

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY	
MEMBERS LAID	
REPORT	
DATE:	09 MAY 2019
	THURSDAY
TABLED BY:	Hon. BENJAMIN WASHINDU
CLERK AT THE TABLE:	MAJORITY PARTY WMP
	INZOU MWALE

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THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOBASI
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
BOBASI CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2017

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOBASI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2016, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2016, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2016. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level

(b) Key Management

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

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

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	John Onger
3.	Accountant	Joseph A.Wesonga

(d) Fiduciary Oversight Arrangements

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

(e) BOBASI NGCDF Headquarters

P.O. Box 98-40204
CDF Building
Opposite Nyamache District Headquarters
Hospital Road,
NYAMACHE, KENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOBASI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

(f) BOBASI NGCDF Contacts

Telephone: (254) 0710426880

E-mail: bobasi@cdf.go.ke

Website: www.cdf.go.ke

(g) BOBASI NGCDF Bankers

Co-operative Bank

Kisii Branch

Account no: 01120018210900

P.O Box 2469, 40200

Kisumu.

(h) Independent Auditors

Auditor General

Office of 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 CONSTITUENCY DEVELOPMENT FUND- BOBASI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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

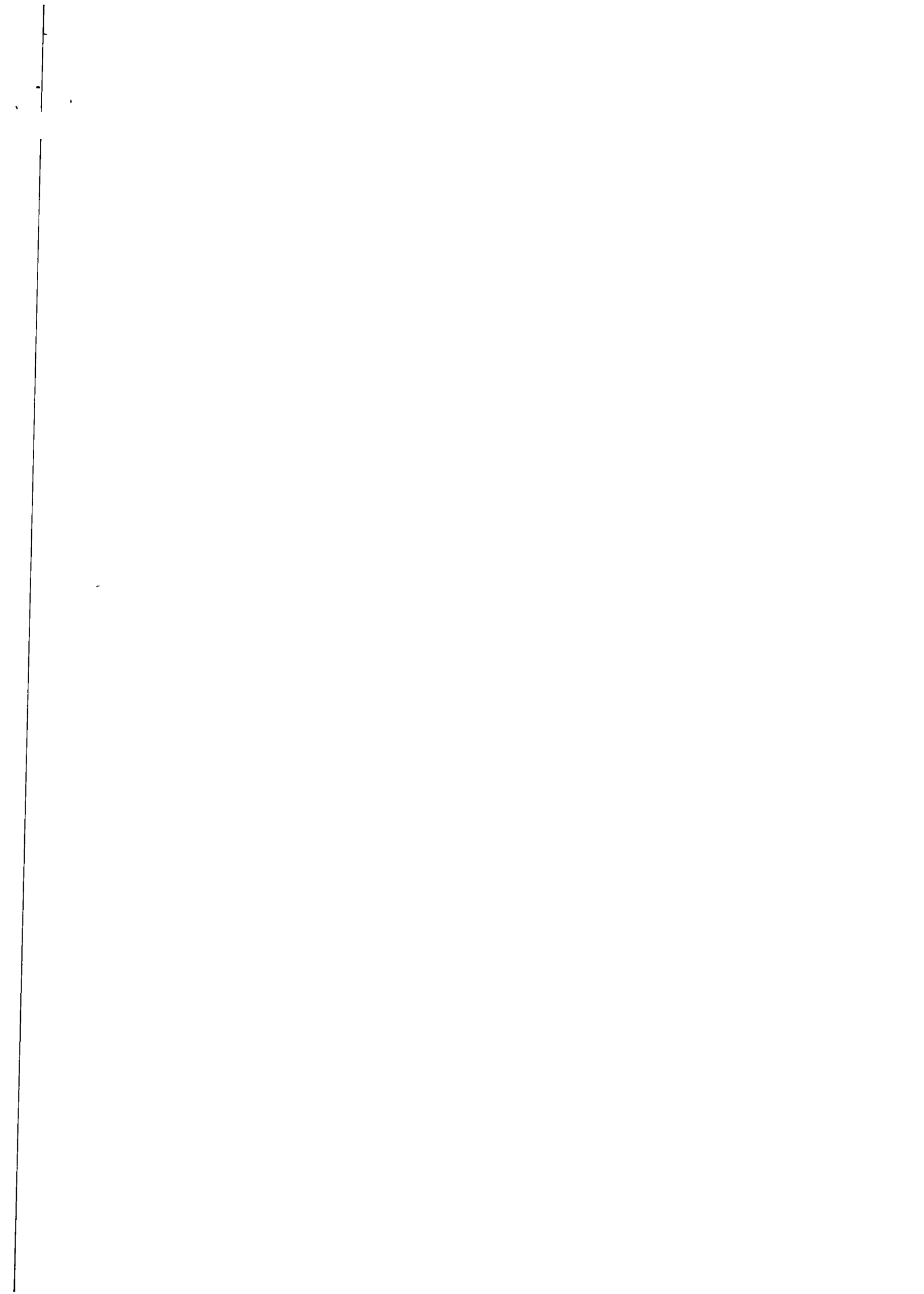
The NGNGCDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The BOBASI NGCDF have improved in their overall budget performance in Education, Bursary, Security and infrastructural development of BOBASI Constituency. The absorption rate has been satisfactory despite few challenges experienced.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approved of proposals and reallocations.

