

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

THE

NATIONAL ASSEMBLY
PAPERS LAID

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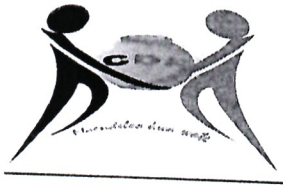
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
NYAKACH CONSTITUENCY

FOR THE YEAR
ENDED 30 JUNE 2018





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
NYAKACH CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018**

**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 National Government Constituencies Development Fund Act was passed by Parliament in December 2015 and came into force on 19th February 2016 thereby effectively replacing the Constituency Development Fund Act 2013.

The objective of the new Act however remains the same, that is to combat poverty and promote equitable growth and development around the country. The implementation of the Fund is now guided by the NG – CDF Act 2015 as well as regulations and circulars released by the NG-CDF Board from time to time in order to stream line the operations of the fund in accordance with best financial and management practices.

Funds are disbursed to the constituency committees and projects implemented are in respect of National Government functions.

The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The CDF Act 2013 aligns the Fund with the Constitution of Kenya 2010 and the Public Finance Management Act 2012 that lays emphasis on citizen participation in public finance management and decision making, transparency and accountability together with equity in public resource utilization. The overall management of the Fund is the responsibility of the Constituencies Development Fund Board.

(b) Key Management

The *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 2017 and who had direct fiduciary responsibility were:

NO.	DESIGNATION	NAME
1.	Chief Executive Officer	Mr. Yusuf Mbuno
2.	Fund Account Manager	Mr. Dalmas Ogola Ndonga
3.	District Accountant	Mr. Evans Achar

(d) Fiduciary Oversight Arrangements

The audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of Nyakach 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) Entity Headquarters

Nyakach Constituency Development Fund
P. O. Box 169,
PAP Onditi, Kenya.

(f) NG-CDF Nyakach Constituency Contacts

Telephone: (254) 0720777330
E-mail: cdfnyakach@cdf.go.ke
Website: www.cdf.go.ke

(g) NG-CDF Nyakach Constituency Bankers

Bank Name: KCB Bank
Branch: Kisumu Main
Account Name:
Branch code:
Account number: 1104034220

(h) Independent Auditors

Office of the Auditor General
Anniversary Towers, University Way
P. O. Box 30084,
GPO 00100,
Nairobi, Kenya.

(i) Principal Legal Adviser

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

II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG-CDFC)

NG-CDF has made tremendous and effective impact since inception. Some changes are already experienced due to the Constitution and devolution, as we now have the national function and the County Integrated Development Plan.

In our current budget, we have concentrated on national functions as laid out in the constitution namely, bursary, education facilities etc. The current economic status requires serious adjustment on the NG-CDF allocation, so that our budget suits the range of demand in terms of projects.

Key achievements of the NG-CDF

The NG-CDF achievements are well exhibited within our constituency

1. On the Bursary allocation, the 6,500 plus beneficiaries are pasted on notice board within CDF Offices, Divisional offices, Ward and locational chiefs' offices. On the notice boards we display the name of the beneficiary, institution, ward and the amount awarded to the student.
2. Classrooms have been built in all Secondary and Primary schools.
3. The people's involvement in identification and implementation of all projects within the Constituency. This has improved the living standards of the community as they work in the projects hence boosting the local economy.

Emerging issues related to the NG-CDF

1. Entrenching CDF in the new constitutional dispensation as it is facing serious challenges hence the need to enact legislation to align the Fund to the constitution in order to ensure its continuity.
2. Duplication of duties where projects that used to be under CDF are neglected.

Implementation challenges and recommended way forward;

1. Late disbursement of funds leading high cost of products due to inflation.
2. Students are sometimes chased out of school due to delayed disbursement of bursary.
3. Duplication of projects by various development partners due to lack of a clear policy guideline.
4. Rigorous and costly litigation processes causing delay in service delivery.
5. Limitation of scope of projects to Education and Security only.
6. Lack of a proper policy guideline on Bursaries.

