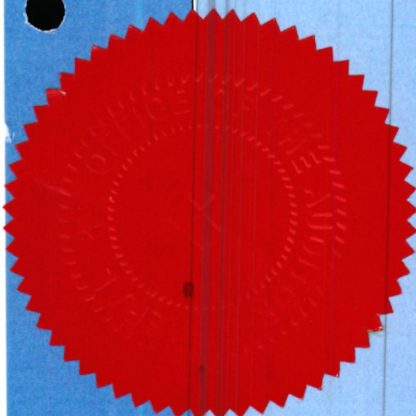



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



 THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT	
DATE: 11 DEC 2018	DAY: Tuesday
TABLED BY:	Hon. Aden Duale, M.P. Leader of Majority Party
CLERK-AT THE TABLE	Rachel Kaino, Principal Clerk Assistant I

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
BORABU 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 – BORABU
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2017**

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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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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 BORABU 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	Edwin Lecha
3.	Accountant	Thomas Obonyo

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of BORABU Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the National Government Constituencies 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) BORABU NG-CDF Headquarters

P.O. Box 1-40502
Menyenya Farmers Building
Nyansiongo
Kenya.

(f) BORABU NG-CDF Contacts

Telephone: (254) 714 836 279

E-mail: borabucdf@cdf.go.ke

Website: www.cdf.go.ke

(g) BORABU NG-CDF Bankers

Equity Bank

Keroka Branch

Ac No. 1240261392623

(h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084-00100

Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112-00200

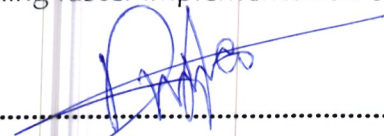
Nairobi, Kenya.

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

Borabu NG-CDF received Kshs 61,348,276.60 during financial year 2016/2017. We were able to implement projects to the tune of Kshs 109,890,796.60 ranging from schools, technical institutions, bursary, water and security having also utilised an opening balance of Kshs 48,664,942 in the same financial year.

Borabu NG-CDF has offered part funding to Borabu Technical Training Institute in conjunction to the Ministry of Education. The project is 90% complete and will be highly beneficial to the community for training in Technical skills once complete. The NG-CDF has also initiated Borabu Teachers training college in-conjunction with the Ministry of basic education and will also be another pace a land mark project in promoting educational skills. We have also facilitated construction of Chiefs Offices in the constituency which has helped improve security.

The NG-CDFC however wishes to note that timely disbursement of funds will go a long way in enabling faster implementation of projects.


.....Date.....
Duncan Ondari Omenge
Chairman – BORABU NG-CDFC

18-09-2017

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 BORABU 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 BORABU 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 charge of the BORABU 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 BORABU 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 18/09 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 THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - BORABU CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Borabu Constituency set out on pages 5 to 26, which comprise the statement of assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Borabu Constituency as at 30 June 2017, 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 Constituency Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, except for matters highlighted in the Other Matter section of my report based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

Unsupported and Omitted Expenditures

Included in the use of goods and services balance of Kshs.14,039,148 reflected in the statement of receipts and payments for the year under review is a sum of Kshs.3,897,381 being committee allowances of Kshs.2,672,300 and purchase of goods of Kshs.1,225,081 that were not supported with relevant documentation and information such as dates of meetings held, work tickets of vehicles used during monitoring and evaluation and store records.

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

Also included in the use of goods and services expenditure balance of Kshs.14,039,148 is expenditure amounting to Kshs.2,863,000 which was however not included in the Fund's ledger:

Payee	Date	Details	Amount Ksh
Edwin Lecha	15 September 16	Committee allowances	400,00
„	4 August 2016	M&E Allowances	353,20
Fund Account Manager	22 September 2016	„	393,00
Keroka Highway Service Station	27 July 2016	Administration Expenses	399,36
Edwin Lecha	3 November 2016	NG-CDC Allowances & Office Expenses	518,00
	29 November 2016	salaries	90,22
	28 February 2017	Contribution to NSSF	7,35
Total			2,863,00

No plausible explanation has been provided by management for the omission. In view of these discrepancies, the accuracy of the balance of Kshs.14,039,148 under use of goods and services as at 30 June 2017 cannot 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 - Borabu 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 qualified 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 Qualified Opinion section, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1. Budgetary Controls and Performance