The NGNGCDFCs wish that the issues of having the project on going for more than two years be stopped and the NGCDF board to increase the rate of disbursement of funds so as to improve service delivery to the Bobasi constituents.

Sign: 

Joseph O. Moywaywa
CHAIRMAN NGCDFC



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOBASI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NGCDF shall prepare financial statements in respect of that NGCDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

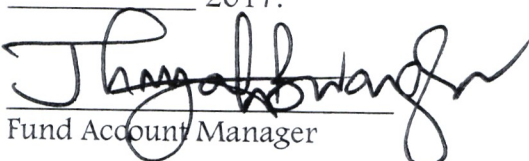
The Accounting Officer in charge of the BOBASI NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NGCDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NGCDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

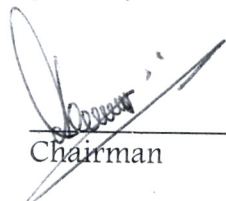
The Accounting Officer in charge of the BOBASI NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2017, and of the NGCDF's financial position as at that date. The Accounting Officer in charge of the BOBASI NGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The NGCDF's financial statements were approved and signed by the Accounting Officer on _____ 2017.


Fund Account Manager


Chairman

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - BOBASI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Bobasi Constituency set out on pages 5 to 23, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and a 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, because of the significance matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund-Bobasi Constituency as at 30 June 2017, and of its financial performance and its cash flows for the period 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.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

1.1 Variances Between the Figures in the Financial Statements and Schedules

There were variances between the figures in the financial statements and figures as reflected on the expenditure schedules as shown below;

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

Item	Financial Statements	Schedules	Variance
	Kshs	Kshs	Kshs
Transfer to primary schools	47,069,128	60,637,931	(13,568,803)
Transfer to health institutions	23,375,407	20,375,406	3,000,001
Fuel and lubricants	1,500,000	2,050,000	(550,000)
Total	71,944,535	83,063,337	(11,118,802)

1.2 Failure to Prepare a Trial Balance

The management did not provide for audit review a trial balance for the year ended 30 June 2017 and therefore it is not clear how the financial statements submitted for audit were prepared without a trial balance.

1.3 Inaccuracies in the Summary Statement of Appropriation

The summary statement of appropriation reflects an original budget of Kshs.81,896,552 and an adjustment of Kshs.137,058,939 bringing the total budget to Kshs.218,955,491. However, the adjustments have not been supported by an approved code list showing the 2015/2016 activities that were financed in 2016/2017.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed for the year ended 30 June 2017.