II. STATEMENT OF CONSTITUENCY 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 CDF shall prepare financial statements in respect of that NG-CDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

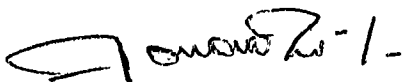
The Accounting Officer in charge of the NG-CDF Nyakach is responsible for the preparation and presentation of the NG-CDF's financial statements, which give a true and fair view of the state of affairs of the NG-CDF as at the end of the financial year ended on June 30, 2018. This responsibility includes: (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 NG-CDF; (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 NG-CDF; (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 NG-CDF Nyakach accepts responsibility for the NG-CDF'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 and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the NG-CDF Nyakach's financial statements give a true and fair view of the state of NG-CDF's transactions during the financial year ended June 30, 2018, and of the NG-CDF's financial position as at that date. The Accounting Officer in charge of the NG-CDF Nyakach further confirms the completeness of the accounting records maintained for the NG-CDF, which have been relied upon in the preparation of the NG-CDF's financial statements as well as the adequacy of the systems of internal financial control.

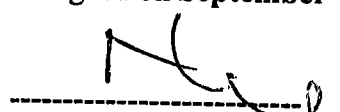
The Accounting Officer in charge of the NG-CDF Nyakach confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financial covenants (where applicable) and that the NG-CDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NG-CDF's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NG CDF's financial statements were approved and signed on **September 4, 2018**.



Joel O McOdongo
Chairman - CDFC


Dalmas Ogola Ndonga
Fund Account Manager



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NYAKACH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyakach National Government Constituencies Development Fund set out on pages 1 to 19 which comprise the statement of financial assets as at 30 June 2018 and the 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. 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nyakach National Government Constituencies Development Fund as at 30 June 2018, 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in the Financial Statements

1.1 Cash and Cash Equivalents

Included in the statement of financial assets is cash and cash equivalents of Kshs.34,478,683 which also includes bank balances of Kshs.34,478,683 as at 30 June 2018. However, the bank reconciliation statement reflects payments in the cash book not recorded in the bank statement (unpresented cheques) of Kshs.12,529,735. Out of this amount, cheques totaling Kshs.1,856,113 were stale as at 30 June 2018 and had not been reversed in the cash book nor replaced with other cheques. No explanation has been provided by the management for the failure to reverse or replace the stale cheques. However, Section 90 (3) of Public Finance Management (National Government) Regulations 2015 provides that Accounting Officers shall ensure any discrepancies noted

during bank reconciliation exercise, are investigated immediately and appropriate action taken including updating the relevant cash books.

Consequently, the accuracy and validity of the bank balance of Kshs.34,478,683 could not be confirmed.

1.2 Summary Statement of Appropriation

Included in the financial statements under note VI is an adjustment receipt of Kshs.44,508,463 composed of opening bank balance of Kshs.1,770,532 and the difference of Kshs.42,737,931 representing receipts as at 30 June 2018 is not explained nor supported. However, Contrary to section 6(2) and section 7(1) of National Government Constituencies Development Funds Act, 2015 which stipulates that unutilized funds are balance available for use in the year under review to fund projects approved in the respective prior financial years.

Under the circumstance, the accuracy and validity of the statement of appropriation and the source of Kshs.42,737,931 receipts could not be confirmed.

1.3 Summary of Fixed assets

Included in the financial statements, under annex 1, is Summary of Fixed Assets figure of Kshs.24,510,000 as at 30 June 2018. However, analysis of the assets register available revealed that it was not updated and the electronic items and their serial numbers were not recorded. Further, the ownership of a New Holland tractor, registration number GK A452T and its asset register reference CDF/71303/038, is in question as ownership documents in the form of a log book were not made available for audit verification. However, contrary to section 143. (1) of the Public Finance Management National Government Regulation 2015 stipulate that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

(2) The register of land and buildings shall record each parcel of land and each building and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details.

In the circumstance, the accuracy of the fixed assets register figure of Kshs24,510,000, and ownership of the New Holland tractor could not be confirmed as at 30 June 2018.

1.4 Unsupported Project Management Committee (PMC) Bank Balances

During the year under review, PMC bank balances of unknown amount were not disclosed nor provided under notes to the financial statements for audit review. Further and contrary to section (100) of Public finance management Act (national government) regulations 2015 stipulates that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper

maintenance and production of the accounts of the Vote for which he or she is responsible.

