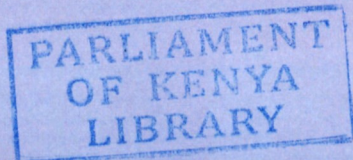


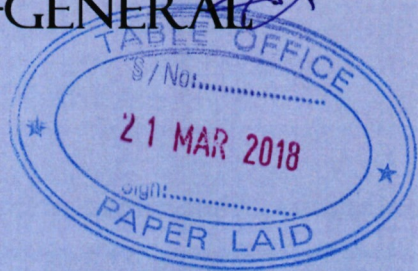
REPUBLIC OF KENYA



Paper Laid
By Leader of majority Party
Hon. Aden Duale MP
on 21/3/2018



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

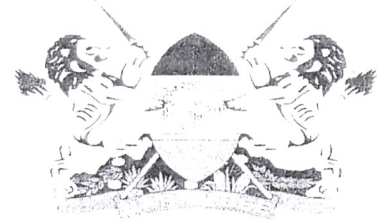
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND – NYAKACH CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2016





CONSTITUENCIES DEVELOPMENT FUND – NYAKACH

REPORTS AND FINANCIAL STATEMENTS

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

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

NYAKACH CONSTITUENCY DEVELOPMENT FUND
Reports and Financial Statements
For the year ended June 30, 2016

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 lay 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. Constituencies Development Fund Board (CDFB)
- ii. Constituency Development Fund Committee (CDFC)

(c) Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer	Mr. Yusuf Mbuno
2.	Fund Account Manager	Mr. Jakoo Miyumo Okoth
3.	District Accountant	Mr. Evans Achar

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of CDF Board provide overall fiduciary oversight on the activities of Nyakach Constituency. The reports and recommendation of ARMC when adopted by the CDF Board are forwarded to the Constituency Development Fund Committee (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

NYAKACH CONSTITUENCY DEVELOPMENT FUND
Reports and Financial Statements
For the year ended June 30, 2016

(f) Entity Contacts

Provide telephone number and email of the constituency CDF office

Telephone: (254) 720777330
E-mail: cdfnyakach@cdf.go.ke
Website: www.cdf.go.ke

(g) Entity Bankers

Constituency CDF main banker (provide the bank, branch, account number and address)

Bank KCB
Branch Kisumu Main
Account No. 1104034220
P.O. Box 17 – 40100,
Kisumu, 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

NYAKACH CONSTITUENCY DEVELOPMENT FUND

Reports and Financial Statements

For the year ended June 30, 2016

II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC)

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 included key economic issues as opposed to the rest of the years. The current economic status requires serious adjustment on the CDF allocation, so that our budget suits the range of demand in terms of projects. The projects range from Education, Health services and infrastructural projects. The inflated economy make is hard to come up with a comprehensive budget where performance can be monitored and program objectives evaluated.

ACHIVEMENTS

The CDF achievements are well exhibited within our Constituency.

1. On the Bursary allocation, the 3000 plus beneficiaries are pasted on notice boards within CDF offices, Divisional offices, ward and locational offices. On the notice boards we display the name of the beneficiary, institution, location and the amount awarded to the student.
2. We have realized quite a number of Health facilities in terms of building dispensaries, health centres and improving on the existing ones.
3. Classrooms have been built in almost all secondary and primary schools
4. We have opened a number of roads and improved them for easy mobility for the constituents and security agents moving within the constituency
5. The people's involvement in identification and implementation of all the projects within the constituency. This has improved the living standards of the community as they work in the projects hence boosting the local market economy

EMERGENCY ISSUES

1. Development has come up with a lot of issues ranging from duplication of projects
2. Projects under devolved functions have a lot of confusions with no proper guideline on how to implement e.g. the CDF started some health facilities but are now stalling. CDF as a National Government Fund took care of everything while devolution has brought about specific functions.

CHALLENGES

1. There should be in place County Project Committee where County Development agencies and all Departmental Heads sit to discuss projects so as to avoid duplications and over funding
2. All projects from development partners be discussed within the County Project Committee(

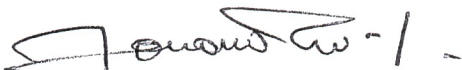
NYAKACH CONSTITUENCY DEVELOPMENT FUND

Reports and Financial Statements

For the year ended June 30, 2016

CPC) for appropriate budgeting

3. To avoid stalled projects, CDF should be allowed to complete the projects they started then hand them over to the county government. This call for more funding to CDF.
4. The Project Committee at the County must also be devolved to sub counties and wards. This will ensure effective budget



Sign

CHAIRMAN CDFC

NYAKACH CONSTITUENCY DEVELOPMENT FUND

Reports and Financial Statements

For the year ended June 30, 2016

III. STATEMENT OF ENTITY 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 county government entity shall prepare financial statements in respect of that entity. 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.