2. Compensation of Employees

The statement of receipts and payments reflects an amount of Kshs.2,089,506 in respect of compensation of employees. Included in this figure is an amount of Kshs.300,000 for fuel drawn by the Fund's vehicle GKB 776F but was posted to the payroll ledger thus overstating compensation of employees balance by Kshs.300,000.

Consequently, it was not possible to ascertain proper accounting classification and completeness of the compensation of employee's figure of Kshs.2,089,506

3. Use of Goods and Services

3.1 Fuel, Oil and Lubricants

The statement of receipts and payments reflects under use of goods and services a figure of Kshs.11,730,944 which includes an amount of Kshs.1,500,000 incurred on fuel, oil and lubricants. However, a review of payments vouchers in respect of fuel, oil and lubricants revealed that payments totaling to Kshs.550,000 were incurred but were omitted from the schedules, thus understating the amount incurred on fuel, oil and lubricants.

3.2 Other Operating Expenses

Included under use of goods and services figure of Kshs.11,730,944 is an amount of Kshs.906,442 on other operating expenses. However, supporting documents such as schedules and payment vouchers were not availed for audit review. Consequently, it was not possible to confirm the correctness of Kshs.906,442 incurred on other operating expenses.

3.3 Procurement of Goods and Services

Included in the use of goods and services figure of Kshs.11,730,944 is an amount of Kshs.3,021,386 under other committee allowances, out of which Kshs.1,300,000 was spent on accommodation, hire of conference facilities and capacity building. The goods and services were sourced directly from suppliers without inviting quotations contrary to Section 105 of the Public Procurement and Assets Disposal Act, 2015 which states that a procuring entity may use request for quotations when the estimated value of goods and services being procured is less than or equal to the prescribed maximum value for using quotations and for goods and services that are readily available in the market. Consequently, the management was in breach of the law.

Under the circumstances, the accuracy and completeness of Kshs.11,730,944 expenditure on use of goods and services could not be confirmed.

4. Other Grants and Transfers

Included under other grants and transfers balance of Kshs.32,880,280 is an amount of Kshs.8,570,280 on security projects. Management failed to undertake security projects worth Kshs.5,370,280 in the year under review despite the fact that the projects were financed by the Board. Cheques for the projects were drawn on 13 March 2017 but were later cancelled without replacement.

Consequently, the propriety of the expenditure of Kshs.5,570,280 could not be confirmed.

5. Fixed Assets Register

The summary of fixed asset register under Annex-4, reflects a total of Kshs.9,358,244 for the year ended 30 June 2017 from a balance of Kshs.8,572,993 in the previous year. The increase of Kshs.785,251 in the assets balance has not been explained.

Consequently, the accuracy and completeness of the summary of fixed assets balance of Kshs.9,358,244 for the year ended 30 June 2017 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budget Analysis

A comparison of budget and actual figures revealed variances as detailed below;

Item	Budget Kshs.	Actual Kshs.	Variance Kshs.	Performance (%)
Compensation of employees	2,155,491	2,089,506	65,985	97
Use of goods and services	16,000,000	11,730,944	4,269,056	73
Transfers to other government entities	150,000,000	121,732,131	28,267,869	81
Other grants and transfers	50,800,000	32,880,280	17,919,720	65
Total	218,955,491	168,432,861	50,522,630	77

Analysis of the budget against the actual figures revealed that the Fund underspent on 4 items namely; compensation of employees, use of goods and services, transfer to other government units and other grants and transfers. The total amount budgeted was Kshs.218,955,491 and total amount spent was Kshs.168,432,861 leading to a variance of Kshs.50,522,630 representing 77%. Because of the under absorption the management could not achieve all its budgeted goals.

2. PMC Bank Balances

The management did not disclose the bank balances of various project management committee accounts as at 30 June 2017 contrary to Public Accounting Standards Reporting Template.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting

Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations.