As a result, the accuracy and propriety of the unknown amount by the PMC Bank balances could not be confirmed as at 30 June 2018.

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

Emphasis of Matter

1. Budgetary Analysis

Analysis of the approved budget of Kshs.131,318,808 revealed that the fund received Kshs.85,353,447 out of which Kshs.52,645,296 was spent on the various budgeted items resulting to under-absorption of Kshs.32,708,151 which is 38% as summarized below:

Item	Approved Budget for Kshs.	Actual expenditure Kshs.	Under Absorption in Kshs.	Under Absorption in %
Compensation of Employees	1,869,843	1,629,240	240,603	13%
Use of goods and services	9,003,276	5,906,756	3,096,520	34%
Transfers to Other Government Units	35,383,621	12,800,000	22,583,621	64%
Other grants and transfers	85,062,068	32,309,300	52,752,768	62%
Total	131,318,808	52,645,296	78,673,512	60%

However, contrary to section 39 of Public Finance Management (national government) Regulation 2015 stipulate that where Parliament approves any changes in the annual estimates of budget under section 39 of the Act, any increase or reduction in expenditure of a Vote, shall not exceed one (1%) percent of the Vote's ceilings'.

Section 33(f) stipulate that the budget estimates shall take into account expenditure priorities which contributes to the realization of the required output and desired policy outcome.

Consequently, failure to utilize all funds as budgeted/disbursed is an indication that programs and activities are not being implemented as planned hence not achieving the

intended objective of improving delivery of goods and services to the residents of Nyakach Constituency.

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(s) described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

REPORT ON COMPLIANCE WITH LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC MONEY

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter(s) described in the Basis for [Conclusion on Lawfulness and Effectiveness in Use of Public Resources/ Qualified Opinion] section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Funding New Project before Completing Old Ones

Included in the financial statements under Note 6 is transfer to other government entities of Kshs.12,800,000 which includes transfers to secondary schools of Kshs.9,100,000 out of which Miriu Secondary School was disbursed for a new classroom and was constructed to completion and put to use. However, adjacent to the same classroom a 2013/2014 classroom construction remained incomplete with about 60 % complete. However, contrary to section 139. (1)(a) of Public Finance Management National Government Regulation 2015 stipulate that the Accounting Officer of a national government entity shall take full responsibility and ensure that proper control systems exist for assets and that — (a) preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse;

Consequently, the school have not got value for money of the incomplete project which was started earlier.

2. Unbudgeted for Expenditure

Included in the financial statements under Note 7 is other grants and other payments of Kshs.32,309,300 which includes roads amount of Kshs.3,968,000 paid to G-Star Investment Co. Ltd for opening and improvement of Andingo Opanga- Sangoro Road. It was noted that this expenditure was not in the 2017/18 budget. The expenditure was initiated in 2015/16 and there was no explanation as to why the payment was not done at

that time. However, contrary to Section 25(2) of the National Government Constituencies Development Regulations, 2016 stipulate that a Constituency Committee shall not incur expenditure unless such expenditure is supported by an approved work plan, a procurement plan and a budget.

Consequently, the propriety of the expenditure of Kshs. 3,968,000 could not be confirmed.

3. Previous Year Matters

The Constituency did not indicate the status and follow up of issues reported in the previous year in the 2016/2017 financial statements as required by Public Sector Accounting Standards Board Reporting Template.

Consequently, how the audit recommendations were resolved could not be confirmed. The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter(s) described in the Basis for [Conclusion on Effectiveness of Internal Controls, Risk Management and Governance/Qualified Opinion] section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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 maintaining effective 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 and for its assessment of the effectiveness of internal control.

In preparing the financial statements, management is responsible for assessing the projects ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Nyakach National Government Constituencies Development Fund or to cease operations, or have no realistic alternative 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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public money is applied in an effective manner.

Those charged with governance are responsible for overseeing the Nyakach National Government Constituencies Development Fund financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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.

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the

compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Nyakach National Government Constituencies Development Fund policies and procedures may deteriorate.

