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OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
NYANDO CONSTITUENCY**

**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)

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

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**CONSTITUENCY DEVELOPMENT FUND- NYANDO CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

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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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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-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 Nyando Constituency's day-to-day management is under the following key organs:

- i. 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 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Alfred Chisaina</b>
3.	Accountant	<b>Augustine Gudah</b>
4.		

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Nyando 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) NYANDO NGCDF Headquarters**

NGCDF Office Building.  
P.O Box 85-40101  
Ahero

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- NYANDO  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

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**(f) NYANDO NGCDF Contacts**

Telephone: (254) 721586575

**(g) NYANDO NGCDF Bankers**

1. Cooperative Bank

Kisumu

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- NYANDO  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

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

The Nyando NGCDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures of Nyando.

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.

The Nyando NGCDFC wish that the issues of having the project on going for more than 2 years be stopped.



Sign.....  
**CHAIRMAN NGCDFC**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- NYANDO  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

**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.

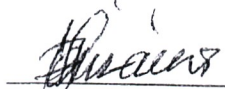
The Accounting Officer in charge of the Nyando NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility 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 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 Nyando 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, 2016, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the Nyando 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 Nyando 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 30/9 2016.

  
\_\_\_\_\_  
Fund Account Manager

  
\_\_\_\_\_  
Chairman

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## **OFFICE OF THE AUDITOR-GENERAL** **REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT** **CONSTITUENCIES DEVELOPMENT FUND – NYANDO 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 – Nyando Constituency set out on pages 5 to 18, which comprise the statement of assets as at 30 June, 2016, Statement of receipts and payments, statement of cash flows and a 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 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

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

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

#### **Auditor-General's Responsibility**

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

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

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



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 entity'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 qualified opinion.

### **Basis for Qualified Opinion**

#### **1. Irregular Payments - Committee Allowances**

Included under Note 3 to the financial statements is use of goods and services expenditure of Kshs.5,900,950, which in turn includes committee allowances of Kshs.434,000 but whose payment documents revealed that a member of Constituency Development Fund Committee received the payment on behalf of committee members for meetings not attended. Documents to support workshops they attended such as letters of invitation, venue and signed minutes were not provided for audit review.

Further, payments were made for a CDFC meeting on the same day the members were purportedly on monitoring and evaluation programme in the field.

Consequently, the propriety of the expenditure of Kshs.434,000 cannot be confirmed.

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

##### **2.1 Unsupported Transfers**

Out of transfers to other Government units of Kshs.41,927,764 reported in the year under review, transfers totalling Kshs.37,827,764 were not supported thus resulting in an unexplained difference of Kshs.4,100,000.

Consequently, the accuracy and validity of the expenditure of Kshs.4,100,000 cannot be confirmed

##### **2.2 Transfers to Primary Schools**

Included in the statement of receipts and payments under Note 4 are transfers to other government units totalling Kshs.41,927,764 which include transfers to primary schools of Kshs.25,027,764 out of which three (3) primary schools received Kshs.10,279,500 as shown below;

<b>Project Name</b>	<b>Amount (Kshs)</b>
Kadete Primary	2,000,000
Nyakongo Primary	1,000,000
Pala Primary	<u>7,279,500</u>
	<b><u>10,279,500</u></b>

However, arising from field visits conducted, the following anomalies were noted in relation to works executed at the three schools:

- i. The necessary expenditure returns documents, namely, project management committee minutes, quotations, tender, inspection and acceptance reports, cash books, bank statements, stores records S13 and S11 were not availed for audit verification.
- ii. The classroom walls had cracks on the inner outer sides and so did the floor tiles.

Consequently, the propriety of the expenditure of Kshs.10,279,500 cannot be confirmed and the beneficiaries may not have obtained value-for-money for the year ended 30 June 2016.

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

#### **3.1 Unsupported Expenditure**

Included in the statements of receipts and payments is other grants and payments balance of Kshs.37,456,759. However, supporting ledgers and documentation availed for audit review totalled Kshs.39,003,259 resulting to an unreconciled difference of Kshs.1,546,500.

#### **3.2 Bursary to Secondary and Tertiary Institutions**

Included in the other grants and transfers balance of Kshs.37,456,759 are bursaries totalling Kshs.6,710,500 remitted to secondary schools and tertiary institutions at Kshs.3,471,000 and Kshs.3,239,500 respectively. However, there were no official receipts and acknowledgement letters from the beneficiary institutions to confirm that the funds were received. As a result, the propriety of the expenditure cannot be confirmed.

