REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - RONGO CONSTITUENCY

FOR THE YEAR ENDED 30 JUNE 2017

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-RONGO 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)

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2015. The *National Government 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 *National Government Constituencies Development Fund.* The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

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

i. National Government Constituencies Development Fund Board (NG-CDFB)
ii. National Government Constituency Development Fund Committee (NG-CDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	**Yusuf Mbuno**
2.	A.I.E holder	**Enock O Nyasende**
3.	Accountant	**Jared Orinda**
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provides overall fiduciary oversight on the activities of Rongo Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF Board are forwarded to the National Government Constituency Development Fund Committee (NG-CDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) RONGO CDF Headquarters

P.O. Box 542-40404
NG-CDF Building
Off Rongo-Homabay Road
Rongo, KENYA

(f) RONGO NG-CDF Contacts

Telephone: (254) 723362923

E-mail: ngcdfrongo.go.ke
Website: www.go.ke

(g) RONGO NG-CDF Bankers

1. Kenya Commercial Bank
   P.O BOX 266,
   RONGO, KENYA

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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

The NGCDFC of Rongo has been working tirelessly to ensure that all the residents of Rongo Constituency benefit from the development programmes and activities it is undertaking in the Constituency. During the just ended 2016/2017 financial year the Constituency's NGCDFC Completed the process of developing a five year strategic plan which will serve as a roadmap to equitable socio-economic development throughout the Constituency. The document is now ready and will guide the Constituency till the financial year 2021/2022.

The enactment of the new NGCDF Act of 2015 in February 2016 heralded a change in the functions which would be financed by the NGCDF Board henceforth. The Act restricts the Fund to national government functions of education and security. During the just ended financial year the NGCDFC financed education projects including bursaries to bright and needy students. There were also security projects which were undertaken during that period. The exact amounts spent on the various projects is contained in these accounts am privileged to present to you.

A number of challenges were also noted during the implementation of various projects within the Constituency. Most project management committees faced challenges in implementing various projects. However their capacity to oversee the projects has been enhanced through capacity building seminars and workshops.

Sign.....

CHAIRMAN NG-CDFC

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - RONGO 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 - Rongo Constituency set out on pages 7 to 23, which comprise the statement of financial assets as at 30 June 2017, statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

In my opinion, the financial statements present fairly, the financial position of National Government Constituencies Development Fund - Rongo 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 Reporting Standards (cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

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

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund – Rongo 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section. I have determined that there are no key audit matters to communicate in my report.

Other Matter

1.0 Budget Performance

During the year under review, the Fund received transfers from National Government Constituency Development Fund Board and other receipts amounting to Kshs.82,501,552 against a budget of Kshs.81,896,552. The Fund in turn absorbed Kshs.90,189,959 equivalent to 101% of budgeted receipts for the year.
A summarized tabulation of budgeted and actual receipts and expenditures for the year under review is shown below:

Item	Budget Kshs	Actual Kshs	Under Expenditure Kshs	Over Expenditure Kshs	Absorption Rate %
Receipts	81,896,552	82,501,552		605,000	101
Payments					
Compensation of Employees	2,020,000	3,154,514		1,134,514	156
Use of goods and Services	2,113,793	6,186,150		4,072,357	293
Committee Expenses	3,056,897	3,257,500		200,603	107
Bursary/Cats/Mocks	20,474,138	20,475,540		1,402	100
Transfers to Primary Schools	6,756,594	6,756,594	0	0	100
Transfers to Secondary schools	26,974,440	26,974,439	1		100
Tertiary Institutions	8,100,000	8,100,000	0	0	100
Health Projects	2,600,000	2,600,000	0	0	100
Security	0	500,000		500,000	100
Food Security	1,900,000	1,900,000	0	0	100
Sports Activities	1,637,931	1,633,454	4,477		100
Environmental Projects	1,637,931	2,575,720		937,789	157
Emergency	4,094,828	3,980,000	114,828		97
Strategic Plan	0	1,355,048		1,355,048	100
NG CDF Office	530,000	741,000		211,000	140
Total	**81,896,552**	**90,189,959**	**119,306**	**8,412,713**	**110**

