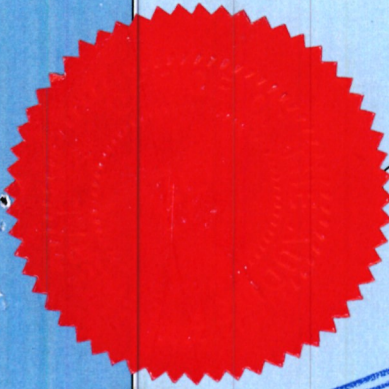


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY PAPERS LAID		DAY. Wednesday
DATE:	08 MAY 2019	
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REPORT

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OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
OTHAYA CONSITUENCY

FOR THE YEAR ENDED  
30 JUNE 2018









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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND OTHAYA  
CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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









**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**OTHAYA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

**Mandate**

The mandate of the Fund as derived from sec (3) of NG-CDF Act, 2015 is to:

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

**Vision**

Equitable Socio-economic development countrywide

**Mission**

To provide leadership and policy direction for effective and efficient management of the Fund



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
OTHAYA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

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**Core Values**

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

**(b) Key Management**

The NGCDF OTHAYA day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Johnson Njinju
3.	Sub-County Accountant	Levin Limo
4.	Chairperson NGCDFC	Muthoga Ngera
5.	Member NGCDFC	Hellen Mwangi

**(d) Fiduciary Oversight Arrangements**

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

**(e) NG-CDF OTHAYA Constituency Headquarters**

P.O. Box 85-10106  
Othaya  
Othaya NG-CDF Office  
Othaya, KENYA

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
OTHAYA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

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**(f) NGCDF OTHAYA Contacts**

Telephone: (254) 722423362

E-mail: [othaya@ngcdf.go.ke](mailto:othaya@ngcdf.go.ke)

Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF OTHAYA Bankers**

Kenya Commercial Bank

Othaya Branch

**(h) Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

**(i) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
 OTHAYA CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2018**

**II.FORWARD BY THE CHAIRPERSONNGCDF COMMITTEE**

The people of Othaya constituency are determined to participate effectively in domesticating objectives of vision the big 5 in our development planning. The constituents now have power to implement the formulation and implementation of development programmes in the constituency for the works within the aspiration of the constitution of Kenya which makes public participation mandatory. The utilization of the NG-CDF has always been carried out with fairness ,transparency , openness and accountability.

**Financial year budget**

In the financial year 2017/18 the NG-CDF Othaya was allocated Ksh. **86,810,345** in which the office has since only got Ksh. **46,405,172.00** the utilization has went well in which 90% of the funds allocated to projects has been utilized effectively as bellow.

*Table 1.0 summary of budget performance*

<b>PROJECT</b>	<b>STATUS IN%</b>
Mumwe primary school- renovations	60%
Gatugi primary school – completion of toilets	50%
Nyeri south sub-county H/Qs	50%
Kirijini Primary School- Purchase of desks	70%
Bursary for the needy	95%

**Key achievements**

We have therefore completed our allocations in time, and achieved the results as stipulated in the summary table above.

**Challenges and emerging issues**

The delay in implementing of the projects was due to the political situation in the country and the first disbursement was received on February 2018.

There is a great challenge which is the in availability of land which forces the constituency to re-allocate most of its projects which requires land.

There is also a challenge in the education sector this is because there are many needy students who are in need of support through the bursary fund which is never enough; this is due to lower middle income economy status within the constituency.

We therefore recommend that if the community and the National Government could join hand and avail land for CDF to realize the said projects which require land efficiently.

*Sign*  
**CHAIRPERSON NG-CDF COMMITTEE**



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) ,  
OTHAYA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

**III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National 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 Accounting Officer in charge of the NGCDF-OTHAYA Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) 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 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 Accounting Officer in charge of the NGCDF-OTHAYA Constituency 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). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-OTHAYA Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-OTHAYA Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), 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 Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The NGCDF-OTHAYA Constituency financial statements were approved and signed by the Accounting Officer on \_\_\_\_\_ 2018.