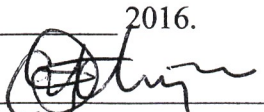
The Fund Account Manager in charge of the *Nyakach CDF* is responsible for the preparation and presentation of the *Constituencies* financial statements, which give a true and fair view of the state of affairs of the *Constituency* as at the end of the financial year (period), ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (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 *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Account Manager in charge of the *Nyakach CDF* accepts responsibility for the *entity'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) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the *Nyakach CDF* financial statements give a true and fair view of the state of *Constituency's* transactions during the financial year ended June 30, 2016, and of the *Constituency's* financial position as at that date. The Fund Account Manager in charge of the *Nyakach CDF* further confirms the completeness of the accounting records maintained for the *Constituency*, which have been relied upon in the preparation of the *Constituency* financial statements as well as the adequacy of the systems of internal financial control.

The Fund Account Manager in charge of the *Nyakach CDF* confirms that the entity has complied fully with applicable Government Regulations and that the entity'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 Fund Account Manager confirms that the *Constituency'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 *CDF's* financial statements were approved and signed by the Accounting Officer on _____ 2016.



Principal Secretary

Principal Accounts Controller

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 – NYAKACH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Nyakach Constituency set out on pages 7 to 18, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments and statement of cash flows 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 best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

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

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

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

Basis for Adverse Opinion

1. Incomplete Financial Statements

The management did not prepare a statement of appropriation – recurrent and development as per the requirement of the IPSAS I on the presentation of the financial statements. Further the Note 10 under payables reflects details of payables at Annex 3 which is missing in the financial statements.

2. Transfer from National Government Development Fund Board

The National Government Constituencies Development Fund Board had allocated Kshs.116,921,342 during the year ended 30 June 2016 but only Kshs.63,000,000 was disbursed with a likelihood that citizens of the constituency may not have obtained the much desired service.

3. Inaccuracies of Financial Statements

The total financial assets balance of Kshs.3,927,449 is not in agreement with net liabilities which reflects a negative of Kshs.417,551 resulting to an unreconciled or unexplained difference of Kshs.4,345,000.

Consequently, the accuracy and validity of the statement of assets as at 30 June 2016 could not be confirmed.

4. Compensation of Employees

Included under note 2 is compensation of employees figure Kshs.1,181,480. However, the schedules and payment vouchers availed reflected an expenditure of Kshs.1,289,100 resulting to an unreconciled and unexplained difference of Kshs.107,620.

Consequently, the accuracy and validity of the compensation of employees of Kshs.1,181,480 for the year ended 30 June 2016 could not be confirmed.

5. Unaccounted for Expenditure

Included in financial statements under Note 3 in respect of use of goods and services figure of Kshs.8,749,357 is Kshs.6,384,857 for utilities, supplies and services which in turn includes expenditure of Kshs.1,361,048 on utilities, supplies and services amounting to Kshs.1,128,548 and committee allowance of Kshs.232,500. The

supporting documents for the expenditure such as payment vouchers were however not availed for audit verification.

Consequently, the propriety of the expenditure of Kshs.1,361,048 could not be confirmed.

6. Transfers to Other Government Units

6.1 Transfers to Primary Schools

Included in the under note 5 is transfer to other government units of kshs.16,100,000 which in turn includes transfer to primary schools Kshs.4,000,000 while the payment voucher availed to support the figure is for Kshs.2,400,000 resulting to an unreconciled difference of Kshs.1,600,000. Further, the following anomalies were noted;

a) Agai Primary School

Agai Primary School received Kshs.400,000 for roofing and plastering of two (2) classrooms. However, cashbook, bank statements, purchase order L.P.O, bill of quantities, stores records, invoices and project management committee minutes were not availed for audit verification.

b) Siany Primary School

Siany Primary School received Kshs.400,000 for roofing and plastering of one (1) classrooms. However, no requisite documentation were availed for audit verification.