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

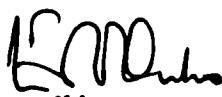
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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.
- 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 Nyakach National Government Constituencies Development Fund ability to continue as a going concern or 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 Nyakach

National Government Constituencies Development Fund to cease to continue 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 Nyakach National Government Constituencies Development 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 to 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


23 August 2019

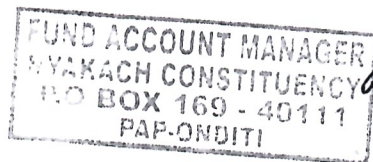
CONSTITUENCIES DEVELOPMENT FUND – NYAKACH CONSTITUENCY
Reports and Financial Statements for the year ended June 30, 2018


III. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2018

STATEMENT OF RECEIPTS AND PAYMENTS			
	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	85,353,447	94,669,619
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		85,353,447	94,669,619
PAYMENTS			
Compensation of employees	4	1,629,240	1,552,830
Use of goods and services	5	5,906,756	11,048,453
Transfers to Other Government Units	6	12,800,000	26,400,000
Other grants and transfers	7	32,309,300	55,798,574
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		52,645,296	94,799,857
SURPLUS/DEFICIT		32,708,151	(130,238)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF Nyakach financial statements were approved on **September 4, 2018** and signed by:


 Dalmas Ogola Ndong'a
 Fund Account Manager




 Evans Achar
 Sub County Accountant

CONSTITUENCIES DEVELOPMENT FUND – NYAKACH CONSTITUENCY

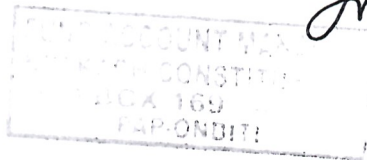
Reports and Financial Statements for the year ended June 30, 2018

IV. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2018

	Note	2017-2018	2016-2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)			
Cash balances	10A	34,478,683	1,770,532
Outstanding Imprest	10B	-	-
	11	-	-
TOTAL FINANCIAL ASSETS		34,478,683	1,770,532
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd. 1st July...	13	1,770,532	1,900,771
Surplus/Deficit for the year		32,708,151	(130,238)
Prior Year Adjustment	14		
NET LIABILITIES		34,478,683	1,770,532

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG CDF Nyakach Constituency financial statements were approved on **September 4, 2018** and signed by:

Dalmas Ogola Ndong'a
Fund Account Manager




Evans Achar
Sub County Accountant

CONSTITUENCIES DEVELOPMENT FUND – NYAKACH CONSTITUENCY
Reports and Financial Statements for the year ended June 30, 2018

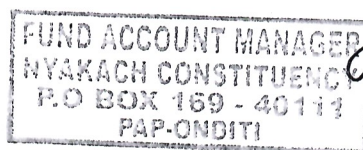
V. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2018


Receipts for operating income	Notes	2017 - 2018	2016 - 2017
		KSHS	KSHS
Transfers from the CDF Board	1	85,353,447	94,669,619
Other Revenues	3	-	-
		<u>85,353,447</u>	<u>94,669,619</u>
Payments for operating expenses			
Compensation of Employees	4	1,629,240	1,552,830
Use of goods and services	5	5,906,756	11,048,453
Transfers to Other Government Units	6	12,800,000	26,400,000
Other grants and transfers	7	32,309,300	55,798,857
Other Payments	9		
		<u>52,645,296</u>	<u>94,799,857</u>
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		32,708,151	(130,238)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities		-	-
CASHFLOW FROM FINANCING ACTIVITIES			
Net cash flow from financing activities			
NET INCREASE/ IN CASH AND CASH EQUIVALENT	10	32,708,151	(130,238)
Cash and cash equivalent at BEGINNING of the year		1,770,532	1,900,771
Cash and cash equivalent at END of the year		34,478,683	1,770,533

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF Nyakach Constituency financial statements were approved on **September 4, 2018** and signed by:



Dalmas Ogola Ndong'a
 Fund Account Manager





Evans Achar
 Sub County Accountant

CONSTITUENCIES DEVELOPMENT FUND – NYAKACH CONSTITUENCY
 Reports and Financial Statements for the year ended June 30, 2018