#### **3.3 Water Projects**

Included in the other grants and transfers balance of Kshs.37,456,759 are payments amounting to Kshs.1,200,000 disbursed to cater for various water projects. However, for all water projects undertaken, the bills of quantities, quotations, contractors, certificates of completion and payments for labour were not made available for audit verification.

Further, physical verification revealed that community water projects did not maintaining stores records and therefore it was not possible to confirm stores receipts and issues.

In view of these anomalies the propriety of expenditure of Kshs.1,200,000 disbursed to cater for water projects cannot be confirmed.

### **3.4 Road Projects**

Included in the Other grants and transfers balance of Kshs.37,456,759 are payments for roads projects amounting to Kshs.27,100,000 that include an amount of Kshs.16,350,000 with anomalies as shown below:

- i. Kodindo-Riat Road costing Kshs.1,500,000 had no culverts installed although the payment was made to the contractor.
- ii. Okana-Ranjira Road costing Kshs.3,800,000 had no publicity sign board installed to show that it was a CDF project.
- iii. Obugi-Disi Road costing Kshs.1,200,000 had documents such as minutes of project management committee meeting, certificate of completion, evaluation and monitoring minutes, inspection and acceptance reports not being availed for audit verification.
- iv. Magendo-Kolunga road costing Kshs.2,000,000 lacked sign board showing it was a CDF project while culvert installation and rockfill to swamps were not done yet they were paid for.
- v. Kobura-Kuoyo-Obugi Road costing Kshs.6,400,000 was observed to have poor workmanship as the road was not passable. It's 900mm culvert was not worked on as per the bills of quantity yet it was paid for.
- vi. Siany–Kabonyo Road costing Kshs.1,450,000 lacked sign boards showing it was a CDF project while culverts and clearing paid for were not done.

Consequently, the propriety and validity of other grants and other payments of Kshs.16,350,000 for the year ended 30 June 2016 cannot be confirmed.

### **3.5 Emergency Projects**

Included in other grants and transfers balance of Kshs.37,456,759 are payments for emergency projects amounting to Kshs.2,446,259. However, the necessary documents namely, quotations, contractor, appointment letters certificate of completion, details on kilometres covered, minutes of Project Management Committee meetings, receipts and beneficiary lists were not made available for audit verification. Further the use of emergency funds did not meet the threshold set for urgent and unforeseen need for expenditure as required by Section 8(3) of the National Government Constituencies Development Fund Act, 2015.

Consequently, the fund was in breach of the law and the propriety of the expenditure of Kshs.2,446,259 for the year ended 30 June 2016 cannot be confirmed.

### **3.6 Security Projects and Environment**

The other grants and transfers totalling Kshs.37,456,759 in the financial statements exclude expenditure relating to security projects and environment of Kshs.300,000 and Kshs.200,000 respectively.

Consequently, the accuracy and validity of other grants and transfers of Kshs.37,456,759 cannot be confirmed.

#### **4. Acquisition of assets**

Included in the statement of receipts and payments is acquisition of assets of Kshs.1,500,000 for a perimeter wall fencing erected at the constituency offices at a contract sum of Kshs.2,400,000. However, the procurement documents for the contract were not availed for audit verification. In addition, the bank statements from ABC Bank where the PMC opened an account for the project were also not availed for verification. Further, out of a total contract sum of Kshs.2,400,000 only Kshs.1,500,000 was paid leaving a balance of Kshs.900,000 which was however not disclosed in the notes to the accounts as a pending bill.

Consequently, the accuracy and validity of the acquisition of assets balance of Kshs.1,500,000 for the year ended 30 June 2016 cannot be confirmed.

#### **5. Cash and Cash Equivalents**

The bank reconciliation statement as at 30 June 2016 reflects cash and cash equivalents balance of Kshs.60,385,476 out of which unrepresented cheques totalled Kshs.411,410 including stale cheques amounting to Kshs.102,772 which had not been reversed in the cashbook.

Consequently, the accuracy and validity of the cash and cash equivalents of Kshs.60,385,476 as at 30 June 2016 cannot be confirmed.

#### **6. Statement of Appropriation – Recurrent and Development**

The summary statement of appropriation for recurrent and development expenditure includes the actual on comparable basis figure for transfers from the CDF Board Kshs.118,793,253 which differs by Kshs.500,100 with the original budget figure of Kshs.119,293,353. The difference has not been explained

Consequently, the accuracy of the summary statement of appropriation recurrent and development cannot be confirmed.