The Fund's revenue was budgeted at Kshs.140,976,494 but actual receipts amounted to Kshs.110,028,219 resulting in under-collection of Kshs.30,948,275 equivalent to 32% of the revenue expected. Further, the Fund spent a total Kshs.109,890,797 against a budget of Kshs.140,976,494 resulting in under-expenditure of Kshs.31,085,697 equivalent to 32% of the budget as tabulated below:

Receipt/Expenditure Item	Final Budget (Kshs)	Actual Comparable Basis (Kshs)	Budget Utilization Difference (Kshs)	% Utilization
	(a) Kshs.	(b) KShs.	c = (b-a) Kshs.	d = c/a %
Receipts				
Transfers from CDF board-AIEs' Received	140,961,494	110,013,219	30,948,275	78%
Other Receipts	15,000.00	15,000.00	0.00	100%
Total Receipts	140,976,494	110,028,219	30,948,275	78%
Payment				
Compensation of Employees	1,485,000	1,432,737	52,263	96%
Use of Goods and Services	12,390,120	14,039,148	-1,649,028	113%
Transfers to Other Government Units	50,382,347	41,360,000	9,022,347	82%
Other grants and Transfers	66,519,027	52,158,912	14,360,116	78%
Acquisition of Assets	8,500,000	200,000	8,300,000	2%
Other Payments	1,700,000	700,000	1,000,000	41%
Total Payments	140,976,494	109,890,797	31,085,697	78%

As a result of the under-collection of revenue and under-expenditure, all planned projects were not implemented and therefore the constituents could not access all public services planned for their use during the year under review.

2. Project Implementation

The Fund's approved plan for the year under review had envisaged implementation of a total of 75 projects valued at Kshs.65,401,724. However, twenty-four (24) projects valued at Kshs.12,900,000 were not started; thirty-seven (37) projects valued at Kshs.26,370,690 were ongoing while only fourteen (14) projects valued at Kshs.26,131,034 had been completed at the time of the audit as shown in the table below:

Sector	Not Started		On-going		Completed	
	No	Value (Kshs)	No	Value (Kshs)	No	Value (Kshs)
Administration	2	200,000	8	7,170,690	0	
Environment			16	1,000,000	0	
Education	12	5,200,000	10	14,200,000	11	25,081,034
Security	8	2,500,000	3	4,000,000	3	1,050,000

Health (Social Security Services)	1	1,000,000			0	
Office Infrastructure	1	4,000,000			0	
Total	24	12,900,000	37	26,370,690	14	26,131,034

The Fund, therefore, did not deliver planned services to the constituents and consequently did not achieve its development objectives for the year.

3. Emergency Projects

Included in the other grants and transfers of Kshs.52,158,912 are emergency project expenditures totaling Kshs.4,084,081 out of which, Kshs.1,951,000 was spent on committee allowances. The allowances were however not of emergency nature and therefore, the designation of the expenditure as such was irregular as it did not meet the conditions for emergencies set in Section 8(3) of National Government Constituencies Development Fund Act, 2015.

Further, the aggregate expenditure of Kshs.4,084,081 incurred on emergency projects was 6.6% of total expenditure for the year and was thus higher than the 5% threshold set by Section 8(1) of National Government Constituencies Development Fund (NGCDF) Act, 2015.

4. Expenditures Incurred on Devolved Functions

The Fund financed five (5) projects totaling Kshs.30,912,000 out of which three (3) namely water, health and agriculture on which expenditure totaling Kshs.7,800,000 was incurred were devolved functions for which the County Government is responsible:

Description	Amount (Kshs)
Water	4,550,000
Health	500,000
Agriculture /Food	<u>2,750,000</u>
Totals	7,800,000

Consequently, the Fund management breached the law governing use of the NGCDF funds.

5. Pending Bills

Note 11 to financial statements under other disclosures indicates pending account and staff payables of Kshs.5,150,000 and Kshs.122,511 respectively totaling Kshs.5,272,511 incurred but not paid in the year under review.

No explanation has been provided by management on why expenditure commitments were made in excess of the budget.

6. Compensation to Employees

Included in the balance of employee's compensation of Kshs.1,432,737 is an expenditure of Kshs.617,412 incurred without the Constituency Committee minutes as required by Section 12(5) of the NGCDF Act, 2015 which requires every payment or instruction for payments out of the Fund account to be made as prescribed in minutes of a resolution of a meeting of the Constituency Committee.