In addition, physical verification revealed that floors have big cracks and were worn out. Besides, the project was labour based and it is not clear whether enough materials had been purchased for the project.

c) Nyabondo Day Primary School

Nyabondo Primary School benefited with Kshs.400,000 for roofing and finishes of two (2) classrooms. However, no supporting documentation were availed for audit verification.

d) Olwa Primary School

Olwa Primary School got Kshs.400,000 for roofing and plastering of one (1) classroom. However, the requisite supporting documents were not availed for audit verification.

6.2 Transfers to Secondary Schools

Transfers to secondary schools is reflected as Kshs.2,100,000 while the supporting documents amounted to Kshs.1,700,000 resulting to an unreconciled difference of Kshs.400,000.

6.3 Transfer to Tertiary Institutions

Transfers to tertiary institutions of Kshs.10,000,000 was in respect of construction of Nyakach Technical Training Institute. Physical verification of the project revealed that

no procurement records were maintained inspite of the project still being in progress. Further, it was revealed that the ownership of the land where the institute was being built could not be confirmed as the institution did not have ownership documents.

In addition, the funds for the institute were released without request, PMC minutes, tender documents, bank statements, certificate of completion, inspection and acceptance report, inventories records, cash books, plan for the building, bill of quantity and even the contract sum agreed were not availed for audit verification.

Consequently, propriety and validity of transfer to other government entities of Kshs.16,100,000 could not be confirmed.

7. Other Grants and Transfers

7.1 Unsupported Payments

Note 6 reflects other grants and transfers figure of Kshs.51,807,773 out of which payments totalling Kshs.37,456,759 had supporting payments vouchers with figures totalling to Kshs.39,003,259 hence resulting to an unreconciled difference of Kshs.1,546,500. In addition, other supporting documents such as bank statements, cash book, bank reconciliation, tender documents, stores records, PMCs minutes, certificate of completion were not availed for audit review.

Consequently, the propriety of the expenditure of Kshs.1,546,500 could not be confirmed and the residents of Nyakach Constituency may not have obtained value for money.

7.2 Bursary to Secondary and Tertiary Institutions

Included in other grants and transfers figure of Kshs.51,807,773 are bursaries to secondary schools of Kshs.2,134,500 and bursaries to tertiary institutions of Kshs.9,121,119. In addition, although payment records reflected that the funds were disbursed, there were no official receipts and acknowledgement letters from the beneficiary institutions to confirm that the funds were actually received.

Consequently, the validity and propriety of the expenditure of Kshs.11,255,619 could not be confirmed.

7.3 Roads Projects

Included in grants and transfers of Kshs.51,807,773 are roads projects of Kshs.30,857,763 while the supporting payment documents for these projects amounted to Kshs.26,679,335 resulting to an unreconciled and unexplained difference of Kshs.4,178,428.

In addition, physical verification on the roads projects revealed the following anomalies;

i) Kadinda- Michura Road

Kadinda- Michura road project had been awarded to a contractor at contract sum of Kshs.6,222,0000 out of which Kshs.5,291,312 had been paid to the contractor while the contract did not specify the kilometres to be covered. In addition, the road was not among those planned for in the financial year 2015/2016 and as such the funds spent for the road were re-allocation from other item but without authority from the NGCDF Board. Physical verification also revealed that the total culverts constructed were only 17 out of 72 which had been paid for at a cost of Kshs.648,000. The contractor had not accounted for Kshs.495,000 for the missing culverts and no fee was retained by the Fund management and thus it was not clear how the defect liability period was to be covered. Further, no inspection and acceptance report was availed for audit verification.

ii) Sondu-Kaseda Road

Sondu-Kaseda road was budgeted for Kshs.5,000,000 while the monthly return reflect allocation of Kshs.7,200,000. In spite of this low allocation, it was noted that Kshs.7,364,483 has been paid to two (2) contractors resulting to an over payment of Kshs.2,364,483 without approval of the NGCDF Board. Besides pre-qualification documents were not availed for.

Physical verification of this road project revealed that only 4 kilometre was done instead of 5 kilometre as per the budget. Hence, the management paid more by one kilometre which was not constructed.

Consequently, the propriety of the expenditure of Kshs.7,364,483 could not be confirmed.

7.4 Security Projects

Included in the other grants and transfers figure of Kshs.51,807,773 is security projects of Kshs.1,898,327 which had been supported by documents totalling Kshs.1,374,053 resulting to unreconciled and unexplained difference of Kshs.524,274. In addition no tender documents were availed for audit verification to indicate how the contract was identified and prequalified list of contractors was also not availed.

Consequently, the accuracy and validity of the expenditure of Kshs.1,898,327 could not be confirmed.