VI: SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT FOR THE YEAR ENDED
 30TH JUNE 2018

Receipts/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						
Transfer from CDF Board	86,810,345	44,508,463	131,318,808	85,353,447	45,965,361	65%
Proceeds from sales of assets						
Other receipts						
TOTAL	86,810,345	44,508,463	131,318,808	85,353,447	45,965,361	65%
PAYMENTS						
Compensation of Employees	1,255,000	614,843	1,869,843	1,629,240	240,603	87%
Use of goods and services	6,557,931	2,445,345	9,003,276	5,906,756	3,096,520	66%
Transfers to Other Government Units	30,383,621	5,000,000	35,383,621	12,800,000	22,583,621	36%
Other grants and transfers	48,613,793	36,448,275	85,062,068	32,309,300	52,752,768	
Acquisition of Assets	-					
Other Payments	-					
TOTALS	86,810,345	44,508,463	131,318,808	52,645,296	78,673,512	40%

CONSTITUENCIES DEVELOPMENT FUND – NYAKACH CONSTITUENCY
Reports and Financial Statements for the year ended June 30, 2018

VI. SIGNIFICANT ACCOUNTING POLICIES

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

a) 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 and relevant legal framework of the Government of Kenya. 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 NG-CDF and all values are rounded to the nearest thousand (KShs). 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 NG-CDF.

b) Recognition of revenue and expenses

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

c) In-kind contributions

In-kind contributions are donations that are made to the NG-CDF 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 NG-CDF 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.

d) 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 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorised public officers and /or institutions which were not surrendered or accounted for at the end of the financial year.

e) Pending bills

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

f) 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 NG-CDF'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 NG-CDF's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

g) Comparative figures

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

h) 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, 2018.

CONSTITUENCIES DEVELOPMENT FUND – NYAKACH CONSTITUENCY
Reports and Financial Statements for the year ended June 30, 2018

VII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM CDF BOARD

	DESCRIPTION		2017 - 2018 (KSH)	2016-2017 (KSH)
1330407				
	AIE NO:A82646	2012/13	1,000,000	
	AIE NO: A896818	2017/18	37,905,172	
	AIE NO: A855975	2017/18	5,500,000	
	AIE NO: A855975	2016/17	40,948,275	
	AIE NO:			53,721,342
	AIE NO: A829968			4,094,828
	AIE NO: A855542			36,853,449
1330408	Conditional Grants		-	-
1330409	Receipts from other Constituency		-	-
	TOTAL		85,353,447	94,669,619

2. 351000 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS

			2017-2018 Kshs	2016-2017 Kshs
3510202	Receipts from the sales of building		-	-
3510601	Receipts from the sales of vehicle and transport equipment		-	-
3510801	Receipts from the sales plant machinery and equipment		-	-
3510803	Receipts from the sales of office and general equipment		-	-
	TOTAL		-	-

3. 1400000 OTHER RECEIPTS

1410107	Interest received			
1410405	Rents		-	-
			-	-

1420601	Sales of tender of documents			-	-
1450207	Other receipts not classified Elsewhere (classify)			-	-
	TOTAL			-	-

4. 211000 COMPENSATION OF EMPLOYEES

	Description		2017-2018 Kshs	2016-2017 Kshs
2110201	Basic wages of contractual employees		1,629,240	2,085,220
2110202	Basic wages for casual workers			
	Personal allowances paid as part of the salary			
2110301	House allowances			
2110314	Transport allowances			
2110320	Leave allowances			
2110326	Other personnel payments			
	Total		1,629,240	2,085,220

5. 220000 USE OF GOODS AND SERVICES

	Description		2017 - 2018 Kshs	2016 - 2017 Kshs
2210100	Utilities, supplies and services		2,523,813	5,750,453
2210104	Office Rent		-	-
2210200	Communication, supplies and services		-	-
2210300	Domestic travel and subsistence		-	-
2210500	Printing, advertising and information supplies & services		-	-
2210600	Rental of production of asset		-	-
2210700	Training expenses		-	-
2210800	Hospitality supplies and services		-	-
2210802	Other Committee expenses		-	-
2210809	Committee Allowances		-	-
2210900	Insurance costs		2,788,635	4,098,000
2211000	Specialized materials and services		-	-
2211100	Office and general supplies and services		-	-
2211200	Fuel, Oil and Lubricants		594,308	1,200,000