Fund Account Manager  
Name:



Sub-County Accountant  
Name:  
ICPAK Member Number:



# 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- OTHAYA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

##### **Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Othaya Constituency set out on pages 6 to 27, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation – recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund- Othaya Constituency 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 the Public Finance Management Act, 2012.

##### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund-Othaya 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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section, I have determined that there are no key audit matters to communicate in my report.



## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources 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. Use of Goods and Services - Imprests Management**

The statement of receipts and payments for the year ended 30 June 2018 reflects expenditure totalling Kshs.3,313,656 on use of goods and services. Included in the expenditure is an amount of Kshs.1,257,290 issued vide imprest warrant no.1141997 to facilitate CDFC meetings, public forum meeting and other general office expenses. However, a review of records revealed the following anomalies:

- i. The imprest was issued to the holder on 15 February 2018. However, the payees acknowledged receipt of the allowances on the dates before imprest was issued. The signed forms showed that the payees received their allowances on 21 August 2017, 8 January 2018 and 5 February 2018. It has not been explained how the functions were funded before the imprest was issued.
- ii. Some members of the public and thirty-nine chiefs and assistant chiefs were each paid daily subsistence allowances of Kshs.1,000. However, authority and the basis of the rate used was not provided for audit review.
- iii. An amount of Kshs.20,000 was paid to CDFC to cater for expenses while attending a four-days' workshop in Eldoret town held between 19 and 22 February 2018. However, invitation letters, and travel documents such as work tickets and bus fare tickets were not provided for audit review.

Consequently, the validity and propriety of the payment of Kshs.1,257,290 could not be ascertained.

#### **2. Bursary Awards and Disbursements**

Disclosed in Note 7 to the financial statements for the year ended 30 June 2018 under other grants and transfers totalling Kshs.20,220,220 are bursary secondary schools – Kshs.14,060,220 and bursary tertiary institutions - Kshs.6,160,000. However, the Bursary Committee minutes indicating the criteria for selection/vetting process for the award of full scholarship or partial bursary was not provided for audit review.

Consequently, it has not been possible to ascertain whether the beneficiaries of bursary were vetted and fairly awarded the bursary during the year under review.



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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in Basis for Conclusion on the Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and 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 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, risk management and governance.

In preparing the financial statements, management is responsible for assessing the ability of National Government Constituencies Development Fund - Othaya Constituency 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 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 resources are applied in an effective way.



Those charged with governance are responsible for overseeing the 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 audit is planned and performed to express a conclusion about 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 and that public resources are applied in an effective way, 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.

Further, in planning and performing the audit of the financial statements and audit 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 Fund's policies and procedures may deteriorate.

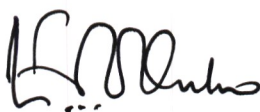
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:



- 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 Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and 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**

**9 April 2019**





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
OTHAYA CONSTITUENCY**

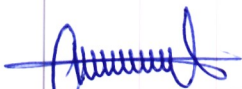
**Reports and Financial Statements**


**For the year ended June 30, 2018**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2017-2018 Kshs	2016-2017 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	45,205,172	133,264,101
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>45,205,172</b>	<b>133,264,101</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,677,114	1,717,574
Use of goods and services	5	3,313,656	11,069,639
Transfers to Other Government Units	6	-	64,293,686
Other grants and transfers	7	20,220,220	65,605,886
Acquisition of Assets	8	-	-
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>25,210,990</b>	<b>142,686,784</b>
<b>SURPLUS/DEFICIT</b>		<b>19,994,182</b>	<b>(9,422,684)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-OTHAYA Constituency financial statements were approved on \_\_\_\_\_ 2018 and signed by:

  
\_\_\_\_\_  
Fund Account Manager  
Name:

  
\_\_\_\_\_  
Sub-County Accountant  
Name:  
ICPAK Member Number:

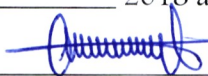
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
OTHAYA CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2018**


