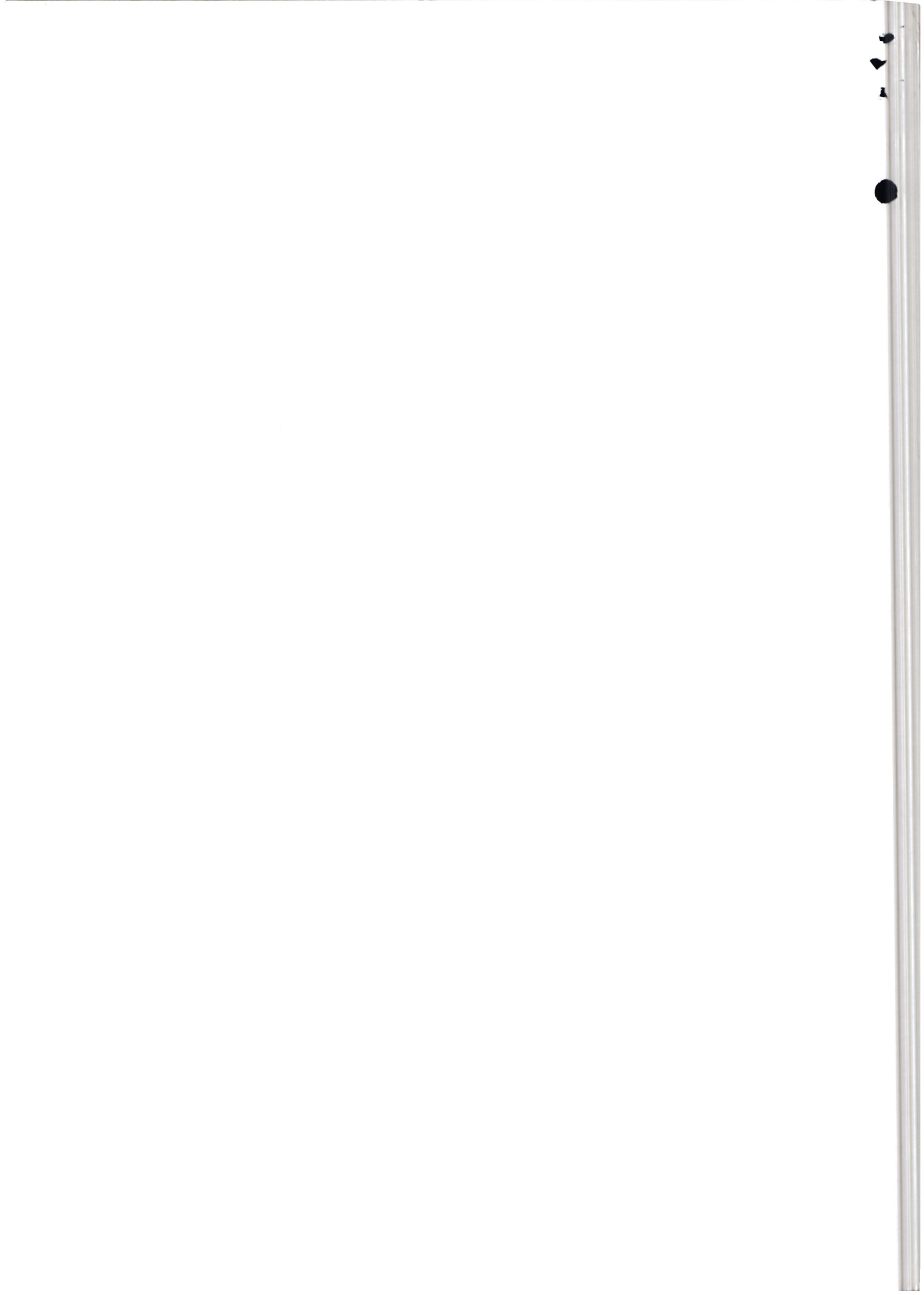
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THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
KHWISERO CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
KHWISERO CONSTITUENCY**