2211300	Other operating expenses		-	-
2220100	Routine maintenance – vehicles and other transport equipment			
2220200	Routine maintenance – other assets		-	-
	Total		5,906,756	11,048,453

6. 2630200 TRANSFER TO OTHER GOVERNMENT ENTITIES

	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
2630204	Transfers to Primary Schools		3,700,000	19,400,000
2630205	Transfer to Secondary Schools		9,100,000	7,000,000
2630206	Transfer to tertiary institutions		-	-
2630207	Transfer to Health Institutions		-	-
	TOTAL		12,800,000	26,400,000

7. 2640000 OTHER GRANTS AND OTHER PAYMENTS

	Description		2017 – 2018	2016 - 2017
			Kshs	Kshs
2640101	Bursary- secondary schools		8,748,300	9,997,000
2640102	Bursary-tertiary		15,598,000	18,023,500
2640104	Bursary Special Schools			
2640105	Mocks and CAT		-	-
2640504	Water		-	-
2640505	Agriculture (food Security)		-	-
2640506	Electricity Projects		-	-
2640507	Security		-	-
2640508	Roads		-	1,000,000
2640509	Sports		3,968,000	22,064,04
2640510	Environment		-	980,000
2640200	Emergency project		-	1,634,000
	Total		2,995,000	2,100,000
			32,309,300	55,798,574

8. 3100000 ACQUISITION OF ASSETS

	<u>Non-Financial Assets</u>		2017 - 2018	2016 - 2017
3110102	Purchases of building		-	-

3110202	Constructions of buildings		-	-
3110302	Refurbishment of buildings		-	-
3110701	Purchases of vehicles		-	-
3110704	Purchases of bicycles and motorcycle		-	-
3110801	Overhaul of vehicles		-	-
3111001	Purchases of office furniture and fittings		-	-
3111002	Purchases of computers, printers and other IT equipment		-	-
3111005	Purchases of photocopiers		-	-
3111009	Purchases of other office equipment		-	-
3111112	Purchases of software		-	-
3130101	Acquisition of land		-	-
	Total		-	-

9. OTHER PAYMENTS

Description		2017-2018	2016-2017
		Kshs	Kshs
	Capital Transfers to Non-Financial Public Enterprises	-	-
	TOTAL	-	-

10 A. Bank Balances (cash book bank balance)

Name of Bank, Account No. & currency	2017 - 2018	2016 - 2017
	Kshs	Kshs
KCB Bank Account Account no: 1104034220	34,478,683	1,770,532
Total	34,478,683	1,770,532

10 B. CASH BALANCES (CASH IN HAND)

		2017-2018	2016-2017
		Kshs	Kshs
	Sales of tender	0	0
	Hire of graders	0	0

Other receipts (specify)		0	
Total		0	0

11. OUTSTANDING IMPRESTS

Name of Officer/ Institution	Amount Taken	Amount Surrendered	Balance
	Kshs	Kshs	Kshs
Total			

13. BALANCES BROUGHT FORWARD

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bank accounts		
Cash in hand	1,770,532	1,900,771
Cash equivalents (short-term deposits)		
Imprest		
Receivables		0
Payables		0
Total	1,770,532	1,900,771

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018	2016 - 2017
	Kshs	Kshs
Bank accounts		
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Imprest	-	-
Receivables	-	-
Payables	-	-
Total	-	-

15.0 OTHER IMPORTANT DISCLOSURES

15.1 PENDING ACCOUNT PAYABLES (See Annex 1)

	2017-2018	2016-2017
	kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	3,968,000
Supply of goods	-	-
Supply of services	-	-
TOTAL	-	3,968,000

15.2 PENDING STAFF PAYABLES (See Annex 2)

	2017-2018	2016-2017
	Kshs	Kshs
CDF STAFF	-	-
OTHERS Gratuity	966,852	966,852
TOTAL	966,852	966,852

