

REPUBLIC OF KENYA



Paper laid
By the hon
on Tuesday,
23rd Oct, 2018.
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OFFICE OF THE AUDITOR-GENERAL

REPORT



OF

PARLIAMENT
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THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
SIRISIA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2017



**NATIONAL CONSTITUENCY DEVELOPMENT FUND- SIRISIA
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 CONSTITUENCY DEVELOPMENT FUND - SIRISIA 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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *Constituencies Development Fund*. The objective of the fund to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

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

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

(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	Ignatius Kweyu Ateya
3.	Accountant	Gilbert Abuya
4.		

(d) Fiduciary Oversight Arrangements

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

(e) SIRISIA CDF Headquarters

P.O. Box 55- 50208,
NG-CDF Buildng
SIRISIA

*NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SIRISIA
CONSTITUENCY*

Reports and Financial Statements

For the year ended June 30, 2017

(f) SIRISIACDF Contacts

Telephone: (254) XXXXXXXXX

E-mail: cdfsirisia@ngcdfc.go.ke

Website: www.ngcdf.go.ke

(g) SIRISIA NG-CDF Bankers

1. Cooperative Bank of Kenya
Bungoma Branch
P.O. Box
BUNGOMA

(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- SIRISIA
CONSTITUENCY*

Reports and Financial Statements

For the year ended June 30, 2017

**II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND
COMMITTEE (CDFC)**

Sirisia National Constituency Development Fund Committee was not able to implement all its projects due to non-remittance of all allocated funds. Only half of the money was released. However, of the half that was released the committee is proud to announce that it spent almost everything thus achieving a 99.9% absorption rate.

Amongst areas that significant improvement can be seen is the Education sector. This can be exemplified by construction of two classrooms in almost all schools where we have begun new projects. Also in the Education sector was the giving out of bursaries which made very many students especially those in day schools to attend classes.

The Sirisia NG-CDFC has faced a lot of challenges in the last financial year. Some of them were the non-remittance of the third and fourth quarter allocations, lack of clear cut differentiation of the staff and functions of NG-CDF and the Parliamentary Office by the community, abnormal expectations from the office by our clients, lack of motivation by Sirisia NG-CDFC employees given that elections are around the corner and their contracts are expiring etc.

Otherwise the year has been smooth. Thank you.

Sign..........

CHAIRMAN CDFC

III. STATEMENT OF CDF 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 agency shall prepare financial statements in respect of that agency. 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.

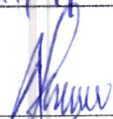
The Accounting Officer in charge of the SIRISIA Constituency Development Fund is responsible for the preparation and presentation of the SIRISIA CDF financial statements, which give a true and fair view of the state of affairs of the SIRISIA CDF for and as at the end of the financial year (period) ended 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 CDF; (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 CDF; (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 SIRISIA CDF accepts responsibility for the CDF'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 CDF's financial statements give a true and fair view of the state of CDF's transactions during the financial year ended June 30, 2016, and of the CDF's financial position as at that date. The Accounting Officer in charge of the SIRISIA CDF further confirms the completeness of the accounting records maintained for the CDF, which have been relied upon in the preparation of the CDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the SIRISIA CDF confirms that the CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the CDF'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 CDF'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 CDF's financial statements were approved and signed by the Accounting Officer on 11/9/ 2017.



Fund Account Manager



Chairman CDFC

REPUBLIC OF KENYA

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Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- SIRISIA 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(NGCDF)- Sirisia Constituency set out on pages 6 to 20, which comprise the statement of financial 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 effects of the matter 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- Sirisia 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 Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion section of my report, based on the procedures performed, I confirm that, nothing else 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

1. Low Disbursement of Funds by the NGCDF Board

Included in the transfers from NGCDF Board under the statement of receipts and payments is Kshs.40,948,277 received during the year against the approved budget allocation of Kshs.81,896,552 resulting into a disbursement deficit of Kshs.40,948,275 equivalent to 50% of the budget.

The low disbursement of funds which obviously constrained ability of the Fund management to provide required services, was not explained by the Board.

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

2. Irregularities in Implementation of Projects

Included in transfers to other government entities balance of Kshs.16,100,000 reflected in the statement of receipts and payments are remittances to various projects through the respective Project Management Committees (PMCs), However, the following anomalies were noted in relation to the transfers :