As a result, the management breached the law and therefore the expenditure is irregular.

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 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 intends to liquidate the Fund or cease operations or have no realistic alternative but to do so.

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

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 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 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 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

27 September 2018

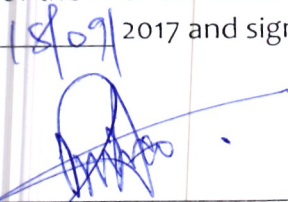
Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund – Borabu Constituency for the Year ended 30 June 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017 Kshs	2015-2016 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	61,348,276.60	131,841,617.00
Other Receipts	2	15,000.00	-
TOTAL RECEIPTS		61,363,276.60	131,841,617.00
PAYMENTS			
Compensation of Employees	3	1,432,737.00	1,106,772.00
Use of goods and services	4	14,039,148.00	11,449,218.00
Transfers to Other Government Units	5	41,360,000.00	32,611,448.00
Other grants and transfers	6	52,158,911.60	47,358,269.00
Acquisition of Assets	7	200,000.00	-
Other Payments	8	700,000.00	3,226,186.00
TOTAL PAYMENTS		109,890,796.60	95,751,893.00
SURPLUS/DEFICIT		<u>(48,527,520.00)</u>	<u>36,089,724.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BORABU NGCDF financial statements were approved on

18/09/2017 and signed by:



 Chairman - NGCDFC



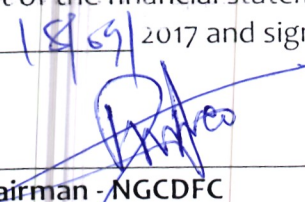
 Fund Account Manager

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

V. STATEMENT OF ASSETS

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	9	137,422.00	48,664,942.00
		<u>137,422.00</u>	<u>48,664,942.00</u>
TOTAL FINANCIAL ASSETS		<u>137,422.00</u>	<u>48,664,942.00</u>
REPRESENTED BY			
Fund balance b/fwd 1st July...	10	48,664,942.00	12,575,218.00
Surplus/Deficit for the year (from stm of receipt & expenditure		<u>(48,527,520.00)</u>	<u>36,089,724.00</u>
NET ASSETS		<u>137,422</u>	<u>48,664,942.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BORABU NGCDF financial statements were approved on 18/09/2017 and signed by:


 Chairman - NGCDFC


 Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BORABU CONSTITUENCY

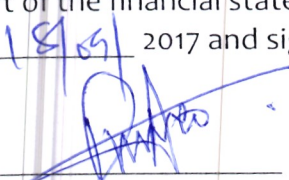
Reports and Financial Statements

For the year ended June 30, 2017

VI. STATEMENT OF CASHFLOW

	Note	2016-2017 Kshs	2015-2016 Kshs
Receipts for operating Activities			
Transfers from Other Government Entities	1	61,348,277	131,841,617
Other Receipts	2	15,000	
		61,363,277	131,841,617
Payments for operating expenses			
Compensation of Employees	3	1,432,737	1,106,772
Use of goods and services	4	14,039,148	11,449,218
Transfers to Other Government Units	5	41,360,000	32,611,448
Other grants and transfers	6	52,158,912	47,358,269
Other Payments	7	700,000	3,226,186
Total Payments		109,690,797	95,751,893
Net cash flows from Operating Activities		(48,327,520)	36,089,724
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	200,000	-
Net cash flows from Investing Activities		200,000	-
NET INCREASE/ IN CASH AND CASH EQUIVALENT		(48,527,520)	36,089,724
Cash and cash equivalent at BEGINNING of the year	10	48,664,942	12,575,218
Cash and cash equivalent at END of the year		<u>137,422</u>	<u>48,664,942</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BORABU NGCDF financial statements were approved on 18/09/2017 2017 and signed by:


Chairman NGCDFC


Fund Account Manager



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 Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,552	59,064,942	140,961,494	110,013,219	30,948,275	78%
Other Receipts(Sale of Tenders)	-	15,000	15,000	15,000	-	100%
TOTAL	81,896,552	59,079,942	140,976,494	110,028,219	30,948,275	78%
PAYMENTS						
Compensation of Employees	1,340,000	145,000	1,485,000	1,432,737	52,263	96%
Use of goods and services	5,730,691	6,659,429	12,390,120	14,039,148	-1,649,028	113%
Transfers to Other Government Units	35,406,834	14,975,513	50,382,347	41,360,000	9,022,347	82%
Other grants and transfers	34,119,027	32,400,000	66,519,027	52,158,912	14,360,116	78%
Acquisition of Assets	4,300,000.00	4,200,000	8,500,000	200,000	8,300,000	2%
Other Payments	1,000,000.00	700,000.00	1,700,000.00	700,000	1,000,000.00	41%
TOTAL	81,896,552	59,079,942	140,976,494	109,890,797	31,085,697	78%

The BORABUN GCDF financial statements were approved on 18/09/2017 and signed by:


Chairman NGCDF



Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - (BORABU CONSTITUENCY NCDF)
Reports and Financial Statements
For the year ended June 30, 2017

VIII. TRIAL BALANCE AS AT 30TH JUNE 2017

	Kshs		Kshs	Kshs	
	DR	CR		DR	CR
Cash and Cash Equivalents					
Bank Balances			137,422.00		
TOTAL Cash and Cash Equivalents			137,422.00		
PAYMENTS					
Compensation of Employees			1,432,737.00		
Use of goods and services			14,039,148.00		
Transfers to Other Government Units			41,360,000.00		
Other grants and transfers			52,158,911.60		
Acquisition of Assets			200,000.00		
Other Payments			700,000.00		
TOTAL PAYMENTS			109,890,796.60		
RECEIPTS					
Transfers from The Board					61,348,276.60
Other Receipts					15,000.00
Fund Balance B/f					48,664,942.00
TOTAL			110,028,219		110,028,219

The BORABU NCDF financial statements were approved on 18/06/2017 and signed by:


 Chairman NGCDF



Fund Account Mana

IX. 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.

**Reports and Financial Statements
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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.

Reports and Financial Statements
For the year ended June 30, 2017

X. NOTES TO THE FINANCIAL STATEMENTS

1330400 1

1330407	Description	2016 -2017		2015-2016	
			Kshs		Kshs
	Normal Allocation				
	A829514	4,094,827.60			
	A839665	10,000,000.00			
	A855559	10,400,000.00			
	A855162	36,853,449.00			
	A825751			23,597,096	
	A820533			10,000,000	
	A796411			20,000,000	
	A796075			27,244,521	
	A825552			24,000,000	
	A820870			27,000,000	
	TOTAL	61,348,276.60		131,841,617.00	
	TOTAL				

Reports and Financial Statements
For the year ended June 30, 2017

1400000	2	2016 - 2017 Kshs	2015 - 2016 Kshs
		15,000.00	-
1420601	Sale of tender documents	15,000.00	-
	Total	15,000.00	-

2110000 3 COMPENSATION OF EMPLOYEES

	2016 - 2017 Kshs	2015-2016 Kshs
2110201 Basic wages of contractual employees	1,334,495.00	1,090,696.00
2120101 Employer contribution to NSSF	98,242.00	16,076.00
Total	1,432,737.00	1,106,772.00

2200000 4 USE OF GOODS AND SERVICES

	2016-2017 Kshs	2015-2016 Kshs
2210100 Utilities, supplies and services	722,543.00	137,600.00
2210104 Office rent	48,000.00	-
2210200 Communication, supplies and services	525,245.00	121,129.00
2210300 Domestic travel and subsistence	654,321.00	150,200.00
2210500 Printing, advertising and information supplies & services	522,654.00	-
2210700 Training expenses	765,432.00	-
2210800 Hospitality supplies and services	423,176.00	-
2210802 Other committee expenses	3,654,321.00	4,862,371.00
2210809 Committee allowance	3,965,432.00	2,713,396.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - (BURNING SUNS) LIMITED

**Reports and Financial Statements
For the year ended June 30, 2017**

2210900	Insurance costs		
2211000	Specialised materials and services	464,387.00	2,323,710.00
2211100	Office and general supplies and services		800,000.00
2211200	Fuel, oil & lubricants	1,453,289.00	
2211300	Other operating expenses (Bank Charges)	123,456.00	20,900.00
	Routine maintenance – vehicles and other transport	587,654.00	
2220100	equipment		
2220200	Routine maintenance – other assets	129,238.00	319,912.00
	Total	14,039,148.00	11,449,218.00