As the table shows:

i. Over-expenditure was 10% of the budget mainly attributed to roll- over of funds from 2015/2016;

ii. the Fund underspent on three (3) line items that recorded aggregate expenditure of Kshs.119,306 and overspent on four (4) line items with aggregate expenditure of Kshs.8,412,713;

iii. compensation of employees, use of goods and services, strategic plan and security recorded the highest over- expenditures. However, management have not explained the material variations and neither were the re-allocations, which, apparently, were, not approved by the Board.

iv. The prior year's audited financial statements reflected unspent funds amounting to Kshs.8,323,421 as at 30 June 2016 but the statement of appropriation for the year under review reflects an adjustment on the budget estimates of Kshs.8,823,421 leading to a variance of Kshs.500,000 which however has not been explained.

2.0 Unconfirmed Roll-over of Funds from the Previous Year

The summary statement of appropriation indicates an original budget of Kshs.81,896,552 and an adjustment of Kshs.8,823,421 thus raising the total budget to Kshs.90,917,972. However, the adjustments are not supported by an approved code list showing budgeted 2014/2015 expenditures that were financed in 2015/2016.

In the absence of the list of projects rolled-over from the previous year, it is not possible to confirm that the previous year's funds spent in the year under review were utilized for the intended purposes.

3.0 Incomplete Works at Cham Gi Wadu

Included in other grants and transfers balance of Kshs.31,064,714 is a sum of Kshs.500,000 in respect of construction of Cham Gi Wadu District Commissioner's residence. The works entailed erection of fence, supply and installation of a gate, construction of soak pit, construction of a two-door pit latrine and supply and installation of a tank. However, the gate was not installed. In addition, the 5000-litre water tank was vandalized shortly after it was installed and as a result, it is no longer in use.

Consequently, the residents of Rongo Constituency, did not receive true value for money on the sum of Kshs.500,000 disbursed to the project management committee.

4.0 Abandoned Works

4.1 Abandonment of Construction Works for Dining Hall/Kitchen at Siala Technical Training Institute

Included in transfers to other government entities balance of Kshs.44,431,033 reflected in the statement of receipts and payments is a sum of Kshs.8,100,000 disbursed to tertiary institutions as shown in Note 5 to the financial statements and which in turn includes Kshs.6,000,000 intended for construction of a dining hall at Siala Technical

Training Institute (TTI). Physical verification in May 2018 confirmed that the foundation for the hall was laid but the engineer (Project Manager), having not been satisfied with the quality of work done, instructed the contractor to redo a portion of excavation works. However, the works were not done and further, the contractor was not on site at the time of the verification. Therefore, the project is unlikely to be completed on schedule.

4.2 Abandonment of Works for Construction of an Administration Block at St. Mary's Nyangao Secondary School

Also included in the transfers to other government entities balance of Kshs.44,431,033 reflected in the statement of receipts and payments are transfers to secondary schools totaling Kshs.26,974,439 shown in Note 5 to the financial statements and which in turn include Kshs.10,299,999 in respect of construction of an administration block at St Mary's Nyangao Secondary School. Although the contract agreement indicates that the project was to be completed by June 2017, physical verification of the works in May 2018 revealed that the works had not been completed. Further, the contractor was not on site at the time of the verification.
In the circumstance, the intended beneficiaries of the project will have to wait longer before they enjoy its services.

5.0 Verification of Project implementation status

Twenty (20) projects worth Kshs.45,679,978 were verified during the audit and their implementation status found as follows:

Project	Amount (Kshs)	Details of Work	Status
Kakwara Primary School	406,593	Renovation of 5 No. classrooms painting and introduction of a veranda done	Complete and in use
Omware Primary School	950,000	Construction of I No classroom done	Complete and in use
Kangeso Primary School	950,000	Construction of 1 No. classroom complete	Complete and in use
Ngodhe Primary school	950,000	Construction of 1 No. classroom complete	Complete and in use
Kitunja Primary school	1,600,000	Construction of 2 No. classroom almost complete	Ongoing
Nyamoroka Primary School	950,000	Construction of 1 No. classroom almost complete	Ongoing
Miyare ATC	1,900,000	Completion of lecture hall complete	Complete
Cham Gi Wadu D.O's Residence	500,000	Installation of gate not complete Water tank vandalised	Ongoing
Kangeso Dispensary	2,600,000	Completed and in use	Complete and in use
Siala TTI	800,000	Construction of a Dining Hall/Kitchen	On going