#### **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund – Nyando Constituency as at 30 June 2016, 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 National Government Constituencies Development Fund Act, 2015.

#### **Other Matter**

##### **1. Budget Performance Analysis**

Analysis of Nyando NGCDF approved budget totalling Kshs.149,043,757 for the year under review was made up of an allocation of Kshs.119,293,253 for the year

and unspent balance of Kshs.29,750,504 brought forward from the previous (2014/15) financial year. During the same period, the fund incurred expenditure of Kshs.88,158,281 of the approved budget resulting to an unabsorbed amount of Kshs.60,885,476 as shown below:

Project Name	Approved Amount (Kshs)	Actual (Kshs)	Variance (Kshs)	Performance %
<b>Receipts</b>	149,043,757	118,793,253	30,250,504	80
<b>Admin &amp; recurrent expenditure</b>				
Employee Salaries	2,470,344	1,372,808	1,097,536	56
Goods and Services	9,038,173	5,900,950	3,137,223	65
Transfer to Other Government Entities	92,253,307	41,927,764	50,325,543	45
Other Grants and Transfers	36,968,682	37,456,759	(488,077)	101
Acquisition of Assets	2,500,000	1,500,000	1,000,000	60
Other Payment	5,813,251	0	5,813,251	
<b>Total</b>	<b>149,043,757</b>	<b>88,158,281</b>	<b>60,885,476</b>	<b>59</b>

The fund failed to utilize Kshs.60,885,476 or 59% of its budget allocation causing failure to implement projects thus denying the citizens of the constituency services through provision of public utilities.

## 2. Project Verification

During the year under review, ten (10) projects totalling to Kshs.26,080,399 were verified in June 2017. However, there was no Project Committee (PC) for roads, water and health projects which are devolved functions.

The observations made on the projects are outlined in the table below:

No	Project Name	Project Activity	Amount Kshs	Status	Level of completion %	Remarks
1	Kodindo-Riat Road	Road grading, graveling and drainage 1.5km	1,500,000	Complete	100	No PMC minutes, bank statements, no inspection and acceptance report
2	Magendo-Kolunga Road	Road grading, graveling	2,200,000	Complete	100	No publicity sign board, culverts were not installed,

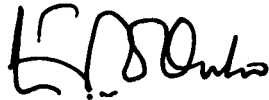
		and drainage 1.5km				rockfilling not done, 1 km done was.
3	Kobura-Kwoyo-Obugi Road	Road grading, graveling and drainage 5km	6,400,000	Complete	100	Only three KM was done, road not usable, stagnant water
4	Siany-Kabonyo Road	Road grading, graveling and drainage 1.5km	1,500,000	Complete	100	No publicity sign board, culverts were not installed.
5	Obugi-Disi Road	Road grading, graveling and drainage 1.5km	1,400,000	Complete	100	No PMC minutes and bank statements, no inspection and acceptance report
6	Okana-Ranjira Road	Road grading, graveling 4km	3,800,000	Complete	100	No Publicity sign, no PMC minutes, bank statements, no inspection and acceptance report
7	Hongo Ogosa Dispensary	Maternity ward completion	1,500,000	On-going	70	Big cracks on the walls, no inspection and acceptance report, no PMC minutes and no bank certificates
8	Kanyagwal Health Center	Completion of Staff houses plastering and painting	500,000	On-going	60	Labour based, no stores record, no cashbook, no bank statements
9	Pala Primary School	Construction of seven classroom, walling, roof, fittings, plaster, paint and gate	5,780,399	Complete	100	No handing over report, retention fee not deducted, no plan approval, no certificate of completion
10	Kadete Primary	Construction of Four	1,500,000	Complete	100	Big cracks are refilled and still

	School	Classrooms				widening inside and outside. No records, tiles fitted also cracking
	<b>Total</b>		<b>26,080,399</b>			

At the time of audit verifications eight projects had been completed and were in use even though with the highlighted defects while two projects were still under execution.

### 3. Previous Year Matters

The Management did not indicate in the financial statements for the year under review the status on follow-up of audit issues reported in the audit report for previous year as required by the Public Sector Accounting Standards Board Reporting Template.