**V. STATEMENT OF ASSETS**

	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	18,618,960	853,818
Cash Balances (cash at hand)	10B	-	-
Current receivables-Outstanding Imprests	11	2,229,040	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>20,848,000</b>	<b>853,818</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Accounts payable-Retention</b>	12		
<b>REPRESENTED BY</b>			
		-	-
<b>Fund balance b/fwd 1st July...2017</b>	13	853,818	9,290,502
<b>Surplus/Deficit for the year</b>		19,994,182	(9,422,684)
<b>Prior year adjustments</b>	14	-	986,000
<b>NET FINANCIAL POSITION</b>		<b>20,848,000</b>	<b>853,818</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-OTHAYA Constituency financial statements were approved on \_\_\_\_\_ 2018 and signed by:



\_\_\_\_\_  
Fund Account Manager  
Name:



\_\_\_\_\_  
Sub-County Accountant  
Name:  
ICPAK Member Number:



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**OTHAYA CONSTITUENCY**


**Reports and Financial Statements**


**For the year ended June 30, 2018**

**VI. STATEMENT OF CASHFLOW**

<b>Receipts for operating income</b>		<b>2017-2018</b>	<b>2016-2017</b>
Transfers from CDF Board	1	45,205,172	133,264,101
Other Receipts	3	-	-
		45,205,172	133,264,101
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,677,114	1,717,574
Use of goods and services	5	3,313,656	11,069,639
Transfers to Other Government Units	6	-	64,293,686
Other grants and transfers	7	20,220,220	65,605,886
Other Payments	9	-	-
<b>Adjusted for:</b>			
Adjustments during the year		-	986,000
		25,210,990	143,672,784
<b>Net cash flow from operating activities</b>		19,994,182	(8,436,684)
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
<b>Net cash flows from Investing Activities</b>		19,994,182	(8,436,684)
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
<b>Cash and cash equivalent at BEGINNING of the year</b>	12	853,818	9,290,502
<b>Cash and cash equivalent at END of the year</b>	10A	20,848,000	853,818

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-OTHAYA Constituency financial statements were approved on \_\_\_\_\_ 2018 and signed by:

  
 \_\_\_\_\_  
**Fund Account Manager**  
**Name:**

  
 \_\_\_\_\_  
**Sub-County Accountant**  
**Name:**  
**ICPAK Member Number:**

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,345	12,233,128	99,043,473	46,058,990	52,984,483	47%
Proceeds from Sale of Assets						
Other Receipts						
<b>PAYMENTS</b>						
Compensation of Employees	1,820,000	453,818	2,273,818	1,677,114	596,704	73.8%
Use of goods and services	5,992,931	1,324,136	7,317,067	3,313,656	4,003,411	45.3%
Transfers to Other Government Units	36,100,000	4,000,000	40,100,000	-	40,100,000	0.0%
Other grants and transfers	42,897,414	6,455,174	49,352,587	20,220,220	29,132,367	41.0%
Acquisition of Assets	-	-	-	-	-	0.0%
Other Payments						0.0%
<b>TOTALS</b>	<b>86,810,345</b>	<b>12,233,128</b>	<b>99,043,472</b>	<b>25,210,990</b>	<b>73,832,482</b>	<b>25.5%</b>

(a) The constituency realized kshs 00 through sale of tenders, which is included as part of the adjustments.

(b) In the financial year 2017/2018, OTHAYA NG-CDF did not have underutilization of 90% or over utilization of over 100%

The NGCDF-OTHAYA Constituency financial statements were approved on \_\_\_\_\_ 2018 and signed by:



Fund Account Manager  
Name:



Sub-County Accountant  
Name:  
ICPAK Member Number:



## **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 Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

### **2. Reporting Entity**

The financial statements are for the NGCDF-OTHAYA Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

### **3. Reporting Currency**

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

### **4. Significant Accounting Policies**

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

#### **a) Recognition of Receipts**

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

#### **Tax Receipts**

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

#### **Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.



## **SIGNIFICANT ACCOUNTING POLICIES**

### **External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30<sup>th</sup> June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

### **Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

## **b) Recognition of payments**

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

### **Compensation of employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

### **Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

### **Acquisition of Fixed Assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

**SIGNIFICANT ACCOUNTING POLICIES**

**5. 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 receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**6. 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.