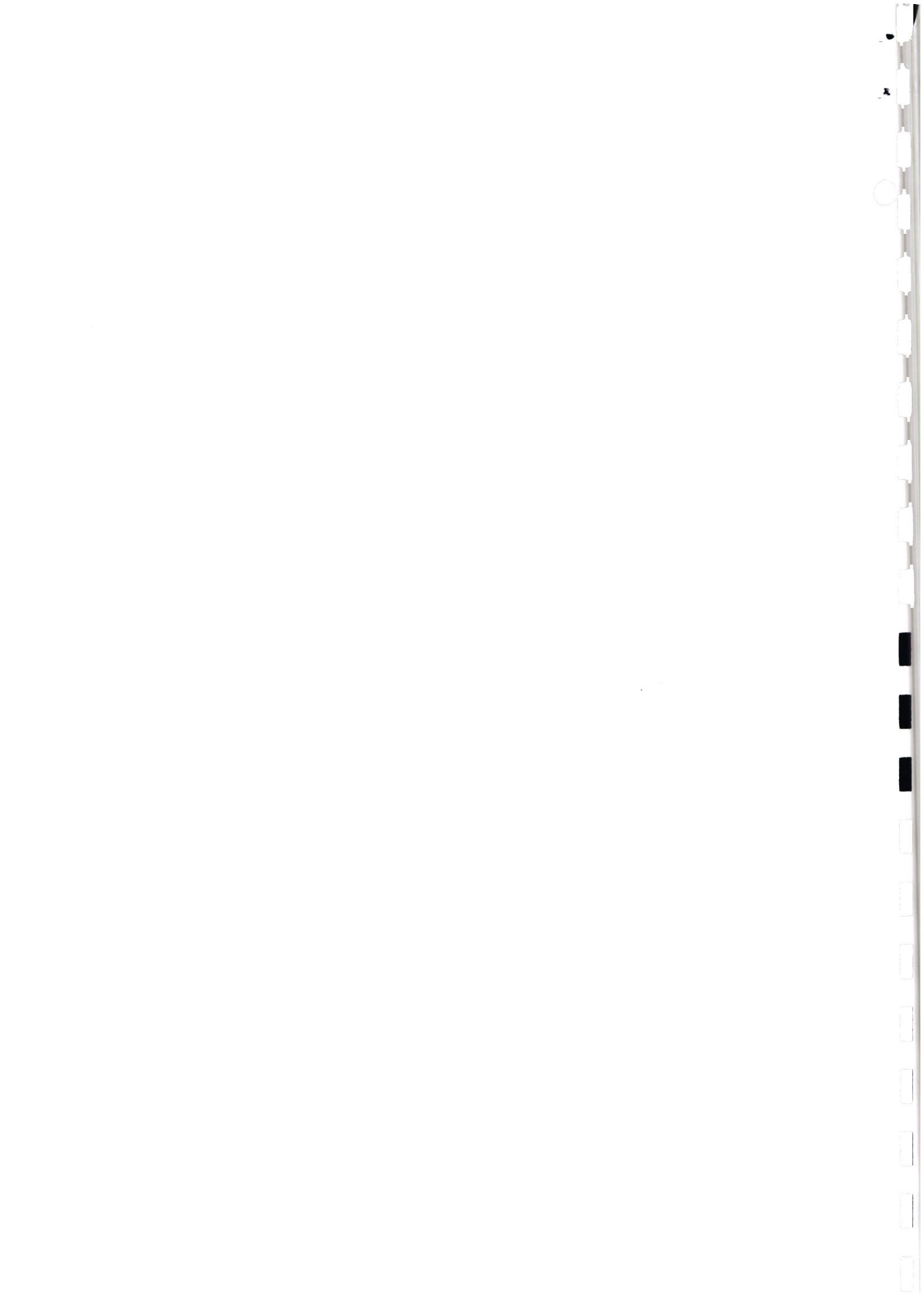
Reports and Financial Statements

For the year ended 30 June 2017

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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KHWISERO CONSTITUENCY

Reports and Financial Statements

For the year ended 30 June 2017

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund Act, 2003, amended in 2007 and repealed by the CDF Act of, 2013.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, 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 Constituencies Development agenda at the constituency level.

(b) Key Management

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

- i. National Government 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 June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Bernard S. Misiko
3.	Accountant	Godfrey Wafula Simiyu

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Khwisero 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.

(a) Khwisero NG-CDF Headquarters

P.O. Box 124 - 50135
Opposite Khwisero Police Station
Eshibinga – Khwisero Road
Khwisero, KENYA



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
KHWISERO CONSTITUENCY**

Reports and Financial Statements

For the year ended 30 June 2017

(e) Khwisero NGCDF Contacts

Telephone: (254) -0722 269 298
E-mail: ngcdfkhwisero@ngcdf.go.ke
Website: www.ngcdf.go.ke

(f) Khwisero CDF Bankers

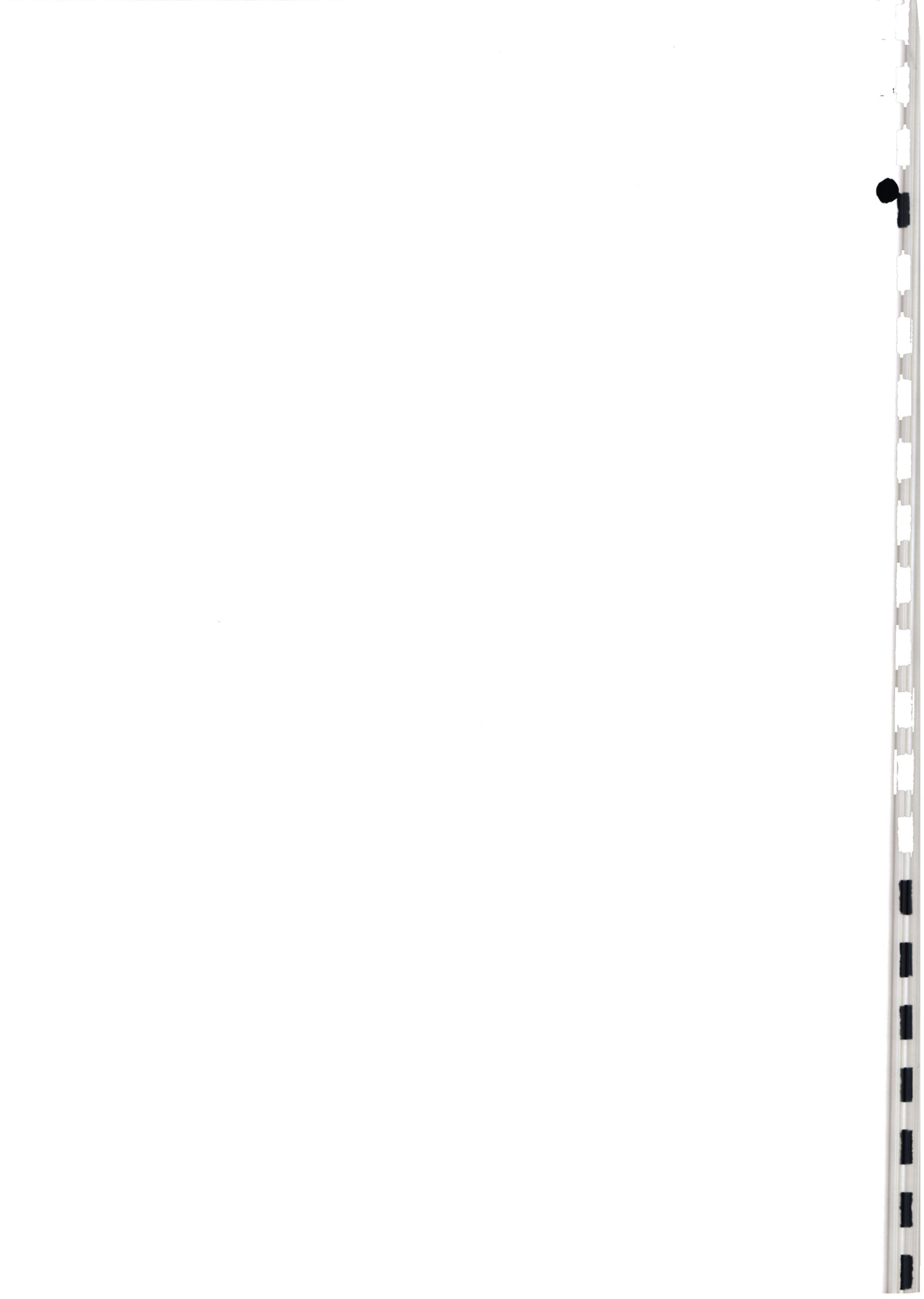
Cooperative Bank of Kenya
Mumias Branch
Account no.: 01120068113200
P.O. Box 905
MUMIAS

(b) Independent Auditors

Auditor General
The office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(c) 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 – KHWISERO CONSTITUENCY

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

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.

After the amendment to the 2013 CDF Act to become NG-CDF Act 2015, the newly constituted committee, which is officially gazetted, includes the following:

- | | |
|-----------------------------|----------------------------|
| 1. Anne Adhiambo Odhiambo | Chairlady |
| 2. Benjamin Khainga Amule | Secretary |
| 3. Elijah Keya Anjere | Member |
| 4. Mahmood K. Tsuma | Member |
| 5. Pamela M. Mutasia | Member |
| 6. Joyce Awinja Amani | Member |
| 7. Mwando Amos Aromba | Member |
| 8. Readon Omung'ala Olubuyi | Member |
| 9. Joel K. Cherop | DCC, Member |
| 10. Bernard S. Misiko | Officer of the Board, FAM. |

The NG-CDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NG-CDF have improved the Education and Security infrastructures of Khwisero. We are convinced that a lot has been done through the kitty.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NG-CDF Projects. Other issues affecting the project implementation process is the late disbursement of funds, late approval of proposals and reallocations.