15.3 OTHER PENDING PAYABLES (See Annex 3)

	2017-2018	2016-2017
	Kshs	Kshs
Amounts due to other Government entities (see attached list)	-	-
Mosensema Secondary School Construction of Laboratory	1,000,000	
Amounts due to other grants and other transfers (see attached list)	-	-
Others	738,378	-
Compensation of employees - Salaries		
TOTAL	1,783,378	-

15.4 PMC ACCOUNT BALANCE

	2017-2018	2016-2017
	Kshs	Kshs
PMC Balance	0	

16. TRIAL BALANCE FOR THE YEAR ENDED 30 JUNE 2018

	CASH BOOK	DR	CR
		Kshs	Kshs
Cash and Cash equivalents			
	Bank Balances	34,478,683	
	Cash Balances	-	
	Outstanding Imprest	-	
Payments			
	Compensation of Employees	1,629,240	
	Use of goods and services	5,906,756	
	Transfers to Other Government Units	12,800,000	
	Committee Expenses		
	Other grants and transfers	32,309,300	
	Acquisition of Assets	-	
	Other Payments(Adjustment)		
Receipts			
	Transfers from the Board		85,353,447
	Proceeds from sale of assets		-
	Others receipts		-
Prior Year Adjustment			
Fund Balance b/f		-	1,770,532
TOTAL		87,123,979	87,123,979

SUMMARY OF FIXED ASSETS REGISTRY

ASSET CLASS	HISTORICAL COST	
	2017/2018	2016/2017
LAND	Kshs	Kshs
BUILDINGS ANSD STRUCTURES	480,000	480,000
TRANSPORT EQUIPMENT 32 Motor Cycles @ 87500	14,000,000	14,000,000
OFFICE EQUIPMENT, FURNITURE FITTINGS	2,800,000	2,800,000
ICT Equipment, Furniture and Fittings	980,000	980,000
Other Machinery and Equipment		
CDF Motor vehicle	"	3,250,000
Heritage and Cultural Assets	3,000,000	3,000,000
Intangible Assets		
TOTAL	24,510,000	24,510,000

ANNEX 1 -- Analysis of Pending Accounts Payable

Supplier of Goods or Services	Original Invoice	Date Contracted	Amount Paid to date	Outstanding Balance 2017	Outstanding Balance 2018	Comments
	a	b	c	d = a - c		
Construction of Buildings					N/A	
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 2 -- Analysis of Pending Staff Payables

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid to date	Outstanding Balance	Outstanding Balance
					2017	2018
		a	b	c	d = a - c	
Senior Management						
1						
2						
3						
Sub Total						
Middle Management						
4						
5						
6						
Sub Total						
Unionizable Employees						
7						
8						
9						
Sub Total						
Others						
10 Staff Gratuity		966,852	15-12-2018	-	966,852	483,426
11						
12						
Sub Total		966,852			966,852	483,426
Grand Total					966,852	483,426

ANNEX 3 -- Analysis of Other Pending Staff Payables

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid to date	Outstanding Balance 2018	Comments
		a	b	c	d = a - c	
Amount due to Other Government Entities					N/A	
1 Phoenix Driving School	Boda Boda Training	5,000,000	25-08-2018	-	5,000,000	
2						
3						
Sub Total					5,000,000	
Amount due to other Grants and other transfers						
4						
5						
6						
Sub Total						
Others						
7						
8						
9						
Sub Total						
Grand Total					5,000,000	

ANNEX 4 – PROGRESS REPORTS ON FOLLOWUP OF PREVIOUS AUDIT REPORTS

The following audit issues raised by the auditor in the prior years and how we have addressed them:

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)
	Other matters:				
	i.				
	ii.				
	iii.				

JOURNAL ENTRIES

1. Adjustment on transfers to other government entities and use of goods

Other grants a/c	2,165,000	
Transfer to other government entities a/c	573,938	
Use of goods & services a/c		2,738,938

Adjustment to record omitted erroneous entries to the Respective accounts

2. Adjustment to other grants & transfers

Transfer to government entities a/c	900,0000	
Other grants & transfers a/c		573,936
Other payments a/c		326,064

To record adjustment of erroneous entries to respective accounts



Dalmas Ndong'a

Fund Account Manager