7.5 Sports Projects

Included in the other grants and transfers figure of Kshs.51,807,773 are sports projects of Kshs.1,965,500. However, complete expenditure returns including cashbooks, bank statements, invoices and other relevant accounting documents were not provided for audit review.

7.6 Environment Projects

Included in the other grants and transfers figure of Kshs.51,807,773 is environment projects figure of Kshs.1,960,000 which was not budgeted for in the year under review.

In addition, payment vouchers availed for audit review did not have critical supporting information like official receipts and acknowledgement letters from the beneficiary institutions to confirm that the seedling trees were received.

7.7 Emergency Projects

Included in the other grants and transfers figure of Kshs.51,807,773 are emergency projects worth Kshs.3,870,564. However, relevant accounting documents were not provided for audit review. Further, the use of emergency funds did not meet the threshold set for urgent and unforeseen needs for expenditure as required by Section 8 (3) of the National Government Constituencies Development Fund Act, 2015.

Consequently, the propriety of Kshs.3,870,564 included in other grants and transfers of Kshs.51,807,733 could not be confirmed.

8 Cash and Cash Equivalents

The financial statements reflects bank balance figure as Kshs.1,754,949 while the reconciled cash book balance is Kshs.1,492,271 resulting to unreconciled figure of Kshs.262,677.

Consequently, the accuracy and validity of the cash and cash equivalents of Kshs.1,754,949 as at 30 June 2016 could not be confirmed.

9 Outstanding Imprest

Included under the statement of assets is cash and cash equivalents of Kshs.3,927,449 is Kshs.2,172,500 outstanding imprest. However, the corresponding under note 8B the figure representing outstanding imprest has been omitted.

Consequently, the accuracy and validity of the outstanding imprest of Kshs.2,172,500 as at 30 June 2016 could not be confirmed.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund – Nyakach Constituency as at 30 June 2016, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the National Government Constituencies Development Fund Act, 2015.

Other Matter

1. Budget Performance Analysis

Analysis of Nyakach NGCDF approved budget totalling Kshs.141,520,843 includes 2015/2016 allocation of Kshs.116,921,342 and adjustment of Kshs.24,599,501. During

the same period, the fund incurred expenditure of Kshs.77,838,610 out of the approved budget resulting to unabsorbed amount of Kshs.47,088,674.

Project Name	Approved Amount (Kshs)	Actual (Kshs)	Variance (Kshs)	Performance %
Receipts	141,520,843	79,593,559	61,927,284	56
Payments				
Compensation of Employees	1,322,353	1,181,480	140,873	89
Use of Goods and Services	9,190,000	8,749,357	440,643	95
Transfer to Other Government Entities	44,705,942	16,100,000	28,605,942	36
Other Grants and Transfers	69,708,989	51,807,773	17,901,216	74
Total	124,927,284	77,838,610	47,088,674	62

Consequently, the fund failed to utilize Kshs.47,088,674 or 62% of its budget allocation causing failure to implement projects thus denying the people of Nyakach constituency services through public utilities.

2. Project Verification

Six (6) projects were physically verified in May 2017 but there was no County Project Committee (CPC) for roads yet one project was awarded for Kshs.6,000,000 in spite of the fact that the functions for such road had devolved.

Nyakach Technical Training Institute was allocated Kshs.10,000,000 for construction of workshop hall and three lectures rooms. However, on physical verification it was noted that office windows and doors were not fitted. The details of the inspected projects are as analysed below;

No	Project Name	Project Activity	Amount Kshs	Status	Level of completion %	Remarks
1	Nyakach Technical Training Institute	Construction of Workshop hall, Three lectures rooms and Office space	10,000,000	ongoing	70	No Procurement documents were availed No Bank statements. The Institute does not have a title deed for the land its built
2	Nyabondo Day Primary School	Roofing and finishing of 2 classrooms	400,000	Complete	100	Stores record were missing as the work was labour based

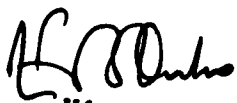
3	Siany Primary School	Roofing and Plastering of 1 Classroom	400,000	Complete	100	Floor cracking, while the old project not completed and the floor is worn out. No store records the work was labour based
4	Agai Primay School	Roofing and Plastering of 2 Classrooms	400,000	Complete	100	No stores records, the work was labour based, Bank statements not availed
5	Agai Secondary School	Renovation of Admin Block	400,000	Complete	100	No stores records the work was labour based, No Bank statements, No PMC minutes
6	Sondu-Kaseda Road	Opening , Heavy grading and graveling of 5KM	5,000,000	Complete	100	done
			16,600,000			

2. Non-maintenance of Ledgers for Payables

The Management did not maintain payables ledgers to reflect how under note 10 (annex 3) other pending payables figure of Kshs.1,754,949 was build up. Hence, the build-up of payables balance of Kshs.1,754,949 could not be ascertained.