The NG-CDFCs wish that the issues of having the project ongoing for more than 2 years be stopped and the NG-CDF board to reduce the rate of staff turnovers in Constituencies i.e. FAM's transfers as well as timely disbursement of funds to NG-CDFC accounts.

Name

Anne A. Odhiambo

Sign.....

Date...27/7/2018

CHAIRLADY NG-CDFC





NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KHWISERO CONSTITUENCY

Reports and Financial Statements
For the year ended 30 June 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 Khwisero 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 30 June 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 Khwisero 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 30 June 2017, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the Khwisero 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.

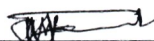
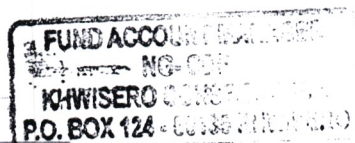
The Accounting Officer in charge of the Khwisero NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes 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 27/7/2017.



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 - KHWISERO CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Khwisero Constituency set out on pages 1 to 16, which comprise the statement of financial assets as at 30 June 2017, and the statements of receipts and payments, statement of cash flows and 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, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Khwisero Constituency as at 30 June 2017, 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.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Other Matter section of my report, I confirm that nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective manner.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Khwisero 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 requirements applicable to performing audits of financial statements in Kenya. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Key Audit Matter

Key audit matters are those matters that, in my professional judgments, are of most significance in the audit of the financial statements. Except for the matters described in the Other Matter section of my report, I have determined that there were no other Key Audit Matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance for the Financial Year 2016/2017

Under and over expenditure was noted between the budgeted and actual amounts as indicated below:

Item	Budget (Kshs)	Actual (Kshs)	Variance (Kshs)	Percentage Variance
Compensation of Employees	2,248,000	2,608,602	360,602	16.04
Use of Goods and Services	3,256,896	8,791,286	5,534,390	169.91
Transfers to Other Government Units	36,000,000	58,320,754	22,320,754	62.
Other Transfers and Grants	38,525,863	57,819,357	19,293,494	50.08
Acquisition of Assets	-	20,000	20,000	

There was over expenditure in compensation of employees of Kshs.360,602 being 16.04% of the budget amount, use of goods and services Kshs.5,554,389 (169.9%), transfer to other Government units Kshs.22,320,754 (62%), other transfers and grants Kshs.19,295,494 (50%) and un budgeted for acquisition of assets Kshs.20,000.

2. Projects Implementation Status (PIS) Report

Review of the submitted PIS Report showed that the CDFC had been implementing 335 projects since 2013/14 with an estimated value of Kshs.516,330,415 but had only disbursed Kshs.385,510,001 resulting to under disbursements of Kshs.130,870,413 as detailed in Appendix II attached and summarized below:

Implementation Status	Projects No.	%age	Estimated Cost (Kshs)	Approved Allocation	Amount Disbursed (Kshs)	Budget Shortfall (Kshs)
Awaiting Funds	34	10	48,520,000.00	31,107,931.00	31,107,931.00	17,412,069.00
Complete	243	73	337,900,415.00	289,486,323.59	289,486,323.59	48,414,091.41
In Use	1	0	750,000.00	650,000.00	650,000.00	100,000.00
Incomplete	4	1	14,500,000.00	5,582,759.00	5,582,759.00	8,917,241.00
Land Bought	2	1	1,600,000.00	1,550,000.00	1,550,000.00	50,000.00

Implementation Status	Projects No.	%age	Estimated Cost (Kshs)	Approved Allocation	Amount Disbursed (Kshs)	Budget Shortfall (Kshs)
Land paid for	2	1	500,000.00	500,000.00	500,000.00	-
Not Known	3	1	2,050,000.00	1,965,000.00	1,965,000.00	85,000.00
Ongoing	41	12	103,060,000.00	49,367,988.13	49,367,988.13	53,692,011.87
Part of the Allocated funds paid for available land	1	0	2,000,000.00	2,000,000.00	2,000,000.00	-
PMC partly paid. Contractor on site	1	0	1,000,000.00	800,000.00	800,000.00	200,000.00
Reallocated	1	0	500,000.00	500,000.00	500,000.00	-
Reallocation request sent to NG-CDF Board	1	0	1,200,000.00	1,000,000.00	1,000,000.00	200,000.00
Tendering on	1	0	2,800,000.00	1,000,000.00	1,000,000.00	1,800,000.00
Total	335		516,380,415.00	385,510,001.72	385,510,001.72	130,870,413.28

The CDFC was allocating residual amounts and undertaking multiple projects which do not portray prudent financial planning.

3. Project Verification

The physical verification procedure performed on progress of various projects implemented during the year revealed anomalies as stated below:

Date	P.V No.	Chq No.	Payee	Amount (Kshs)	Remarks
5/10/16	1566	8893	ACK Ematundu Boys Sec for Deaf	1,400,000	Some works were not completed as required in the BQs
5/10/16	1568	8895	Ekatsombero Secondary School	2,140,000	Some works were not completed as required in the BQs
29/3/17	1684	9626	Ekatsombero Secondary School	800,000	Some works were not completed as required in the BQs
2/3/17	1661	9050	Elukanji Primary School	828,966	Some works were not completed as required in the BQs
5/10/16	1556	8883	Elukari Primary School Classrooms	1,400,000	Some works were not completed as required in the BQs
13/6/17	1722	9757	Khwisero District Hospital	1,550,000	The land had not been purchased
5/10/16	1569	8896	Khwisero Girls' Sec School	1,500,000	Some works were not completed as required in

Date	P.V No.	Chq No.	Payee	Amount (Kshs)	Remarks
					the BQs
2/3/17	1659	9046	Khwisero Girls' Sec School	1,500,000	Some works were not completed as required in the BQs
5/10/16	1551	8878	Khwisero Primary School Dormitory	1,500,000	The Dormitory was poorly done and appropriate certificate not availed
2/3/17	1664	9051	Khwisero Primary School Dormitory	800,000	The Dormitory was poorly done and appropriate certificate not availed
			Total	13,418,966	

4. Other Grants and Transfers

Included in the other grants and transfers figure of Kshs.57,819,357 are disbursements of Kshs.1,500,000 for the completion of construction works for the sub- county Commissioner's office at Khwisero East Sub County. However, physical verification conducted on the project revealed that although the works were complete, some challenges were noted as detailed below;

- i. Most of the offices remained un-occupied hence raising doubt on value for money on the projects.
- ii. Electricity was not connected to the building notwithstanding Kshs.50,000 set aside for electrical works in the BQs of the project.

In the circumstances, the Fund and the public may not have received value for money on Kshs.1,500,000 spent on the project.

