

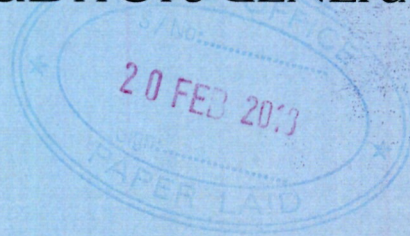
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OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

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





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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND  
KISUMU CENTRAL**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2007, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDFA) 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 *Constituency's* day-to-day management is under the following key organs.

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

(c) Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Henry S.J Opilo
3.	District Accountant	Michael Munene Muchoki





**(d) Entity Headquarters**

Kisumu Town  
Tom Mboya Estate  
Behind Golden Elites Academy  
P.O. Box 1077,  
KISUMU- 40100

**(e) Entity Contacts**

**Provide telephone number and email of the constituency CDF office**

Telephone: (+254)

E-mail: [cdfkisumucentral@cdf.go.ke](mailto:cdfkisumucentral@cdf.go.ke)

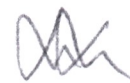
**(f) Entity Bankers**

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

1. **Co-operative bank**  
**Kisumu East Branch**  
7199- 40100  
**Kisumu**  
A/c No. 01141495135700

**(g) Independent Auditors**

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



**(h) Principal Legal Adviser**

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





**CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

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

It is my pleasure to present to you Kisumu Central NG-CDF's annual report and financial statements for the financial year 2015/2016. In the year under review, we are pleased with our overall performance which aligns very well with our vision and also our proven track record of consistent delivery and value for money.

The actual amounts utilized by the constituency in its various expense items were more than 50% of its budget performance; however the target should be 100% if funds are availed in time during the financial year.

**Key achievements for the Kisumu Central NG-CDF**

- By providing funds directly to each constituency for fighting poverty, NG-CDF assists in ironing out regional imbalances due to patronage.
- In the education sector, NG-CDF funding of infrastructure in schools has assisted in increasing student enrolment and provided conducive learning environments, and the NG-CDF bursary has helped retain students from low income families in schools.

**Emerging issues related to the NG-CDF**

Entrenching CDF in the new constitutional dispensation, since it is facing a lot of legal challenges, hence Members of Parliament should enact legislations which do not contravene the constitution in order to protect the NG-CDF.

**Implementation challenges and recommended way forward**

- Late disbursement of funds, lead to rise in project costs due to factors like inflation due to time value of money and also the public do not get the value of the funds in time, a good case is in late bursary awards, to remedy this, funds should be released by CDF Board in time.
- Frequent development forums and awareness forums should be held to intuit the public with information concerning the development initiatives, from various funding agencies and stakeholders and CDF, County Government and other development stakeholders plan together to avoid duplication of projects
- Lack of a simple but standardized practical curriculum for training PMC's in order to enhance their capacity to implement the projects, hence a PMC training manual should be operationalized.
- The NG-CDF Act and the constitution limit the operations of NG-CDF to Education and National security functions, leaving out all the devolved functions.

Paul Obware      NG-CDFC Chairman

  
.....

Name

Designation

Sign.

Date

4  


### **III. STATEMENT OF CONSTITUENCY MANAGEMENT RESPONSIBILITIES**

Section 81(1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a national government 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 by the Public Sector Accounting Standards Board of Kenya from time to time.

The Fund Account Manager in charge of the Kisumu Central *NG-CDF* is responsible for the preparation and presentation of the Constituency's 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 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 constituency; (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 constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

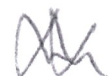
The Fund Account Manager in charge of the Kisumu Central *NG-CDF* accepts responsibility for the Constituency's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya.

The Fund Account Manager is of the opinion that the Kisumu Central *NG-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 Kisumu Central *NG-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 Kisumu Central *NG-CDF* confirms that the entity has complied fully with applicable Government Regulations and that the Constituency'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 Kisumu Central *NG-CDF* financial statements were approved and signed on 15<sup>th</sup> August, 2016.





accuracy and propriety of the expenditure on construction of Hon. Ken Obura Secondary School of Kshs.15,000,000 could not be confirmed.