Project	Amount (Kshs)	Details of Work	Status
Siala TTI	5,200,000	Construction of a Dining Hall/ Kitchen	Ongoing
Rongo University	2,100,000	Additional works-Introduction of steps, channels, ramps, water steel structures to twin laboratory building - Complete	Complete and in use
St Marys Nyangao Mixed	10,299,999	Construction of Admin Block	Incomplete
Oyugi Ogango Sec School	2,000,000	Construction New Storey Dormitory	Complete
St Peters of Wanga -	4,700,000	Completion of DH and Kitchen	Complete
Kangeseo Secondary School	3,723,386	Completion of Kitchen Dining Hall	Complete
Minyenya mixed Secondary	2,750,000	Construction of upper floor Administration Block	Complete
Kamondi Primary	800,000	Building of Classroom	Complete
Sumba Primary	1,500,000	Building Classroom	Complete
Nyangao Primary	1,000,000	Building Classroom	Complete
Total	**45,679,978**		

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 continue as a going concern, disclosing, as applicable, matters related sustainability sustain of services, d and using the going concern basis of accounting unless the management either intends to liquidate the Fund or cease its operations, or have no realistic alternative but to do so.

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

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 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 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 as a going concern. 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 as a going concern.

- 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 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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	82,396,552	105,830,685
Other Receipts	2	105,000	-
TOTAL RECEIPTS		**82,501,552**	**105,830,685**
PAYMENTS			
Compensation of employees	3	3,154,514	1,828,766
Use of goods and services	4	9,443,650	11,395,233
Transfers to Other Government Units	5	44,431,033	68,345,502
Other grants and transfers	6	31,064,714	33,817,221
Acquisition of Assets	7	741,000	14,958,086
Other Payments	8	1,355,048	794,832
TOTAL PAYMENTS		**90,189,959**	**130,344,808**
SURPLUS/DEFICIT		**(7,688,407)**	**(24,514,123)**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The RONGO NGCDF financial statements were approved on 1st August 2017 and signed by:

Chairman - NGCDFC

CHAIRMAN RONGO NG- C.D.F P.O. BOX 542-40404 RONGO

Fund Account Manager

FUND ACCOUNT MANAGER RONGO N.G - C.D.F P.O. Box 542 - 40404 Rongo

V. STATEMENT OF ASSETS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	9	635,014	8,323,421
TOTAL FINANCIAL ASSETS		635,014	8,323,421
REPRESENTED BY			
Fund balance b/fwd 1st July...	10	8,323,421	32,837,544
Surplus/Defict for the year		(7,688,407)	(24,514,123)
NET LIABILITIES		635,014	8,323,421

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The RONGO NGCDF financial statements were approved on 1st August 2017 and signed by:

Chairman - NGCDFC

Fund Account Manager

CHAIRMAN
RONGO NG- C.D.F
P.O. BOX 542-40404
RONGO

FUND ACCOUNT MANAGER
RONGO N.G - C.D.F
P.O. Box 542 - 40404
Rongo

VI. STATEMENT OF CASHFLOW

		2016 - 2017	2015 - 2016
Receipts for operating income			
Transfers from CDF Board	1	82,396,552	105,830,685
Other Receipts	2	105,000	-
		82,501,552	**105,830,685**
Payments for operating expenses			
Compensation of Employees	3	3,154,514	1,828,766
Use of goods and services	4	9,443,650	11,395,233
Transfers to Other Government Units	5	44,431,033	68,345,502
Other grants and transfers	6	31,064,714	33,817,221
Other Payments	8	1,355,048	794,832
		89,448,959	**115,386,722**
Adjusted for:			
Net cash flow from operating activities		**(6,947,407)**	**(9,556,037)**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(741,000)	(14,958,086)
Net cash flows from Investing Activities		(741,000)	**(14,958,086)**
NET INCREASE IN CASH AND CASH EQUIVALENT		**(7,688,407)**	**(24,514,123)**
Cash and cash equivalent at BEGINNING of the year	10	**8,323,421**	**32,837,544**
Cash and cash equivalent at END of the year		**635,014**	**8,323,421**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The RONGO NGCDF financial statements were approved on 1st August 2017 and signed by:

Chairman NGCDFC

Fund Account Manager

CHAIRMAN
RONGO NG- C.D.F
P.O. BOX 542-40404
RONGO

FUND ACCOUNT MANAGER
RONGO N.G - C.D.F
P.O. Box 542 - 40404
Rongo

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,552	8,823,421	90,719,973	90,719,973	-	100.0%
Other Receipts		105,000	105,000	105,000	-	
TOTAL	**81,896,552**	**8,928,421**	**90,824,973**	**90,824,973**	-	100.0%
PAYMENTS						
Compensation of Employees	2,020,000	1,346,047	3,366,047	3,154,514	211,533	93.7%
Use of goods and services	5,170,690	4,302,601	9,473,291	9,443,650	29,641	99.7%
Transfers to Other Government Units	44,431,034		44,431,034	44,431,033	1	100.0%
Other grants and transfers	29,744,828	1,605,956	31,350,784	31,064,714	286,070	99.1%
Acquisition of Assets	530,000	212,314	741,287	741,000	287	100.0%
Other Payments		1,357,530	1,357,530	1,355,048	2482	99.8%
TOTAL	**81,896,552**	**8,823,421**	**90,719,972**	**90,189,959**	**530,013**	99.4%

The RONGO NGCDF financial statements were approved on 1st August 2017 and signed by:

Chairman NGCDF

Fund Account Manager

CHAIRMAN
RONGO NG- C.D.F
P.O. BOX 542 -40404
RONGO

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VIII. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *NGCDF* and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

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, 2017.

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	AIE NO.	2016 - 2017	2015 - 2016
		Kshs	Kshs
Normal Allocation	A825397	500,000.00	10,000,000.00
	A829983	4,094,827.60	10,000,000.00
	A839627	36,853,449.00	20,000,000.00
	A855552	40,948,275.10	13,000,000.00
			33,000,000.00
			19,830,685.00
TOTAL		**82,396,552**	**105,830,685.00**

2. OTHER RECEPTS

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Receipts from the Sale of Tender Documents	105,000	
Total	**105,000**	

3. COMPENSATION OF EMPLOYEES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	2,561,864	1,803,946
Basic wages of casual labour	-	-
Personal allowances paid as part of salary	-	
House allowance	-	-
Transport allowance		-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF	77,780	24,820
Gratuity	514,870	
Total	**3,154,514**	**1,828,766**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. USE OF GOODS AND SERVICES

Description	2016 - 2017	2016 - 2017
	Kshs	Kshs
Utilities, supplies and services	5,566	185,450
Office rent		66,000
Communication, supplies and services		
Domestic travel and subsistence		
Printing, advertising and information supplies & services	121,131	
Rentals of produced assets	-	-
Training expenses	998,285	400,950
Hospitality supplies and services	-	-
Other commitee expenses	1,592,500	267,900
Commitee allowance	1,665,000	1,933,000
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	4,811,541	7,333,266
Fuel ,oil & lubricants	200,000	300,000
Other operating expenses		
Routine maintenance – vehicles and other transport equipment	49,628	113,835
Routine maintenance – other assets	-	-
	-	-
Total	**9,443,650**	**11,395,233**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to primary schools	6,756,594.00	41,918,888.35
Transfers to secondary schools	26,974,439.00	19,226,613.70
Transfers to Tertiary institutions	8,100,000	3,000,000
Transfers to Health institutions	2,600,000	4,200,000
TOTAL	**44,431,033**	**68,345,502**

6. OTHER GRANTS AND OTHER PAYMENTS

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary -Secondary	2,759,040	3,533,900
Bursary -Tertiary	17,716,500	12,415,451
Bursary-Special schools	-	-
Mocks & CAT	-	-
water	-	-
Agriculture (food security)	1,900,000	6,000,000
Electricity projects	-	-
Security	500,000	2,400,000
Roads	-	-
Sports	1,633,454	2,310,860
Environment	2,575,720	2,425,650.00
Emergency Projects (specify)	3,980,000	4,731,360
Total	**31,064,714**	**33,817,221**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. ACQUISITION OF ASSETS