5. Abandoned Constituency Vehicle GK A371U

During the year under review, a Land Rover Puma, GK A371U was not available for use or verification since it has been at CMC Nakuru from April 2017 after breaking down on its way to Nairobi. The repair arrears initially estimated at Kshs.793,544 for overhauling the vehicle were not paid and therefore, the vehicle remained held at the CMC garage. It was not clear why the CDFC did not make arrangements for funds to repair the vehicle or review the costs with an intention to either board or recall the same to the office. In the absence of the vehicle, the projects monitoring and evaluation works were not undertaken as required.

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 and applying the going concern accounting assumption, disclosing, as applicable, matters related to sustainability of services.

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 judgment 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 sustain its 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 cease to 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

18 January 2019

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
KHWISERO CONSTITUENCY**

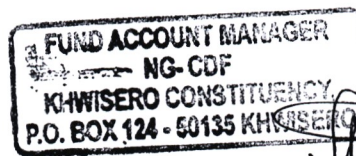
**Reports and Financial Statements
For the year ended 30 June 2017**


IV. STATEMENT OF RECEIPTS AND PAYMENTS

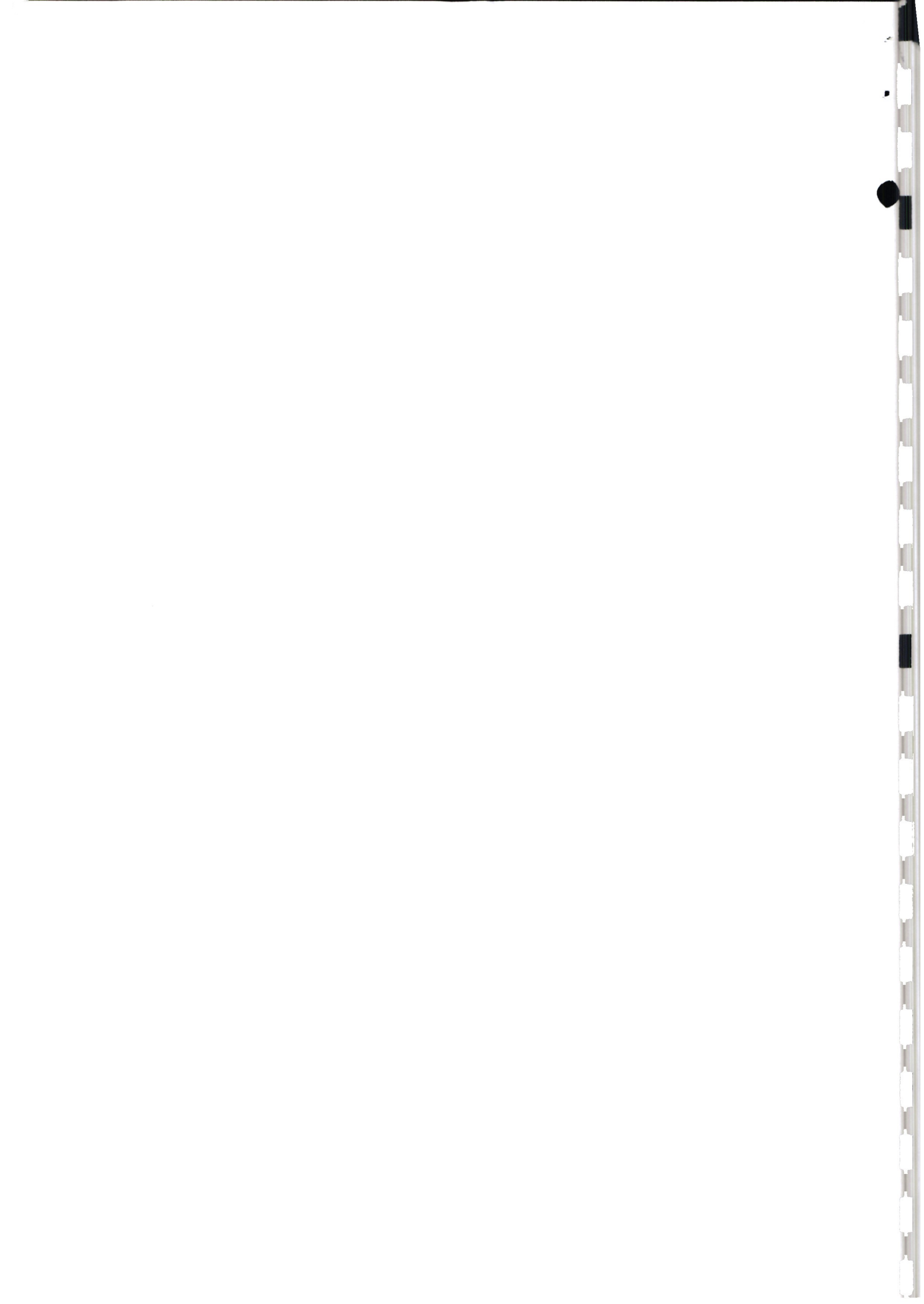
	Note	2016-2017 Kshs	2015-2016 Kshs
RECEIPTS			
Transfers from NGCDF Board	1	108,728,342	86,794,833
Other Receipts	2	0	60,000
TOTAL RECEIPTS		108,728,342	86,854,833
PAYMENTS			
Compensation of employees	3	2,608,602	2,183,072
Use of goods and services	4	8,791,286	8,333,944
Transfers to Other Government Units	5	58,320,754	38,944,739
Other grants and transfers	6	57,819,357	42,146,459
Acquisition of assets	7	20,000	0
TOTAL PAYMENTS		127,559,999	91,608,214
SURPLUS/DEFICIT		(18,831,657)	(4,753,381)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Khwisero NGCDF financial statements were approved on 27/7/2017 and signed by:


Chairman - NGCDF




Fund Account Manager



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
KHWISERO CONSTITUENCY**



**Reports and Financial Statements
For the year ended 30 June 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)	8	3,354,065	22,185,721
TOTAL FINANCIAL ASSETS		3,354,065	22,185,721
REPRESENTED BY			
Fund balance b/fwd 1st July...	9	22,185,721	26,939,102
Surplus/Deficit for the year		(18,831,657)	(4,753,381)
NET LIABILITIES		3,354,065	22,185,721

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Khwisero NGCDF financial statements were approved on 27/7/2017 and signed by:


Chairman - NGCDFC

 
Fund Account Manager



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
KHWISERO CONSTITUENCY**

Reports and Financial Statements

For the year ended 30 June 2017

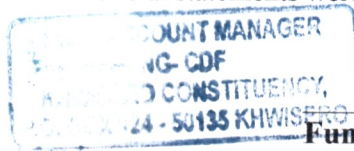
VI. STATEMENT OF CASHFLOW

Receipts for operating income		2016-2017	2015 - 2016
Transfers from CDF Board	1	108,728,342	86,794,833
Other Receipts	2	0	60,000
		108,728,342	86,854,833
Payments for operating expenses			
Compensation of Employees	3	(2,608,602)	(2,183,072)
Use of goods and services	4	(8,791,286)	(8,333,944)
Transfers to Other Government Units	5	(58,320,754)	(38,944,739)
Other grants and transfers	6	(57,819,357)	(42,146,459)
Operating Expenses		(127,539,999)	(91,608,214)
Net cash flow from operating activities		(18,811,657)	(4,753,381)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of assets	7	(20,000)	-
Net cash flows from Investing Activities		(20,000)	
NET INCREASE IN CASH AND CASH EQUIVALENT		(18,831,657)	(4,753,381)
Cash and cash equivalent at BEGINNING of the year	9	22,185,721	26,939,102
Cash and cash equivalent at END of the year	8	3,354,065	22,185,721

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Khwisero NGCDF financial statements were approved on 27/7 2017 and signed by:



Chairman NGCDF





Fund Account Manager

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

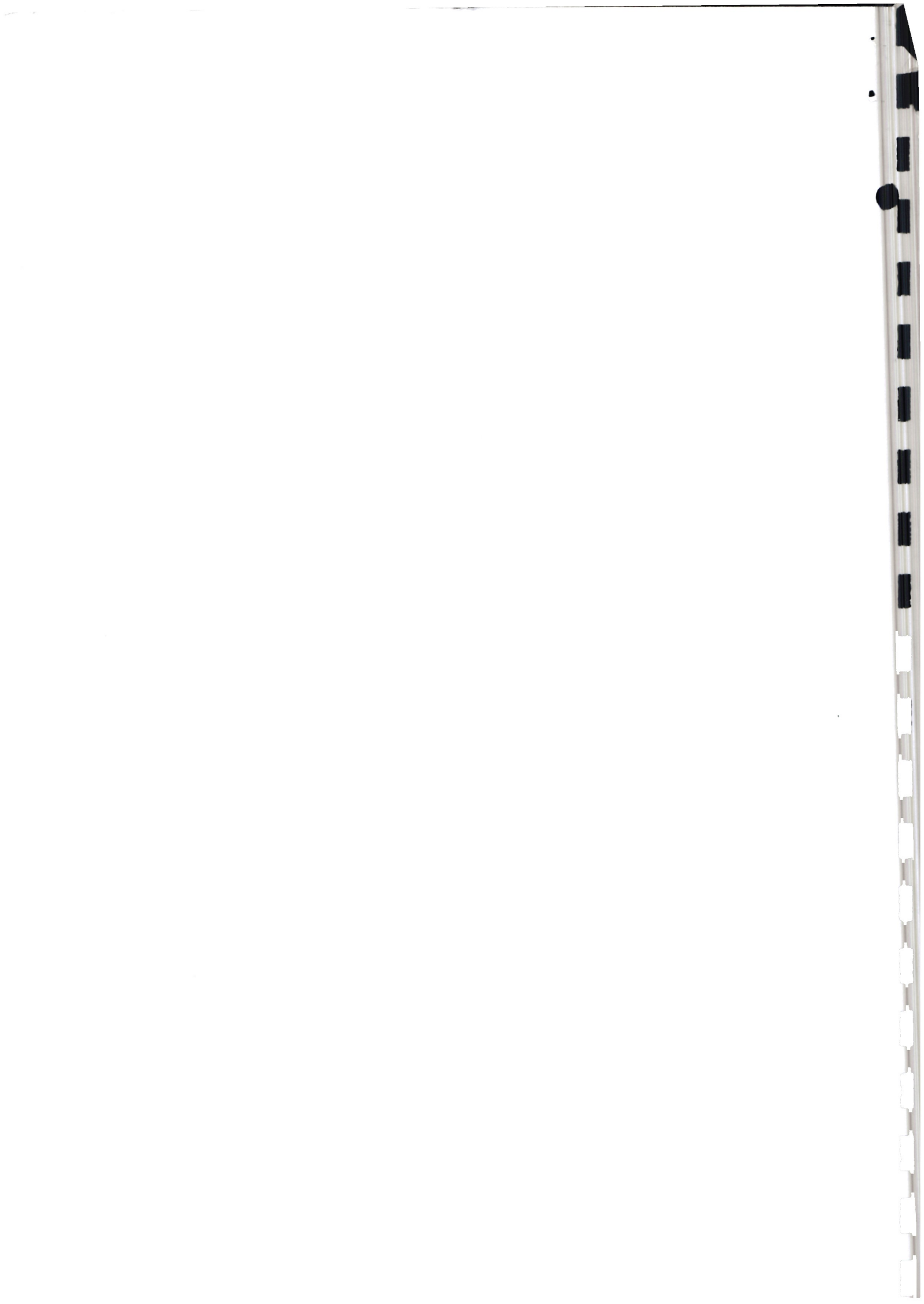
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,552	80,965,787	162,862,339	130,914,064	31,948,275	80.38%
TOTAL	81,896,552	80,965,787	162,862,339	130,948,064	31,948,275	80.38%
PAYMENTS						
Compensation of Employees	2,248,000	752,000	3,000,000	2,608,603	391,397	87%
Use of goods and services	5,102,689	3,688,597	8,811,286	8,791,286	-	100%
Transfers to Other Government Units	36,000,000	44,633,177	80,633,177	58,320,754	22,312,423	72.32%
Other grants and transfers	38,525,863	31,492,013	70,017,876	57,232,176	12,785,700	81.74%
Acquisition of Assets	20,000	-	-	20,000	-	-
Other Payments	-	400,000	400,000	400,000	-	100%
TOTAL	81,896,552	80,965,787	162,862,339	127,372,819	35,302,341	78.21%

FUND ACCOUNT MANAGER
NG-CDF
KHWISERO CONSTITUENCY,
P.O. BOX 124 - 50135 KHWISERO



Chairman NGCDF

Fund Account Manager



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

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.