## 5. Un supported Payments

Included in use of goods and services which includes utilities, supplies and services figure of Kshs.9,599,390 is utilities, supplies and services of Kshs.2,599,390 which in turn include payments amounting to Kshs.1,300,000 in respect for supply of petroleum products for government vehicles. However, no requisite supporting documents were availed for audit verification.

Consequently, the propriety of the figure of Kshs.1,300,000 supply of petroleum products for government vehicles 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 – Kisumu Central 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

### 1.0 Budgetary Control and Performance

#### 1.1. Budget Performance

Kisumu Central Constituency Development Fund's approved budget for 2015/2016 of Kshs.133,533,392 comprised of 2015/2016 allocation of Kshs.94,907,179 and unspent balance brought forward from 2014/2015 of Kshs.38,626,213. During the year under review, the Fund incurred expenditure of Kshs.106,956,171 or 78% of the approved budget resulting to under-expenditure of Kshs.28,337,221 or 21% of the final budget as detailed below:

Receipt/Expense Item	Approved Budget (Kshs)	Actual Expenditure (Kshs)	Under Expenditure (Kshs)	% of Utilization
Transfers from CDF Board	133,533,392	132,655,248	878,144	99.34%
Proceeds from Sale of Assets			-	
Other Receipts	-		-	
<b>Total Receipts</b>	<b>133,533,392</b>	<b>132,655,248</b>	<b>878,144</b>	<b>99.34%</b>
<b>Payments</b>				
Compensation of Employees	2,093,372	2,224,040	(130,668)	106.24%
Use of goods and services	6,448,273	9,163,390	(2,715,117)	142.10%
Transfers to Other Government Units	40,074,804	39,472,962	601,842	98.50%

### **3. Other Grants and Transfers**

#### **3.1. Road Maintenance**

Included in other grants and transfers of Kshs.56,095,779 is roads and bridges amount of Kshs.12,208,265 which in turn includes Kshs.7,891,076 paid to various contractors. However, the following anomalies were noted,

- i.) Physical verification of the roads revealed that the road had been tarmacked by the County Government raising doubts on whether the constituency development fund management involved the line ministries when planning to rehabilitate these roads and therefore leading to duplicity of efforts and likely loss of funds.
- ii.) No certificates from line ministries were availed for audit review.
- iii.) Further, there were no sign posts as proof of the roads having been done by the constituency development fund.

Consequently, it was not possible to confirm the propriety of the expenditure totaling Kshs.7,891,076.

#### **3.2. Remedial Completion of Migosi and Nyalenda Police Stations**

Included in other grants and transfers of Kshs.56,095,779 is security figure of Kshs.3,665,737 which in turn includes supplies and remedial completion of Migosi and Nyalenda Police stations expenditure of Kshs.1,367,400. However the following anomalies were observed:

- i.) No technical person from the line ministry verified the works to confirm that they were done according to specifications.
- ii.) The reception counter was incomplete and not as per the description on the local purchase order.
- iii.) No certificates of completion from line ministries were availed for audit review.
- iv.) A payment of Kshs.864,600 for supply and installation of office fittings was omitted in the financial statements. Therefore, the security expenditure of Kshs.3,665,737 is understated by the same amount of Kshs.864,600.

Consequently, the propriety and accuracy of the security figure of Kshs.3,665,737 could not be confirmed.

### **4. Construction of Hon. Ken Obura Secondary School.**

Included in transfers to other government units of Kshs.39,472,962 is transfers to secondary schools of Kshs.29,068,068 which in turn includes transfer to Hon. Ken Obura Secondary School project of Kshs.15,000,000 for the second phase of the project whose total contract sum was Kshs.52,951,474. However, the CDF management committee did not avail procurement records and expenditure returns for the expenditure of Kshs.15,000,000 for audit verification. Consequently the



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 are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County Government'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 audit opinion.

## **Basis for Adverse Opinion**

### **1. Inaccuracies in the Financial statements**

#### **1.1. Transfers to Other Government Units**

A review of the cash book and the payment vouchers provided for audit verification indicated that funds transferred to other government units amounted to Kshs.34,531,354 while the financial statements reflected Kshs.39,472,962 resulting to an unreconciled or unexplained difference of Kshs.4,941,609.