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

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

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. 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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

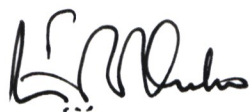
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue 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 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 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

11 October 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOBASI
CONSTITUENCY**

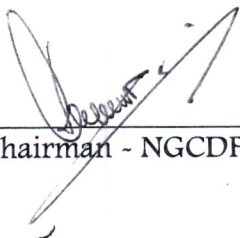
Reports and Financial Statements

For the year ended June 30, 2017

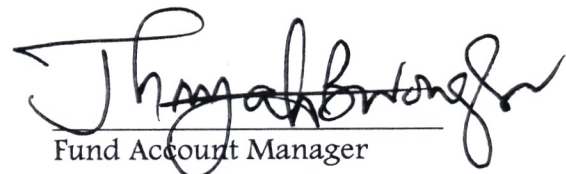
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from NG- CDF board	1	107,441,162.00	132,102,892.00
Proceeds from Sale of Assets	2	-	
Other Receipts (Sale of Tender)	3		
TOTAL RECEIPTS		107,441,162.00	132,102,892.00
PAYMENTS			
Compensation of employees	4	2,089,506.00	991,567.00
Use of goods and services	5	11,730,944.00	3,632,416.00
Transfers to Other Government Units	6	121,732,131.00	59,994,983.00
Other grants and transfers	7	32,880,280.00	23,750,155.00
Acquisition of Assets	8	-	-
Other Payments	9		
TOTAL PAYMENTS		168,432,861.00	88,369,121.00
SURPLUS/DEFICIT		(60,991,699.00)	43,733,771.00

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



Chairman - NGCDFC



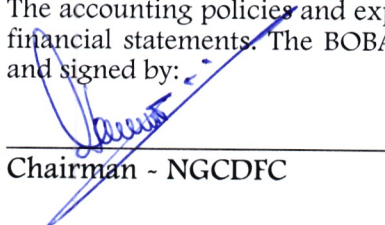
Fund Account Manager

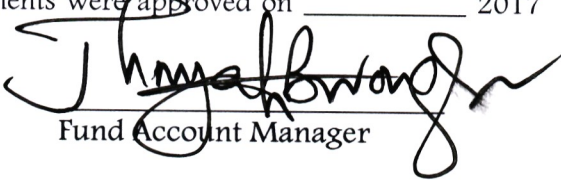
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOBASI
CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

V. STATEMENT OF ASSETS

	Note	2016-2017	2015-2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	7,234,354.00	68,226,053.00
Cash Balances (cash at hand)	10B	-	
Outstanding Imprests	11		
TOTAL FINANCIAL ASSETS		7,234,354.00	68,226,053.00
REPRESENTED BY			
Payables eg retention , gratuity	12		
Fund balance b/fwd 1st July...	13	68,226,053.00	24,492,282.00
Surplus/Deficit for the year		(60,991,699.00)	43,733,771.00
Prior year adjustments	14		
NET LIABILITIES		7,234,354.00	68,226,053.00

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


Chairman - NGCDFC


Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOBASI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2016 - 2017	2015 - 2016
		Kshs	Kshs
Transfers from CDF Board	1	107,441,162.00	132,102,892
Proceed from sale of assets	2	-	-
Other Receipts	3		
		107,441,162.00	132,102,892
Payments for operating expenses			
Compensation of Employees	4	2,089,506.00	991,567
Use of goods and services	5	11,730,944.00	3,632,416.00
Transfers to Other Government Units	6	121,732,131.00	59,994,983
Other grants and transfers	7	32,880,280.00	23,750,155
Acquisition of assets	8		
Other Payments	9		
		168,432,861.00	88,369,121
Adjusted for:			
Adjustments during the year			
Changes in accounts receivables			
Net cash flow from operating activities		168,432,861.00	88,369,121
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities		-	0
NET INCREASE IN CASH AND CASH EQUIVALENT		(60,991,699.00)	43,733,771
Cash and cash equivalent at BEGINNING of the year	13	68,226,053.00	24,492,282
Cash and cash equivalent at END of the year	10A	7,234,354.00	68,226,053