Non Financial Assets	2016 - 2017	2015 - 2016
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	461,000	13,122,071
Refurbishment of Buildings	-	-
Purchase of Vehicles	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of office furniture and fittings		1,836,015
Purchase of computers ,printers and other IT equipments	100,000	-
Purchase of photocopier	-	-
Purchase of other office equipments	180,000	-
Purchase of soft ware	-	-
Acquisition of Land	-	-
Total	**741,000**	**14,958,086**

8. OTHER PAYMENTS

	2016-2017	2015-2016
	Kshs	Kshs
STRATEGIC PLAN	1,355,048	-
TOTAL	**1,355,048**	**-**

9: Bank Accounts (cash book bank balance)

	Kshs (30/6/2017)	Kshs (30/6/2016)
KCB Rongo Branch	635,013.90	8,323,421.20
	-	-
Total	**635,013.90**	**8,323,421.20**

10. BALANCES BROUGHT FORWARD

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	8,323,421	32,837,544
Total	8,323,421	32,837,544

11. OTHER IMPORTANT DISCLOSURES

11.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016- 2017 Kshs	2015 - 2016 Kshs
Supply of services	54,715.00	-
	54,715.00	-

11.2: PMC account balances (See Annex 2)

	2016-2017 Kshs	2015-2016 Kshs

PMC account Balances (see attached list)	5,541,611.10
	5,541,611.10

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

ANNEX 4 – 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	19,473,941.00	19,012,941.00
Transport equipment	11,098,843.00	11,098,843.00
Office equipment, furniture and fittings	2,230,000.00	2,230,000.00
ICT Equipment, Software and Other ICT Assets	566,000.00	286,000.00
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
Total	33,368,784.00	32,627,784.00

ANNEX 3–PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
KAKWARA PRIMARY SCHOOL	KCB RONGO	1137192097	768.50	901,325.00
KANGESO PRIMARY SCHOOL	KCB RONGO	1132256216	1625.00	625.00
KITUNJA PRIMARY SCHOOL	KCB RONGO	1205555285	1000.00	-
NGODHE PRIMARY SCHOOL	KCB RONGO	1148297553	2174.50	1490.00
NYAMAROKA PRIMARY SCHOOL	KCB RONGO	1121172210	11359.50	2025.00
OMWARE PRIMARY SCHOOL	KCB RONGO	1205553711	754.50	-
RONGO PRIMARY SCHOOL	KCB RONGO	1160505659	58,424.50	835,140
KANGESO SECONDARY SCHOOL	KCB RONGO	1157223591	589,288.70	2,227,883.70
MINYENYA SECONDARY SCHOOL	KCB RONGO	1139003879	631,089.50	1,645.00
NYARACH MIXED SEC. SCHOOL	KCB RONGO	1148354077	-1081.00	700.00
OMWARE SECONDARY SCHOOL	KCB RONGO	1182181171	132,433.50	1,199,600.00
OYUGI OGANGO SEC.SCHOOL	KCB RONGO	1203579896	424.50	-
ST PETERS OF WANGA SEC. SCHOOL	KCB RONGO	1131555392	12,269.50	1,301,667.00
ST JONATHAN SEC SCHOOL	KCB RONGO	1164883615	15,174.00	955.00
ST MARYS NYANGAO SECO SCHOOL	KCB RONGO	1158013272	923,016.50	1,502,640.00
SIALA TTI	KCB RONGO	1203829221	3,074,529.00	-
KANGESO DISPENSARY	KCB RONGO	1121857507	732.90	3142.15
MIYARE ATC	KCB RONGO	1148717641	87,627.50	6,811,198
Total			**5,541,611.10**	**14,790,035.85**

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – *RONGO CONSTITUENCY*

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs)

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 expec the issue to be resolv ed)*
1.0	Understatement in the financial statement balance	An inadvertent oversight.	Enock Nyasende-FAM	Resolved	-
2.0	Summary statement of Appropriation-Accuracy thereof	The difference was due to the balances brought forward.	Enock Nyasende-FAM	Resolved	-
3.0	Failure to fully disclose bank accounts	The NBK account was shared between Rongo and the newly created Awendo constituency.Rongo constituency now operates an account at KCB and the NBK account has since been closed.	Jared Orinda-District Accountant	Resolved	-