2630200 5 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016-2017 Kshs	2015-2016 Kshs
2630204	Transfers to primary schools	5,028,448
2630205	Transfers to secondary schools	10,600,000
2630206	Transfers to Tertiary institutions	10,500,000
2630207	Transfers to Health institutions	6,483,000
	TOTAL	32,611,448.00

2640000 6 OTHER GRANTS AND OTHER PAYMENTS

	2016-2017 Kshs	2015-2016 Kshs
2640101	Bursary -Secondary	316,000.00
2640102	Bursary -Tertiary	9,233,000.00
2640104	Bursary-Special schools	332,000.00
2640105	Mocks & CAT	
2640504	water	3,900,000.00

Reports and Financial Statements
For the year ended June 30, 2017

2640505	Food security/Agriculture	2,750,000.00	800,000
2640506	Electricity	4,000,000.00	1,280,000
2640507	Security	6,771,500.00	1,200,000
2640508	Roads	4,292,294.00	25,232,504
2640509	Sports	2,154,000.00	499,700
2640200	Emergency Projects	4,084,081.00	4,565,065.00
2640201	Strategic Plan	999,250.00	-
Total		52,158,911.60	47,358,269.00

3100000 7 ACQUISITION OF ASSETS

Non Financial Assets		2016-2017	2015-2016
		Kshs	Kshs
3111005	Purchase of photocopier	200,000.00	
Total		200,000.00	-
8 Other Payments		2016-2017	2015-2016
2640510	Environment	700,000.00	227,000
2640511	Markets/Boda Boda Sheds	-	2,999,186
Total		700,000.00	3,226,186.00

9A Bank Balances (cash book bank balance)

Name of Bank, Account No. & currency	2016-2017	2015-2016
	Kshs	Kshs
EQUITY BANK, KEROKA	137,422.00	

Reports and Financial Statements
For the year ended June 30, 2017

		48,664,942.00
		-
Total	137,422.00	48,664,942.00

¹⁰ BALANCES BROUGHT FORWARD

	2016-2017	2015-2016
	Kshs	Kshs
Bank accounts	48,664,942	12,575,217.80
Total	48,664,942.00	12,575,217.80

[Provide short appropriate explanations as necessary]

11 OTHER IMPORTANT DISCLOSURES
11.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016- 2017	2015 - 2016
	Kshs	Kshs
Construction of buildings	3,100,000.00	-
Construction of civil works	1,550,000.00	-
Supply of goods	150,000.00	-
Supply of services	350,000.00	-
	5,150,000	-

NATIONAL GOVERNMENT CONSUJUENCIES DEVELOPMENT FUND - (UNIONABLE CONSUJUENCIES)

Reports and Financial Statements
For the year ended June 30, 2017

11.2: PENDING STAFF PAYABLES (See Annex 2)

	2016- 2017	2015 - 2016
	Kshs	Kshs
Union sable employees	122,511.00	-
	<u>122,511</u>	<u>0</u>

11.3: OTHER PENDING PAYABLES (See Annex 3)

	2016- 2017	2015 - 2016
	Kshs	Kshs
Amounts due to other Government entities (see attached list)	17,300,000.00	30,615,446.00
Amounts due to other grants and other transfers (see attached list)	13,300,000.00	23,981,400.00
Other Payments (see schedule below)	348,275.00	3,900,250.00
Total	<u>30,948,275.00</u>	<u>58,497,096.00</u>

11.4: PMC account balances (See Annex 5)

	2016-2017	2015-2016
	Kshs	Kshs
PMC account Balances (see attached list)	6,005,000	1,000,000
	<u>6,005,000</u>	<u>1,000,000</u>

Reports and Financial Statements
For the year ended June 30, 2017

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. Duncon Energy & Construction Ltd	700,000			700,000		
2. Kirwanda Ltd	700,000			700,000		
3. Strategy Engeneering Co. Ltd	1,700,000			1,700,000		
Sub-Total	3,100,000			3,100,000		
Construction of civil works						
4. Transmara Works Ltd	1,300,000			1,300,000		
5. Ocean Drill E.A Ltd	250,000			250,000		
6.						
Sub-Total	1,550,000			1,550,000		
Supply of goods						
7. Smart Service Station Ltd	150,000			150,000		
8.						
9.						
Sub-Total	150,000			150,000		
Supply of services						
10. Bena Motor Repairs	250,000			250,000		
11. Bhogals Auto World	100,000			100,000		
12.						
Sub-Total	350,000			350,000		