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


Chairman NGCDFC


Fund Account Manager

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfers from NGCDF Board	81,896,552	137,058,939	218,955,491	175,667,215	43,288,276	80
Proceeds from Sale of Assets						
Other Receipts						
TOTAL RECEIPTS	81,896,552	137,058,939	218,955,491	175,667,215	43,288,276	80
PAYMENTS						
Compensation of Employees	2,096,552	58,939	2,155,491	2,089,506	65,985	96
Use of goods and services	10,000,000	6,000,000	16,000,000	11,730,944	4,269,056	70
Transfers to Other Government Units	54,000,000	96,000,000	150,000,000	121,732,131	28,267,869	80
Other grants and transfers	15,800,000	35,000,000	50,800,000	32,880,280	17,919,720	64
Acquisition of Assets						
Other Payments						
TOTALS	81,896,552	137,058,939	218,955,491	168,432,861	50,522,630	77

(a) During the financial year under review the constituency managed to raise income from sale of tender documents
The BOBASI NGCDF financial statements were approved on _____ 2017 and signed by:

Chairman NGCDF

Fund Account Manager

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the NGCDF at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NGCDF’s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NGCDF’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Normal Allocation	AIE NO.	25,373,073	
	AIE NO.	36,853,449	
	AIE NO.	41,119,812	
	AIE NO.	4,094,828	
			132,102,892
Conditional grants	suspense		-
Receipt from other Constituency			
TOTAL		107,441,162	132,102,892

2. PROCEEDS FROM SALE OF ASSETS

Description	2016-2017	2015 - 2016
		Kshs
	0.00	0.00
	0.00	0.00
Total	0.00	0.00

3. OTHER RECIEPTS

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
	0.00	0.00
	0.00	0.00
Total	0.00	0.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. COMPENSATION OF EMPLOYEES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	1,254,267	891,869
Other personnel payments	715,885	
gratuity	119,354	
Employer contribution to NSSF		99,698
Total	2,089,506	991,567

5. USE OF GOODS AND SERVICES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services		60,000.00
Office rent	-	-
Communication, supplies and services		
Domestic travel and subsistence	200,000.00	116,000.00
Printing, advertising and information supplies & services	50,000.00	77,243.00
Rentals of produced assets	-	-
Training expenses		
Hospitality supplies and services		
Insurance costs	-	
Specialised materials and services		
Office and general supplies and services	95,720.00	
Fuel ,oil & lubricants	1,500,000.00	625,811.00
Other operating expenses	906,442.00	47,412.00
Routine maintenance – vehicles and other transport equipment	357,396.00	60,000.00
Routine maintenance – other assets	-	-
Other committee expenses	3,021,386	426,000

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Committee allowance	5,600,000	2,219,950
	-	
Total	11,730,944.00	3,632,416.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to primary schools	47,069,128	14,362,223
Transfers to secondary schools	50,787,596	20,550,000
Transfers to Tertiary institutions	500,000.00	10,000,000.00
Transfers to Health institutions	23,375,407.00	15,082,760.00
TOTAL	121,732,131	59,994,983

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary -Secondary	22,121,000	-
Bursary -Tertiary		16,918,655
Bursary-Special schools	-	-
Mocks & CAT		
Water		4,301,500
Agriculture (food security)	-	1,500,000
Electricity projects	-	-
Security	8,570,280	350,000
Roads	2,189,000	680,000
Sports		
Environment		
Emergency Projects (specify)		
Total	32,880,280	23,750,155

8. ACQUISITION OF ASSETS

<u>Non- Financial Assets</u>	2016 - 2017	2016 - 2016
	Kshs	Kshs
Total	0.00	0.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

C	2016 - 2017	2016 - 2016
	Kshs	Kshs
Markets	-	-
Strategic Plan	-	-
specify	-	-
TOTAL	-	-

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	Account Number	2016 - 2017	2015 - 2016
		Kshs (30/6/2017)	Kshs (30/6/2016)
<i>Cooperative Bank, Kisii Branch A/C no.</i>	01120018210900	7,234,354.00	68,226,053.00
		-	-
		-	-
Total		7,234,354.00	68,226,053.00

10B: CASH IN HAND

Description	2016 - 2017	2015 - 2016
<i>Cash in hand</i>	0.00	0.00
Total	0.00	0.00

During the financial year 2016/2017 there were no cash in hand.