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

**Nairobi**

**08 March 2018**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- NYANDO  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

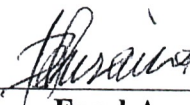
**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	118,793,253	112,532,435
<b>TOTAL RECEIPTS</b>		<b>118,793,253</b>	<b>112,532,435</b>
<b>PAYMENTS</b>			
Compensation of employees	2	1,372,808	1,399,880
Use of goods and services	3	5,900,950	4,812,988
Committee Expenses			2,848,602
Transfers to Other Government Units	4	41,927,764	61,520,690
Other grants and transfers	5	37,456,759	38,502,137
Social Security Benefits			14,400
Acquisition of Assets	6	1,500,000	0
Other Payments	7	0	600,000
<b>TOTAL PAYMENTS</b>		<b>88,158,281</b>	<b>109,698,697</b>
<b>SURPLUS/DEFICIT</b>		<b>30,634,972</b>	<b>2,833,737</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Nyando NGCDF financial statements were approved on 30/7/16 2016 and signed by:



Chairman - NGCDFC



Fund Account Manager



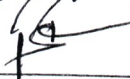
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- NYANDO  
CONSTITUENCY**

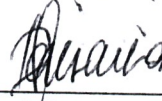
**Reports and Financial Statements  
For the year ended June 30, 2016**

**V. STATEMENT OF ASSETS**

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	8	60,385,476 ✓	29,850,503 ✓
<b>TOTAL FINANCIAL ASSETS</b>		<b>60,385,476</b> ✓	<b>29,850,503</b> ✓
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	9	29,750,504 ✓	27,016,765 ✓
Surplus/Deficit for the year		30,634,972 ✓	2,833,737 ✓
<b>NET LIABILITIES</b>		<b>60,385,476</b> ✓	<b>29,850,503</b> ✓

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Nyando NGCDF financial statements were approved on 30/9 2016 and signed by:

  
\_\_\_\_\_  
**Chairman - NGCDFC**

  
\_\_\_\_\_  
**Fund Account Manager**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- NYANDO  
CONSTITUENCY**

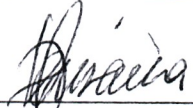
**Reports and Financial Statements  
For the year ended June 30, 2016**

**VI. STATEMENT OF CASHFLOW**

Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from CDF Board	1	118,793,253 ✓	112,532,435 ✓
		118,793,253	112,532,435 ✓
<b>Payments for operating expenses</b>			
Compensation of Employees	2	1,372,808 ✓	1,399,880 ✓
Use of goods and services	3	5,900,950 ✓	4,812,988 ✓
Committee Expenses			2,848,602
Transfers to Other Government Units	4	41,927,764 ✓	61,520,690
Other grants and transfers	5	37,456,759 ✓	38,502,137
Social Security Benefits			14,400
Other Payments	7		600,000
<b>Net cash flow from operating activities</b>		32,134,972 ✓	2,833,737 ✓
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6	(1,500,000) ✓	0
<b>Net cash flows from Investing Activities</b>		(1,500,000)	0
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		30,634,972 ✓	2,833,737 ✓
<b>Cash and cash equivalent at BEGINNING of the year</b>		29,750,504 ✓	27,016,765 ✓
<b>Cash and cash equivalent at END of the year</b>		60,385,476 ✓	29,850,503 ✓

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Nyando NGCDF financial statements were approved on 30/9 2016 and signed by:

  
\_\_\_\_\_  
**Chairman NGCDFC**

  
\_\_\_\_\_  
**Fund Account Manager**

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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	119,293,253	29,750,504	149,043,757	118,793,253	30,250,504	79.7%
<b>TOTAL</b>	<b>119,293,253</b>	<b>29,750,504</b>	<b>149,043,757</b>	<b>118,793,253</b>	<b>30,250,504</b>	<b>79.7%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,926,960	543,384	2,470,344	1,372,808	1,097,536	55.6%
Use of goods and services	8,290,344	747,829	9,038,173	5,900,950	3,137,223	65.3%
Transfers to Other Government Units	64,208,302	28,045,005	92,253,307	41,927,764	50,325,543	45.4%
Other grants and transfers	36,600,000	368,682	36,968,682	37,456,759	(488,077)	101.3%
Acquisition of Assets	2,500,000	0	2,500,000	1,500,000	1,000,000	60%
Other Payments	5,767,253	45,604	5,813,251	0	5,813,251	
<b>TOTAL</b>	<b>119,293,253</b>	<b>29,750,504</b>	<b>149,043,757</b>	<b>88,158,281</b>	<b>60,885,476</b>	<b>59.1%</b>

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

(b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- i. Transfers to other governments units at 45.4% was occasioned by delayed disbursement from NG CDF Board

The NYANDO NGCDF financial statements were approved on 30/9 2016 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

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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.