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

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		
Unionisable Employees							
Cleophas J. Onchana		22,523			2252,3		
Richard Makori		23,811			23,811		
Jamaes Nyamboga Masese		23,811			23,811		
Emily K. Nyarenchi		24,504			24,504		
Evans Karamu		27,862			27,862		
Sub-Total		122,511			122,511		
Grand Total		122,511			122,511		

Reports and Financial Statements
For the year ended June 30, 2017 (Kshs'000)

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
		a	B	c	d=a-c		
Amounts due to other Government entities							
1.	Tertiary Institution Projects	10,200,000.00			10,200,000.00		
2.	Primary School Projects	5,100,000.00			5,100,000.00	13,500,000.00	
3.	Secondary School Projects	2,000,000.00			2,000,000.00	15,115,446.00	
4.	Health					2,000,000.00	
	Sub-Total	17,300,000.00			17,300,000.00	30,615,446.00	
Amounts due to other grants and other transfers							
5.	Water	3,900,000.00			3,900,000.00	10,000,000.00	
6.	Social Security Programs	1,000,000.00			1,000,000.00		
7.	NG-CDF Office Construction	4,000,000.00			4,000,000.00		
8.	Roads & Bridges	1,300,000.00			1,300,000.00	4,300,000.00	
9.	Security	3,100,000.00			3,100,000.00	1,200,000.00	
10.	Bursary					3,000,000.00	
11.	Agriculture					3,500,000.00	
12.	Sports					981,400.00	
13.	Mocks & CATS					1,000,000.00	
	Sub-Total	13,300,000.00			13,300,000.00	23,981,400.00	

Reports and Financial Statements

For the year ended June 30, 2017

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
Others (specify)							
14. Staff Salary		348,275.00			348,275.00	800,000.00	
15. Strategic Plan						1,000,250.00	
16. Use of Goods and services						2,100,000.00	
Sub-Total		348,275.00			348,275.00	3,900,250.00	
Grand Total		30,948,275.00			30,948,275.00	58,497,096.00	

Reports and Financial Statements
For the year ended June 30, 2017

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	-	-
Buildings and structures	-	-
Transport equipment	6,000,000	6,000,000
Office equipment, furniture and fittings	1,335,000	1,335,000
ICT Equipment, Software and Other ICT Assets	345,000	145,000
Intangible assets	25,000	25,000
Total	7,705,000	7,505,000

Reports and Financial Statements
For the year ended June 30, 2017

ANNEX 5 -PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance	Bank Balance
			2016/17	2015/16
Nyansiongo High School	KCB	1151744697	2,000,000	-
St Johns Nyakwerema Sec School	KCB	1210685329	500,000	-
Manga Girls Secondary School	EQUITY	1240298039749	3,000,000	1,000,000
Kineni Primary School	EQUITY	1240269045314	505,000	-
TOTAL			6,005,000	1,000,000

Reports and Financial Statements

For the year ended June 30, 2017

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Irregular Procurement : That Borabu NG-CDF spent Kshs 21,682,964.00 on nine irregular awarded contracts	Procurement documents for award availed	Edwin Lecha-FAM	Resolved	Resolved
2.	Understatement of Cash and cash equivalents due to stale cheques amounting to Kshs 950,000 Stale and un-presented cheques amounting to Kshs 950,744.00 included in bank reconciliation.	Stale cheques reversed in the cashbook	Edwin Lecha-FAM	Resolved	Resolved
3.	Irregular Allocations on Emergency Kshs 6,298,065 which were not emergency projects	Issue explained and minutes provided indicating that the mentioned projects were emergency projects	Edwin Lecha-FAM	Resolved	Resolved
4	Irregular Project administration fees :An amount of Kshs 307,930.00 paid as 5% project administration fees on contracts	Administration fee 5% on the projects explained as provided in the NG-CDF Act	FAM – Edwin Lecha	Resolved	
5	Transactions amounting to	Approval minutes and M&E reports	FAM – Edwin	Resolved	

Reports and Financial Statements
For the year ended June 30, 2017

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	2,464,000.00 for recurrent expenditure and monitoring and evaluation had no approval minutes and monitoring and evaluation reports.	provided	Lecha		