3. Previous Year Matters

The Constituency did not indicate the status and follow up of audit issues reported in the previous year in the 2015/2016 financial statements as required by Public Sector Accounting Standards Board Reporting Template.



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

Nairobi

20 February 2018

NYAKACH CONSTITUENCY DEVELOPMENT FUND

Reports and Financial Statements

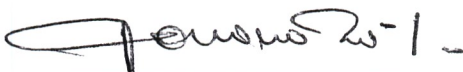
For the year ended June 30, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH June, 2016

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	63,000,000	145,682,292
TOTAL RECEIPTS		63,000,000	145,682,292
PAYMENTS			
Compensation of employees	2	1,181,480	1,080,000
Use of goods and services	3	8,749,357	4,555,333
committee meeting allowances	4		2,100,333
Transfers to Other Government Units	5	16,100,000	37,720,000
Other grants and transfers	6	51,807,773	81,260,000
Social Security benefits	7		12,000
TOTAL PAYMENTS		77,838,610	126,727,000
SURPLUS/DEFICIT		(14,838,610)	18,955,292

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27/09/2016 2016 and signed by:



Chairman - CDFC




Fund Account Manager

NYAKACH CONSTITUENCY DEVELOPMENT FUND
Reports and Financial Statements
For the year ended June 30, 2016

II. STATEMENT OF ASSETS

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	8A	1,754,949	14,421,059
Outstanding Imprests	8B	2,172,500	174,000
TOTAL FINANCIAL ASSETS		3,927,449	14,595,059
REPRESENTED BY			
Fund balance b/fwd 1st July...	9	14,421,059	14,421,059
Surplus/Deficit for the year		(14,838,610)	
NET LIABILITIES		(417,551)	14,421,059

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Nyakach Constituency CDF financial statements were approved on _____ 2016 and signed by:



Chairman - CDFC



Fund Account Manager

NYAKACH CONSTITUENCY DEVELOPMENT FUND

Reports and Financial Statements

For the year ended June 30, 2016

III. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2016

Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from CDF Board	1	63,000,000	145,682,292
		63,000,000	145,682,292
Payments for operating expenses			
Compensation of Employees	2	1,181,480	1,080,000
Use of goods and services	3	8,749,357	4,555,000
Committee meeting allowances	4		2,100,000
Transfers to Other Government Units	5	16,100,000	37,720,000
Other grants and transfers	6	51,807,773	81,260,000
Social Security Benefits	7		12,000
Other Payments	8	-	-
		77,838,610	126,727,000
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		(14,838,610)	
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Net cash flows from Investing Activities		-	-

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NET INCREASE IN CASH AND CASH EQUIVALENT		(14,838,610)	-
Cash and cash equivalent at BEGINNING of the year	9	14,595,059	4,508,215
Cash and cash equivalent at END of the year	8	(417,559)	14,595,059

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IV. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2016

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 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 *entity* and all values are rounded to the nearest thousand (Kshs'000). 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 *entity*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the *entity* 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 *entity* 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

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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 *entity* 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 *entity'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 *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. Subsequent events

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

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V. NOTES TO THE FINANCIAL STATEMENTS

GFS CODES			2015 - 2016	2014 -2015
	Description		Kshs	Kshs
	1			
	TRANSFERS FROM CDF BOARD			
1330407	Normal Allocation	A796248	5,000,000.00	38,370,681.50
		A820692	20,000,000.00	2,000,000.00
		A820911	20,000,000.00	25,577,903.00
		A820991	18,000,000.00	16,546,742.00
				40,609,063.00
				22,577,902.50
1330408	Conditional grants			-
		AIE NO...	-	
1330409	Receipt from other Constituency	AIE NO...	-	
	TOTAL		63,000,000	145,682,292.00
	2			
	COMPENSATION OF EMPLOYEES			
2110000				
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
2110201	Basic wages of contractual employees		1,181,480	813,279.00
2110202	Basic wages of casual labour		-	-
	Personal allowances paid as part of salary		-	-
2110301	House allowance		-	-
2110314	Transport allowance		-	-
2110320	Leave allowance		-	-