**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, 2016.

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**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal allocation			
	AIE No A796447	20,000,000	
	AIE No A820774	20,000,000	
	AIE No A820992	19,000,000	
	AIE No A820992	59,793,253	
	AIE No A750368		7,300,000
	AIE No A759603		20,833,108.75
	AIE No A796634		14,879,865.25
	AIE No A796855		13,253,243.50
	AIE No A797154		28,133,109.00
	AIE No A796146		28,133,108.50
<b>TOTAL</b>		<b>118,793,253</b>	<b>112,532,435</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**2. COMPENSATION OF EMPLOYEES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,300,108 ✓	1,399,880 ✓
Other personnel payments	46,300 ✓	
Employer contribution to NSSF	26,400 ✓	
<b>Total</b>	<b>1,372,808</b> ↑	<b>1,399,880</b> ↑

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**3. USE OF GOODS AND SERVICES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	63,660 ✓	o/b 42,000
Communication, supplies and services	128,150 ✓	o/b 178,150
Domestic travel and subsistence	101,950 ✓	o/b 45,000
Printing, advertising and information supplies & services	462,332 ✓	
Training expenses	538,970 ✓	
Hospitality supplies and services	65,763 ✓	o/b 123,544
Other committee expenses	1,774,900 ✓	
Committee allowance	434,000 ✓	
Specialised materials and services	391,407 ✓	o/b 313,640
Office and general supplies and services	1,058,141 ✓	o/b 588,832
Fuel ,oil & lubricants	680,000 ✓	o/b 890,000
Other operating expenses		o/b 1,376,324
Routine maintenance – vehicles and other transport equipment	155,777 ✓	o/b 842,968
Routine maintenance – other assets	45,900 ✓	o/b 412,530
<b>Total</b>	<b>5,900,950</b> ✓	<b>4,812,988</b> ✓



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2015 – 2016	2014 – 2015
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	25,027,764 ✓	26,237,931 ✓
Transfers to secondary schools (see attached list)	11,200,000 ✓	22,400,000 ✓
Transfers to health institutions (see attached list)	5,700,000 ✓	12,882,759 ✓
<b>-TOTAL</b>	<b>41,927,764</b>	<b>61,520,690</b>

**5. OTHER GRANTS AND TRANSFERS**

	2015 – 2016	2014 -2015
	Kshs	Kshs
Bursary – secondary schools (see attached list)	3,471,000 ✓	3,973,850 ✓
Bursary – tertiary institutions (see attached list)	3,239,500 ✓	5,247,9000 ✓
Bursary – special schools (see attached list)	0	209,000 ✓
Water projects (see attached list)	1,200,000 ✓	1,100,000 ✓
Roads projects (see attached list)	27,100,000 ✓	22,000,000 ✓
Emergency Projects (specify)	2,446,259 ✓	5,471,387 ✓
<b>Total</b>	<b>37,456,759</b>	<b>38,502,137</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**6. ACQUISITION OF ASSETS**

<u>Non-Financial Assets</u>	2015 – 2016 Kshs	2014 - 2015 Kshs
Construction of Buildings	1,500,000 ✓	-
<b>Total</b>	<b>1,500,000</b>	



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**7. OTHER PAYMENTS**

	2015 - 2016 Kshs	2014 - 2015 Kshs
Desks to Schools		600,000
		/
		600,000

**8: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2015 – 2016 Kshs	2014 - 2015 Kshs
Cooperative Bank Kisumu A/c 01120015436000	60,385,476	29,750,503.60
<b>Total</b>	<b>60,385,476</b>	<b>29,750,503.60</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**9. BALANCES BROUGHT FORWARD**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	60,385,476	29,750,503
<b>Total</b>	<b>60,385,476</b>	<b>29,750,503</b>

[Provide short appropriate explanations as necessary]

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

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	1,400,000 ✓	01B 1,400,000
Buildings and structures	9,700,000 ✓	01B 8,200,000
Transport equipment	4,079,250 ✓	01B 4,079,250
Office equipment, furniture and fittings	14,381,262 ✓	01B 14,381,626
<b>Total</b>	29,560,876 ✓	01B 28,060,876

Prepared by:

**Alfred Chisaina**  
**Fund Account Manager**  
**Nyando**