**7. Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognised as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**8. Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

**9. 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 are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall financial position of the Entity at the end of the year. When the pending bills are finally settled, the payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

**10. Unutilized Funds**

Unutilized funds consist of bank balances in the constituency account and previous year(s) balances not yet disbursed by the Board to the constituency at the beginning of the financial year. These balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) of NGCDF Act, 2015.



**SIGNIFICANT ACCOUNTING POLICIES**

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

**12. Comparative Figures**

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

**13. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2018.

**14. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

**15. Related Party Transactions**

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

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IX. NOTES TO THE FINANCIAL STATEMENTS

<b>1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES</b>				
<b>Description</b>		<b>2017-2018</b>	<b>2016-2017</b>	
		<b>Kshs</b>	<b>Kshs</b>	
Normal Allocation	A855984	5,500,000	45,967,549.00	
		1,800,000	4,094,827.60	
	A892638	37,905,172	36,853,449.00	
		-	3,200,000.00	
			4,000,000.00	
			39,148,275.10	
Conditional grants	AIE NO...		-	
	AIE NO...		-	
Receipt from other Constituency			-	
<b>TOTAL</b>		<b>45,205,172</b>	<b>133,264,101</b>	
<b>2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS</b>				
<b>Description</b>		<b>2017-2018</b>	<b>2016-2017</b>	
		<b>Kshs</b>	<b>Kshs</b>	
Receipts from the Sale of Buildings				
Receipts from the Sale of Vehicles and Transport Equipment				
Receipts from the Sale Plant Machinery and Equipment				
Receipts from the Sale of office and general equipment				
	<b>Total</b>	<b>-</b>		
<b>3 OTHER RECEIPTS</b>				



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Description	2017-2018	2016-2017
	Kshs	Kshs
Interest Received	-	
Rents	-	
Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere (specify)	-	-
<b>Total</b>	-	-

**4 COMPENSATION OF EMPLOYEES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,536,474	772,644
Basic wages of casual labour	-	56,000
<b>Personal allowances paid as part of salary</b>	-	
House allowance	-	175,000
Transport allowance	-	250,000
Leave allowance	-	
Other personnel payments	-	25,000
employer contribution to NSSF	24,800	10,000
gratuity	115,840	428,930
<b>Total</b>	1,677,114	1,717,574

**5 USE OF GOODS AND SERVICES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Utilities, supplies and services	331,741	439,502
Office rent	-	
Communication, supplies and services	90,160	112,000

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Domestic travel and subsistence		91,285	853,400
Printing, advertising and information supplies & services		202,680	
Rentals of produced assets		-	
Training expenses		1,112,000	1,907,900
Other committee expenses		440,000	476,500
Committee allowance		537,290	4,773,000
Hospitality supplies and services		-	256,500
Insurance costs		-	
Specialised materials and services		-	
Office and general supplies and services		311,000	1,377,940
Fuel ,oil & lubricants		-	500,000
Other operating expenses		-	68,337
Routine maintenance – vehicles and other transport equipment		197,500	185,300
Routine maintenance – other assets			119,260
strategic plan			
<b>Total</b>		<b>3,313,656</b>	<b>11,069,639</b>
<b>6 TRANSFER TO OTHER GOVERNMENT ENTITIES</b>			
<b>Description</b>		<b>2017-2018</b>	<b>2016-2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Transfers to primary schools		-	23,700,000
Transfers to secondary schools		-	31,393,686
Transfers to Tertiary institutions		-	9,200,000
Transfers to Health institutions		-	
<b>TOTAL</b>		<b>-</b>	<b>64,293,686</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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**7 OTHER GRANTS AND OTHER PAYMENTS**

Description	2017-2018	2016-2017
	Kshs	Kshs
Bursary -Secondary	14,060,220	14,792,575
Bursary -Tertiary	6,160,000	14,843,000
Bursary-Special schools	-	190,000
Mocks & CAT	-	-
water/Sewers	-	-
Agriculture (Markets)	-	-
Electricity projects	-	-
Security	-	24,550,000
Roads	-	-
Sports	-	3,592,311
Other capital grants and transfer	-	3,238,000
Emergency Projects (specify)	-	4,400,000
Development - factories/stadiums	-	-
<b>Total</b>	<b>20,220,220</b>	<b>65,605,886</b>