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

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 30 June 2017.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KHWISERO
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**Reports and Financial Statements
For the year ended 30 June 2017**

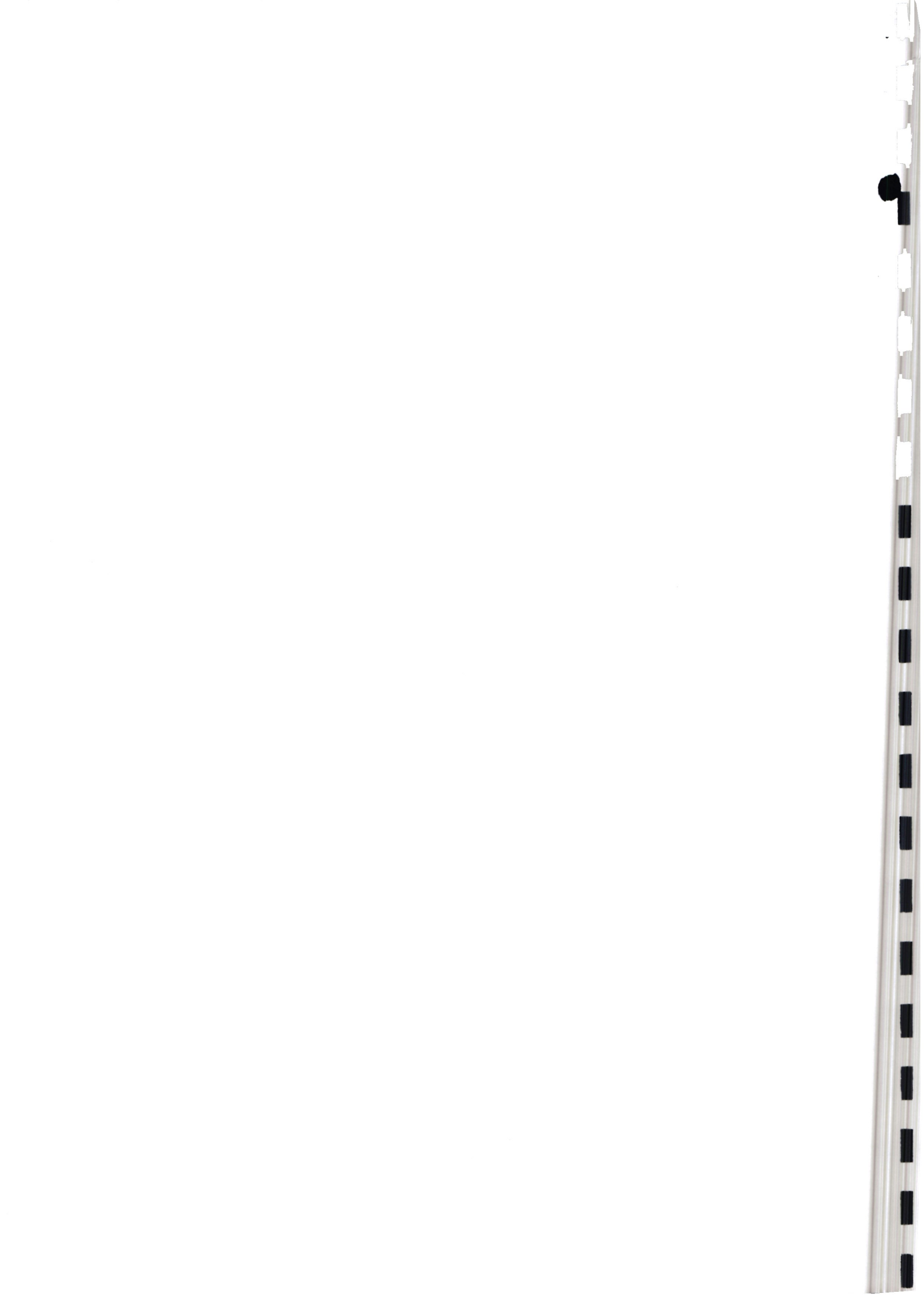
IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Normal allocation	A 825931	58,780,065	
	A 829594	4,094,828	
	A 855541	36,853,449	
	A839727	9,000,000	
	A 79 62 17		27,544,833
	A 75 97 08		1,250,000
	A 72 42 39		10,000,000
	A 79 64 70		10,000,000
	A 82 05 72		10,000,000
	A 82 08 07		28,000,000
TOTAL		108,728,342	86,794,833

3. COMPENSATION OF EMPLOYEES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	2,218,662	1,783,911
Basic wages of casual labour	-	37,500
Employer contribution to NSSF	176,400	75,511
Gratuity	213,540	286,150
Total	2,608,602	2,183,072



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KHWISERO
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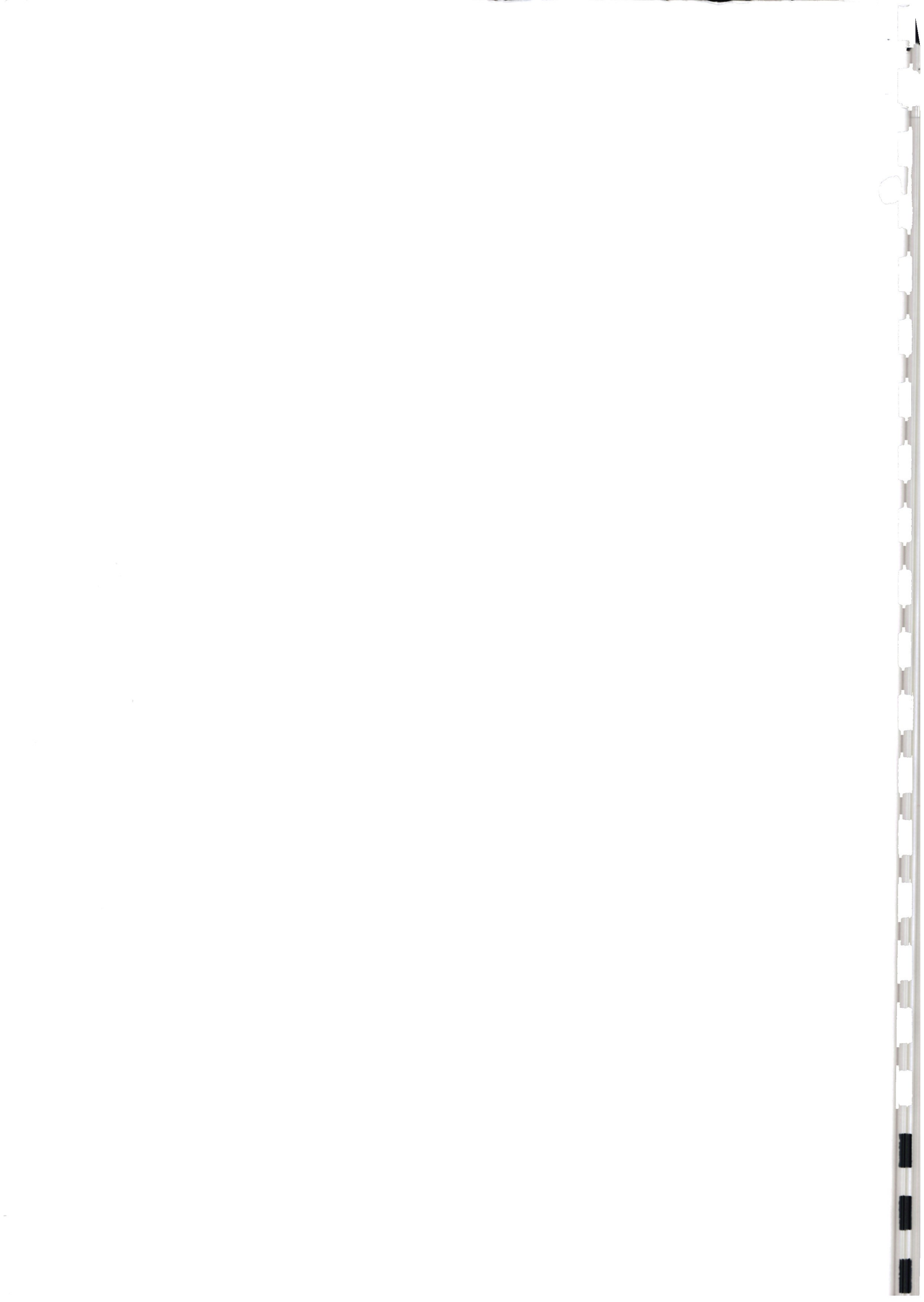
Reports and Financial Statements