11: OUTSTANDING IMPRESTS

Description	2016 - 2017	2015 - 2016
<i>Outstanding imprest</i>	0.00	0.00
Total	0.00	0.00

12: RETENTION

Description	2016 - 2017	2015 - 2016
<i>Retentions</i>	0.00	0.00
Total	0.00	0.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2016-2017	2015-2016
	Kshs (1//7/2016)	Kshs (1/7/2015)
Bank accounts		
Cash in hand	68,226,053.00	24,492,282.00
Imprest		
Total	68,226,053.00	24,492,282.00

14. PRIOR YEAR ADJUSTMENTS

Description	2016 - 2017	2015 - 2016
	Kshs (1//7/2016)	Kshs (1/7/2015)
Bank accounts		
Cash in hand		
Imprest		
Total	0.00	0.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

2016- 2017 Kshs	2015 - 2016 Kshs
500,000.00	500,000.00

15.2: PENDING STAFF PAYABLES (See Annex 2)

2016- 2017 Kshs	2015 - 2016 Kshs

15.3: OTHER PENDING PAYABLES (See Annex 3)

Amounts due to other Government entities (see attached list)
Amounts due to other grants and other transfers (see attached list)
Others (AUDIT)

2016- 2017 Kshs	2015 - 2016 Kshs

15.4 PMC ACCOUNT BALANCES (See Annex 4)

Description	2016 - 2017	2015 - 2016
	Kshs (30/6/2017)	Kshs (30/6/2016)
<i>PMC Account balance</i>		
Total		

15.5 PENDING DISBURSEMENT FROM THE BOARD

Description	2016 - 2017	2015 - 2016
	Kshs (30/6/2017)	Kshs (30/6/2016)
<i>Pending balance</i>		
Total		

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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 2017	Outstanding Balance 2016	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10. WARE ELECTRO SERVICES	1,000,000.00		500,000	500,000.00	500,000	
11.						
12.						
Sub-Total						
Grand Total	1,000,000.0,			500,000.00	500,000.00	

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		A	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
13.							
14.							
15.							
Grand Total							

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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount a	Date Contracted b	Payable	Amount To-Date c	Paid	Outstanding Balance 2016 d=a-c	Outstanding Balance 2015	Comments
Amounts due to other grants and other transfers									
1.									
2.									
3.									
4.									
5.									
6.									
Sub-Total									
Amounts due to other Government entities									
7.									
8.									
9.									
10.									
11.									
12.									
Sub-Total									
Grand Total									

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	N/A	N/A
Buildings and structures	4,559,044	3,559,044
Transport equipment	3,500,000	4,000,000
Office equipment, furniture and fittings	700,000	614,749
ICT Equipment, Software and Other ICT Assets	599,200	599,200
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	9,358,244	8,572,993

Prepared by:

John Ongeri
Fund Account Manager
BOBASI

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOBASI
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ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16

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ANNEX 5- 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 (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)
2015/2016	Transfers from CDF Board	Issue discussed by the Auditors. Awaiting disbursement from the board.	CDF Board	Not Resolved	2017/2018
2015/2016	Compensation of Employees	Issue sorted out	FAM	Resolved	N/A
2015/2016	Implementation water projects	Issue addressed	FAM	Resolved	N/A
2015/2016	Fixed Asset register	Issue addressed	FAM	Resolved	N/A