**8 ACQUISITION OF ASSETS**

<u>Non Financial Assets</u>	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of Office furniture and fittings	-	-
Purchase of computers ,printers and other IT equipments	-	-
Purchase of photocopier	-	-

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Purchase of other office equipments		-	-
strategic plan		-	-
Acquisition of Land		-	-
		-	-
<b>Total</b>		-	-

**9 OTHER PAYMENTS**

	2017-2018	2016-2017
	Kshs	Kshs
strategic plan	-	-
specify	-	-
	-	-
<b>TOTAL</b>	-	-

**10A: Bank Balances (cash book bank balance)**

Name of Bank	Account Number	2017-2018	2016-2017
		Kshs (30/6/2018)	Kshs (30/6/2017)
KCB Othaya Branch	1101548487	18,618,960	853,818
<b>Total</b>		<b>18,618,960</b>	<b>853,818</b>

**10B: CASH IN HAND**

	2017-2018	2016-2017
	Kshs (30/6/2018)	Kshs (30/6/2017)
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other receipts (specify)	-	-
	-	-
<b>Total</b>	-	-





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<b>Total</b>			-	986,000.00
<b>15 OTHER IMPORTANT DISCLOSURES</b>				
<b>15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)</b>				
			<b>2017 - 2018</b>	<b>2016 - 2017</b>
			<b>Kshs</b>	<b>Kshs</b>
Construction of buildings			-	
Construction of civil works			-	
Supply of goods			-	
Supply of services			-	
<b>TOTAL</b>			-	
<b>15.2: PENDING STAFF PAYABLES (See Annex 2)</b>				
			<b>2017 - 2018</b>	<b>2016 - 2017</b>
			<b>Kshs</b>	<b>Kshs</b>
Senior management			-	
Middle management			-	
Unionisable employees			-	
Others ( <i>specify</i> )			-	
			-	
<b>15.3: OTHER PENDING PAYABLES (See Annex 3)</b>				
			<b>2017 - 2018</b>	<b>2016 - 2017</b>
			<b>Kshs</b>	<b>Kshs</b>
Amounts due to other Government entities (see attached list)			-	
Amounts due to other grants and other transfers (see attached list)			-	



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – OTHAYA CONSTITUENCY Reports and  
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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
3.						
Sub-Total						
<b>Construction of civil works</b>						
4.						
5.						
6.						
Sub-Total						
<b>Supply of goods</b>						
7.						
8.						
9.						
Sub-Total						
<b>Supply of services</b>						
10.						
11.						
12.						
Sub-Total						
Grand Total						

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**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount a	Date Payable Contracted b	Amount Paid To-Date c	Outstanding Balance 2018 d=a-c	Outstanding Balance 2017	Comments
<b>Senior Management</b>							
1.							
2.							
3.							
	<b>Sub-Total</b>						
<b>Middle Management</b>							
4.							
5.							
6.							
	<b>Sub-Total</b>						
<b>Unionisable Employees</b>							
7.							
8.							
9.							
	<b>Sub-Total</b>						
<b>Others (specify)</b>							
10. SALARIES							
11. NSSF							
12. NHIF							
	<b>Sub-Total</b>						
	<b>Grand Total</b>						









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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	-	-	-	-
Buildings and structures	35,000,000	-	-	35,000,000
Transport equipment	3,502,562	-	-	3,502,562
Office equipment, furniture and fittings	1,350,000	-	-	1,350,000
ICT Equipment, Software and Other ICT Assets	-	-	-	-
Other Machinery and Equipment	53,200	-	-	53,200
Heritage and cultural assets		-	-	
Intangible assets		-	-	
<b>Total</b>	<b>39,905,762</b>	<b>-</b>	<b>-</b>	<b>39,905,762</b>







**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)