For the year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. USE OF GOODS AND SERVICES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services	586,100	1,735,090
Communication, supplies and services	203,000	154,500
Domestic travel and subsistence	130,700	219,000
Training expenses	714,000	246,000
Other committee expenses	3,813,500	2,087,700
Committee allowance	1,302,600	1,494,100
Insurance costs	0	269,500
Office and general supplies and services	820,536	1,165,550
Fuel ,oil & lubricants	160,000	250,000
Routine maintenance – vehicles and other transport equipment	1,080,850	636,504
Total	8,811,286	8,333,944



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017 Kshs	2015 - 2016 Kshs
Transfers to primary schools	39,720,754	26,169,739
Transfers to secondary schools	14,300,000	12,775,000
Transfers to health institutions	4,300,000	0
-TOTAL	58,320,754	38,944,739

6. OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bursary – secondary schools	17,022,830	7,091,000
Bursary – tertiary institutions	3,368,000	2,867,000
Bursary – special schools	415,000	229,000
Mocks& CAT	1,000,000	2,920,000
Water projects	2,700,000	1,822,378
Agriculture projects	0	2,200,000
Security projects	11,329,311	4,652,299
Roads projects	9,617,408	17,581,429
Sports projects	1,902,213	1,498,353
Other capital grants and transfer-BodaBoda shades	1,485,700	0
Emergency Projects	8,978,895	1,285,000
Total	57,819,357	42,146,459

7. ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2016– 2017 Kshs	2015- 2016 Kshs
Purchase of other office equipments- Succession Board(FAMs)	20,000	-
Total	20,000	0



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KHWISERO
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Reports and Financial Statements

For the year ended 30 June 2017

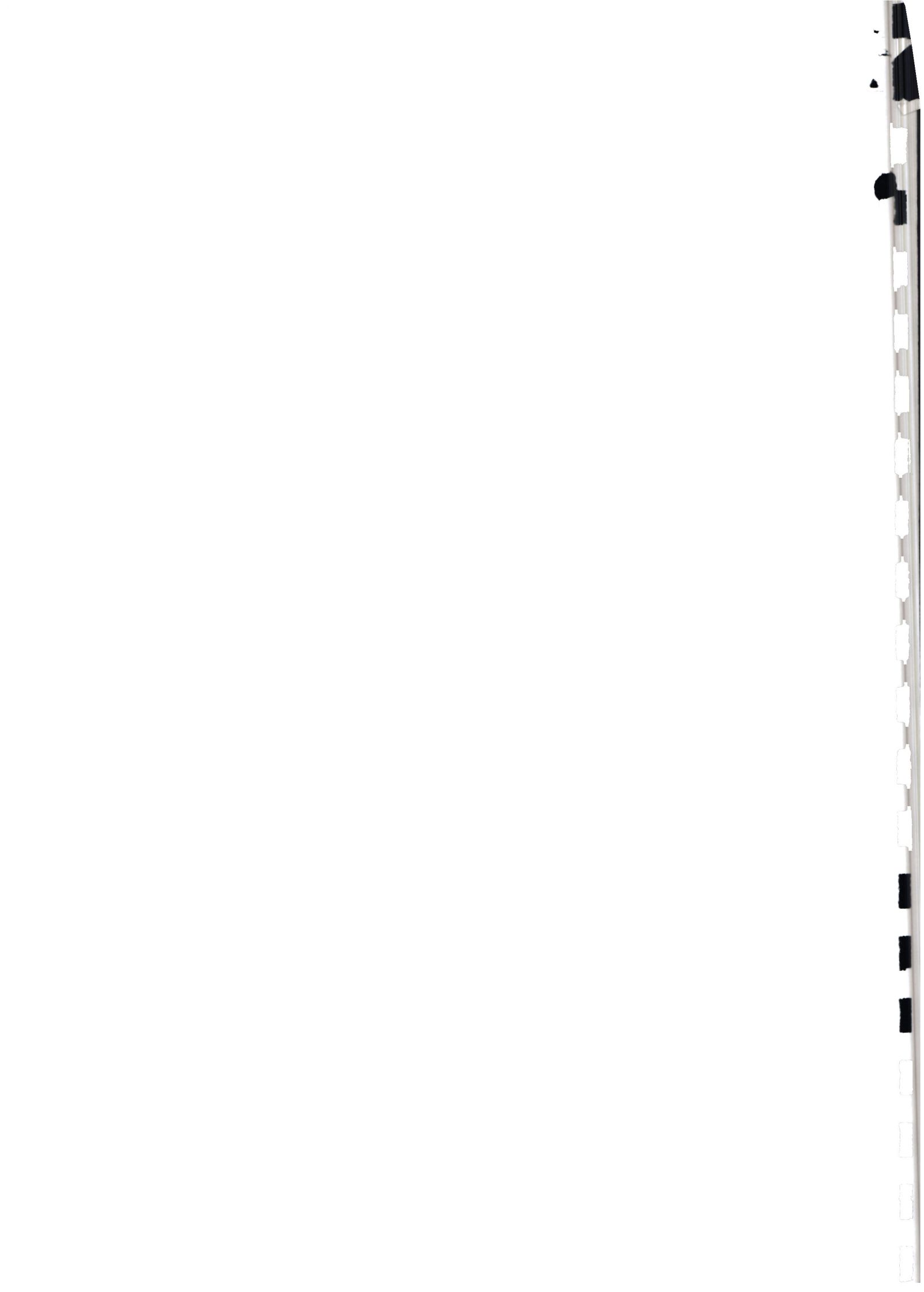
NOTES TO THE FINANCIAL STATEMENTS (Continued)

8: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017	2015 - 2016
	Kshs	Kshs
Cooperative Bank of Kenya, Mumias Branch- A/c no. 01120068113200 – Ksh.	3,354,065	22,185,721
	3,354,065	22,185,721

9. BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bank accounts	22,185,721	26,939,102
Total	22,185,721	26,939,102



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KHWISERO
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Reports and Financial Statements