#### **1.2. Summary Statement of Appropriation**

Included in the summary statement of appropriation : recurrent and development of budget in respect of receipts amounting to Kshs.133,533,392 is an adjustment of Kshs.38,626,213 which was not supported by any documentary evidence.

Consequently, the accuracy and validity of the financial statements could not be ascertained.

### **2. Cash and Cash Equivalents**

Included in the total financial assets figure of Kshs.23,939,077 is bank balance of Kshs.22,989,077 and imprest of Kshs.950,000. However, the following anomalies were noted:

- i. Review of the bank reconciliation statements as at 30 June 2016 revealed that included in unpresented cheques of Kshs.7,820,575 are stale cheques amounting to Kshs.2,979,422 which were not reversed in the cashbook.
- ii. Included in the bank reconciliation statements are receipts of Kshs.206,132 which were not disclosed in the cash book.
- iii. The management did not avail an imprest register and a schedule to support the outstanding imprest balance of Kshs.950,000.

In the circumstances, the accuracy and validity of the total financial assets balance of Kshs.23,939,077 reflected in the financial statements as at 30 June 2016 could not be confirmed.



# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KISUMU CENTRAL CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kisumu Central Constituency set out on pages 6 to 20, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation : recurrent and development 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.

#### **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 judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk



Other Grants and Transfers	84,916,943	56,095,779	28,821,164	66.06%
<b>Total</b>	<b>133,533,392</b>	<b>106,956,171</b>	<b>26,577,221</b>	<b>80.09%</b>

From the above summary, it is clear that the fund failed to utilize Kshs.26,577,221 or 20% of its budget allocation. Failure to utilize all the funds as budgeted is an indication that programs or activities are not being implemented as planned thus not achieving the intended objective of improving delivery of goods and services to the residents of Kisumu Central Constituency.



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

**Nairobi**

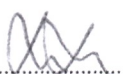
**13 December 2017**

IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2016

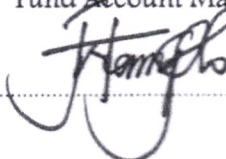
	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	112,933,961	105,156,600
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>112,933,961</b>	<b>105,156,600</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,224,040	1,416,500
Use of goods and services	5	9,163,390	7,150,929
Transfers to Other Government Units	6	39,472,962	17,039,208
Other grants and transfers	7	56,095,779	54,240,332
Acquisition of Assets	8	-	8,574,311
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>106,956,171</b>	<b>88,501,201</b>
<b>SURPLUS/DEFICIT</b>		<b>5,977,790</b>	<b>16,655,400</b>

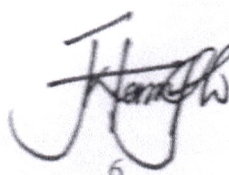
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements  
The Kisumu Central NG-CDF financial statements were approved on 15<sup>th</sup> August 2016 and signed by:

Paul Obware  
Chairman. - NG-CDFC



Henry S. J Opilo  
Fund Account Manager





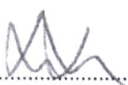
**AGENCY**  
**Financial Statements**  
**the year ended June 30, 2016**

**V. STATEMENT OF ASSETS**

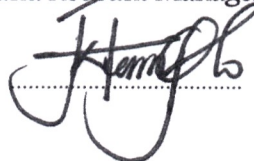
	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances ( as per the cash book)	10A	22,989,077	16,201,287
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	950,000	1,760,000
<b>TOTAL FINANCIAL ASSETS</b>		<b>23,939,077</b>	<b>17,961,287</b>
<b>REPRESENTED BY</b>			
Retention	12		
Fund balance b/fwd 1st July...	13	17,961,287	1,305,887
Surplus/Deficit for the year		5,977,790	16,655,400
Prior year adjustments	14	-	-
<b>NET LIABILITIES</b>		<b>23,939,077</b>	<b>17,961,287</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements  
The Kisumu Central NG-CDF financial statements were approved on *15<sup>th</sup> August, 2016* and signed by:

Paul Obware  
Chairman - CDFC



Henry S. J Opilo  
Fund Account Manager






**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - KISUMU  
CENTRAL CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2016**

**VI. STATEMENT OF CASHFLOW**

Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from CDF Board	1	112,933,961	105,156,600
Other Receipts	3	-	-
		112,933,961	105,156,600
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,224,040	1,416,500
Use of goods and services	5	9,163,390	7,150,929
Transfers to Other Government Units	6	39,472,962	17,039,208
Other grants and transfers	7	56,095,779	54,240,332
Other Payments	9	-	-
		106,956,171	79,926,889
<b>Adjusted for:</b>			
Adjustments during the year	14	-	-
<b>Net cash flow from operating activities</b>		<b>5,977,790</b>	<b>25,229,711</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	8,574,311
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>8,574,311</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>5,977,790</b>	<b>16,041,179</b>
Cash and cash equivalent at BEGINNING of the year	13	17,961,287	1,920,108
Cash and cash equivalent at END of the year		23,939,077	17,961,287

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kisumu Central NG-CDF financial statements were approved on 15th August, 2016 and signed by:

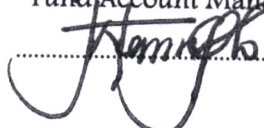
Paul Obware

Chairman. - NG-CDFC

.....  


Henry S. J Opilo

Fund Account Manager

.....  




**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KISUMU  
CENTRAL CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016**

**VII. SUMMARY STATEMENT OF APPROPRIATION, RECURRENT AND DEVELOPMENT**

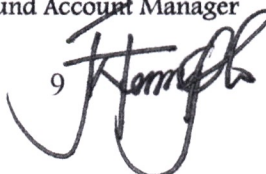
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	94,907,179	38,626,213	133,533,392	132,655,248	4,398,144	96.7%
Proceeds from Sale of Assets	0	-		-	-	
Other Receipts	0		-		-	
<b>TOTAL RECEIPTS</b>	<b>94,907,179</b>	<b>38,626,213</b>	<b>133,533,392</b>	<b>132,655,248</b>	<b>4,398,144</b>	<b>96.7%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,093,372		2,093,372	2,224,040	(130,668)	106.2%
Use of goods and services	6,448,273		6,448,273	9,163,390	(2,715,117)	114.8%
Transfers to Other Government Units	40,074,804		40,074,804	39,472,962	601,842	98.5%
Other grants and transfers	46,290,730	38,626,213	84,916,943	56,095,779	28,821,164	66.1%
Acquisition of Assets			-	-	-	
Other Payments			-		-	
<b>TOTAL</b>	<b>94,907,179</b>	<b>38,626,213</b>	<b>133,533,392</b>	<b>106,956,171</b>	<b>28,337,221</b>	<b>78.8%</b>

The Kisumu Central CDF financial statements were approved on 15<sup>th</sup> August, 2016 and signed by:

Paul Obware  
Chairman - CDFC



Henry S. J Opilo  
Fund Account Manager





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KISUMU  
CENTRAL CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016**

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**VIII. 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:

**a) Statement of compliance and basis of preparation**

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

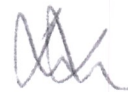
The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Constituency. The accounting policies adopted have been consistently applied to all the years presented.

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 Constituency.

**b) Recognition of revenue and expenses**

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

  
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**c) In-kind contributions**

In-kind contributions are donations that are made to the Constituency 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 Constituency includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**d) Cash and cash equivalents**

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

**e) Receivables and payables**

Receivables are funds due to the Constituency at the end of the financial year from the CDF Board and other sources but not yet received while payables are funds due to other parties at the end of the financial year but not yet paid. As receivables and payables do not involve the receipt or payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Constituency at the end of the year. When the receivables or payables are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

  
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**f) Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Constituency'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 Constituency's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

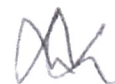
**g) Comparative figures**

This is the first year the Constituency is preparing financial statements and hence we do not have comparative figures.