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2110326	Other personnel payments		-	-
2120101	Employer contribution to NSSF		-	12,000.00
2710120	gratuity		-	-
	Total		1,181,480	825,279.00
	3 USE OF GOODS AND SERVICES			
2200000				
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
2210100	Utilities, supplies and services		6,384,857	1,265,000.00
2210104	Office rent		-	-
2210200	Communication, supplies and services		-	-
2210300	Domestic travel and subsistence		-	-
2210500	Printing, advertising and information supplies & services		-	-
2210600	Rentals of produced assets		-	-
2210700	Training expenses		-	-
2210800	Hospitality supplies and services		-	-
2210802	Other committee expenses		-	-
2210809	Committee allowance		2,364,500	240,000.00
2210900	Insurance costs		-	-
2211000	Specialised materials and services		-	-
2211100	Office and general supplies and services		-	-
2211200	Fuel ,oil & lubricants		-	2,100,000.00
2211300	Other operating expenses		-	-
2220100	Routine maintenance – vehicles and other transport equipment		-	950,000.00
2220200	Routine maintenance – other assets		-	-
	Total		8,749,357	4,555,000.00

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4. COMMITTEE MEETING ALLOWANCES				
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
	Committee allowances			2,100,000.00
				2,100,000.00
5. TRANSFER TO OTHER GOVERNMENT ENTITIES				
2630200				
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
2630204	Transfers to primary schools		4,000,000	16,720,000.00
2630205	Transfers to secondary schools		2,100,000	20,700,000.00
2630206	Transfers to Tertiary institutions		10,000,000	-
2630207	Transfers to Health institutions		-	300,000.00
	TOTAL		16,100,000	37,720,000.00
6 OTHER GRANTS AND OTHER PAYMENTS				
2640000				
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
2640101	Bursary -Secondary		2,134,500	7,680,500.00
2640102	Bursary -Tertiary		9,121,119	12,199,500.00
2640104	Bursary-Special schools		-	120,000.00
2640105	Mocks & CAT			-
2640504	water		-	-
2640505	Agriculture (food security)			-
2640506	Electricity projects		-	-
2640507	Security		1,898,327	2,860,000.00
2640508	Roads		30,857,763	51,000,000.00

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2640509	Sports		1,965,500	-	
2640510	Environment		1,960,000	2,000,000.00	
2640200	Emergency Projects (specify)		3,870,564	5,400,000.00	
	Total		51,807,773	81,260,000.00	
	7 SOCIAL SECURITY BENEFITS				
	Description		2015 - 2016	2014 - 2015	
			Kshs	Kshs	
	Social Security Benefit			12,000.00	
	8A: Bank Balances (cash book bank balance)				
	Name of Bank, Account No. & currency		2015 - 2016	2014 - 2015	
		Account Number	Kshs (30/6/2016)	Kshs (30/6/2015)	
	KCB Kisumu Main	1,104,034,220	1,754,949	48,363,304.85	
	Total		1,754,949	48,363,304.85	
			<i>[Provide cash count certificates for each]</i>		
	8 B OUTSTANDING IMPRESTS				
	<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>	
		Date imprest taken	Kshs	Kshs	
				-	
	9 BALANCES BROUGHT FORWARD				
			2015 - 2016	2014 - 2015	
			Kshs (1/7/2015)	Kshs (1/7/2014)	
	Bank accounts		14,421,059	14,421,059.00	
	Cash in hand		-	-	
	Imprest			174,000.00	
	Total		14,421,059	14,595,059.00	

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		<i>[Provide short appropriate explanations as necessary]</i>		
	10: OTHER PENDING PAYABLES (See Annex 3)			
			Kshs	Kshs
	Amounts due to other Government entities (see attached list)		-	-
	Amounts due to other grants and other transfers (see attached list)		1,754,949	
	Others (specify)		-	-
			1,754,949	

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VI.

SUMMARY OF FIXED ASSET

REGISTER

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015-2016	Historical Cost (Kshs) 2014-2015
Land	N/A	N/A
Buildings and structures	21,500,000.00	21,500,000.00
Transport equipment	5,457,448.00	5,457,448.00
Office equipment, furniture and fittings	99,300.00	99,300.00
ICT Equipment, Software and Other ICT Assets	1,904,976.00	1,904,976.00
Other Machinery and Equipment	20,849.00	20,849.00
Heritage and cultural assets	N/A	N/A
Intangible assets		
Total	28,982,573.00	28,982,573.00