For the year ended 30 June 2017

15. OTHER IMPORTANT DISCLOSURES

15.3: OTHER PENDING PAYABLES (See Annex 3)	2016-2017	2015-2016
	Kshs	Kshs
Amounts due to other Government entities (see attached list)	18,440,345	27,907,931
Amounts due to other grants and other transfers (see attached list)	6,970,000	10,010,000
Others (<i>specify</i>)	6,537,931	10,793,674
	31,948,276	48,711,605

15.4: PMC account balances (See Annex 5)	2016-2017	2015-2016
	Kshs	Kshs
PMC account Balances (see attached list)	15,591,199	650,727
	15,591,199	650,727



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

ANNEX 2 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount a	Date Payable Contracted B	Amount Paid To-Date c	Outstanding Balance 2017 d=a-c	Outstanding Balance 2016	Comments
Amounts due to other Government entities							
1. Primary Schools					11,540,345	19,732,931	Funds still held by the NG-CDF Board.
2. Secondary Schools					6,900,000	7,175,000	Funds still held by the NGCDF Board.
3. Health					0	1,000,000	
	Sub-Total				18,440,345	27,907,931	
Amounts due to other grants and other transfers							
4. Security					6,970,000	2,200,000	Funds still held by the NG-CDF Board.
5. Roads					0	7,810,000	
6. Others					6,537,931	10,793,674	Funds still held by the NG-CDF Board.
	Sub-Total				13,507,931	20,803,674	
	Grand Total				31,948,276	48,711,605	



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

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	N/A	N/A
Buildings and structures	19,800,000	19,800,000
Transport equipment	4,599,500	4,599,500
Office equipment, furniture and fittings	3,442,935	3,417,935
ICT Equipment, Software and Other ICT Assets	629,515	629,515
Other Machinery and Equipment	0	0
Total	28,471,950	28,446,950

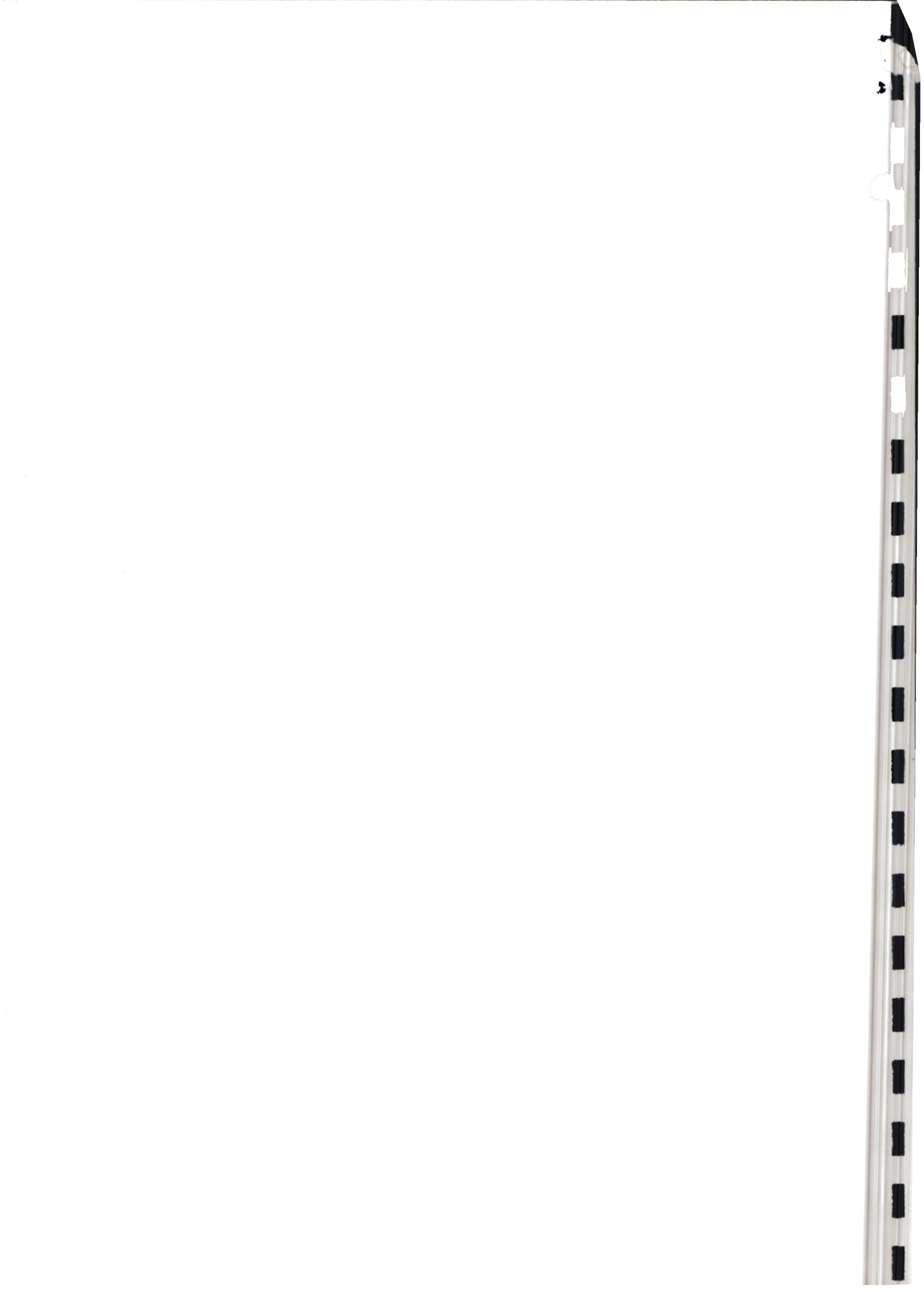


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KHWISERO CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017

ANNEX 3: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
KAK/C/CDF/ INSP/6/15	The International Public Sector Accounting Standards (IPSSAS)-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, Khwisero CDF received Qualified 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 IPSSAS (Cash Basis) as prescribed by the Kenya Public Sector Accounting Standards Board and in accordance with the Public Finance Management Act, 2012. In	In the 2014/2015 fy, we had Qualified Opinion. During the 2014/2015 fy, the allocation was sh.110,179,332.00. Total receipts by end of the period was sh.82,634,499.00 and total expenditure was sh.96,421,084.57. The corrected difference after noting the anomaly is sh.13,786,585.57. Attached is a copy of the corrected Financial Statements for both 2014/2015 and 2015/2016 fy as well as Supporting Schedules reflecting the correction.	Bernard S. Misiko (Fund Account Manager)	Resolved	N/A



NATIONAL GOVERNMENT ENTITY - LURAMBI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs'000)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	the circumstances, the Completeness and Presentation of the Financial Statements as at 30 th June 2016 cannot be confirmed.				

Prepared by: 
FUND ACCOUNT MANAGER
 HG-CDF
 KHWISERO CONSTITUENCY,
 P.O. BOX 124 - 50135 KHWISERO

Bernard S. Misiko
 (Fund Account Manager)
 Khwisero Constituency