**h) Subsequent events**

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

  
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**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

<b>Description</b>		<b>2015 - 2016</b>	<b>2014 -2015</b>
		<b>Kshs</b>	<b>Kshs</b>
Normal Allocation	AIE NO. A	19,924,926	
	AIE NO. A820676	20,000,000	
	AIE NO. A820893	27,000,000	
	AIE NO. A825600	46,009,035	
	AIE NO. A		37,881,828.00
	AIE NO. A		22,424,296.00
	AIE NO. A		13,454,956.00
	AIE NO. A		8,969,971.00
	AIE NO. A		22,425,549.00
<b>TOTAL</b>		<b>112,933,961</b>	<b>105,156,600.00</b>

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KISUMU  
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**4. COMPENSATION OF EMPLOYEES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	2,055,320	1,208,700
Basic wages of casual labour		143,000
Personal allowances paid as part of salary		
House allowance		
Transport allowance		
Leave allowance		
Other personnel payments		
Employer contribution to NSSF	168,720	64,800
Gratuity-contractual employees		
<b>TOTAL</b>	<b>2,224,040</b>	<b>1,416,500</b>

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KISUMU  
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**5. USE OF GOODS AND SERVICES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	2,599,390	4,224,930.00
Electricity		
Office rent	360,000	340,000.00
Communication, supplies and services		
Domestic travel and subsistence		
Printing, advertising and information supplies & services		
Rentals of produced assets		
Training expenses		
Hospitality supplies and services		
Other committee expenses		
Committee allowance	5,760,000	1,689,000.00
Insurance costs		
Specialised materials and services		
Office and general supplies and services		897,000
Fuel ,oil & lubricants		
Other operating expenses		
Bank Service Commission and Charges		
Security Operations	444,000	
Routine maintenance – vehicles and other transport equipment		
Routine maintenance – other assets		
<b>TOTAL</b>	<b>9,163,390</b>	<b>7,150,929.00</b>

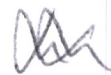
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**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to Primary schools	7,304,894	5,996,449.00
Transfers to Secondary schools	29,068,068	5,560,000.00
Transfers to Tertiary institutions		
Transfers to Health institutions	3,100,000	5,482,759.00
<b>TOTAL</b>	<b>39,472,962</b>	<b>17,039,208.00</b>



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**7. OTHER GRANTS AND TRANSFERS**

<b>Description</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary - Secondary	14,453,700	18,110,694.00
Bursary -Tertiary	9,294,000	5,595,700.00
Bursary-Special schools	4,556,000	2,772,400.00
Mocks & CAT		
Water		
Food security		
Electricity	319,370	6,068,129.00
Security	3,665,737	5,400,000.00
Roads and Bridges	12,208,265	10,201,782.00
Sports		989,884.00
Environment		
Provincial Administration		
Cultural Projects	11,598,707	5,101,743.00
Agriculture		
<b>Emergency Projects</b>		
<b>TOTAL</b>	<b>56,095,779</b>	<b>54,240,332.00</b>

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**8. ACQUISITION OF ASSETS**

<b>Non Financial Assets</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles	-	7,730,103.00
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of office furniture and fittings		
Purchase of computers, printers and other IT equipments	-	844,208.00
Purchase of photocopier	-	-
Purchase of other office equipments	-	-
Purchase of soft ware	-	-
Acquisition of Land	-	-
<b>TOTAL</b>	<b>-</b>	<b>8,574,311.00</b>

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10A. BANK BALANCE (CASHBOOK BANK BALANCE)

Name of Bank, Account No. & currency	Account Number	2015 - 2016	2014 - 2015
		Kshs (30/6/2016)	Kshs (30/6/2015)
<i>Cooperative Bank Kisumu East Branch A/C No. 01141495135700</i>	<i>A/C No.101141495135700</i>	22,989,077	16,201,287




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13. BALANCE BROUGHT FORWARD

		2014 - 2015	2013 - 2014
		Kshs	Kshs
Bank accounts		16,201,287	1,305,887
Cash in hand		0	-
Imprest		1,760,000	-
<b>TOTAL</b>		<b>17,961,287</b>	<b>1,305,887</b>