- (i) Chebikutumi Primary School was allocated Kshs.1,000,000 for the construction of two(2) classrooms. The tender opening and award minutes indicate that the tenders were combined into one contrary to the Public Procurement and Assets Disposal Act, 2015. Further payments made to the respective contractors were not supported with completion certificates and further, retention monies were,contrary to government financial regulations, not withheld.
- (ii) Tembelela Primary School was allocated Kshs.1,000,000 for construction of two classrooms. A local company was awarded the contract at Kshs.1,243,517. However, the evaluation process lacked clarity as seven evaluators highlighted material discrepancies upon evaluating the tender. Furthermore, professional opinion on the tenders was not provided as required by the Public Procurement and Assets Disposal Act, 2015 and further, no retention monies were withheld.
- (iii) Sitabicha Primary School was allocated Kshs.1,000,000 for construction of two(2) classrooms. A local company was awarded the contract at Kshs.1,296,841. However, the tender was managed by the CDF instead of the PMC. Furthermore, the PMC did not provide works certificates for Kshs.950,000 paid to the contractor while tender opening and evaluation minutes were combined into one.
- (iv) Mikhuyu ACK Primary School was allocated Kshs.1,000,000 for construction of two (2) classrooms. A local company was awarded the contract at Kshs.1,285,355. The tender was done by the CDF instead of the Project Management Committee as required.
- (v) Kamunyongole Primary School was allocated Kshs.900,000 for completion of 7 classrooms. A local company was awarded the contract at Kshs.1,646,353. The tender was managed by the CDF instead of the PMC. Furthermore, the PMC did not present works certificates for audit verification while the opening and evaluation minutes were combined together. The PMC did not provide evidence of a professional opinion having been made on the tenders as required by the Public Procurement and Assets Disposal Act, 2015.

Consequently, the propriety and completeness of these expenditures could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund- Sirisia 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 matters described in the Basis for Qualified Opinion and Other Matter sections, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

1. Budgetary Control and Performance

During the year under review, the Sirisia-NGCDF spent Kshs.49,552,304 against its budget amounting to Kshs.150,563,806 resulting to under-absorption of Kshs.91,024,597 or 54.54% as highlighted below:

Receipt/Expense Item	Final Budget Kshs.	Actual on Comparable Basis Kshs.	Budget Utilisation Difference Kshs.	% of Utilisation
Receipts				
Transfers from CDF Board	91,024,597	49,576,279	41,448,318	54.50%
Totals	91,024,597	49,576,279	41,448,318	54.50%
Payments				
Compensation of Employees	3,573,304	2,050,575	1,522,729	57.39%
Use of goods and services	8,720,489	7,396,464	1,324,025	84.82%
Transfers to Other Government Units	36,850,000	16,100,000	20,750,000	43.69%
Other grants and transfers	30,375,907	14,479,185	15,896,722	47.67%
Acquisition of Assets	7,300,000	5,811,000	1,489,000	79.60%
Other Payments	4,204,897	3,715,080	489,817	88.35%
Totals	91,024,597	49,552,304	41,472,293	54.44%

Consequently, the Sirisia-NGCDF performed poorly in absorbing its budget and thus did not achieve its project completion targets and could therefore not provide its constituents with all the services planned and budgeted for the year ended.

2. Failure to Monitor and Evaluate Projects

The Fund had planned to implement various projects/programmes through PMCs during the financial year under review. However, management did not avail for audit verification any monitoring and evaluation reports on projects implemented for during the year. .

Consequently, it has not been possible to confirm that the CDF achieved its projects completion targets and it provided its constituents with all the services planned and budgeted for the year under review.

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

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund's or to cease operations, or have no realistic alternative but to do so.

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

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.

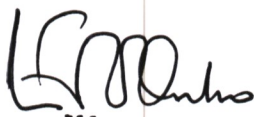
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

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

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

13 July 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SIRISIA
CONSTITUENCY**

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

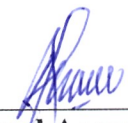
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	40,948,277	114,152,866
TOTAL RECEIPTS		40,948,277	114,152,866
PAYMENTS			
Compensation of employees	2	2,050,575	2,290,220
Use of goods and services	3	7,396,464	8,267,291
Transfers to Other Government Units	4	16,100,000	51,250,943
Other grants and transfers	5	14,479,185	39,281,089
Acquisition of Assets	6	5,811,000	5,373,950
Other Payments	7	3,715,080	-
TOTAL PAYMENTS		49,552,304	106,463,493
DEFICIT/SURPLUS		- 8,604,027	7,689,374

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SIRISIA CDF financial statements were approved on 11/9/ 2017 and signed by:



Chairman - CDFC



Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SIRISIA
CONSTITUENCY


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

V. STATEMENT OF ASSETS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	8	23,973	8,628,000
TOTAL FINANCIAL ASSETS		23,973	8,628,000
REPRESENTED BY			
Fund balance b/fwd	9	8,628,000	938,626
Deficit /Surplus for the year		-8,604,027	7,689,374
NET LIABILITIES		23,973	8,628,000

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SIRISIACDF financial statements were approved on 11/9/ 2017 and signed by:


Chairman - CDFC


Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SIRISIA
CONSTITUENCY

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

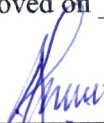
VI. STATEMENT OF CASHFLOW

		2016 - 2017	2015 - 2016
Receipts for operating income			
Transfers from CDF Board	1	40,948,277	114,152,866
Payments for operating expenses			
Compensation of Employees	2	2,050,575	2,290,220
Use of goods and services	3	7,396,464	8,267,291
Transfers to Other Government Units	4	16,100,000	51,250,943
Other grants and transfers	5	14,479,185	39,281,089
Other Payments	7	3,715,080	-
		43,741,304	101,089,543
Net cash flow from operating activities		(2,793,027)	13,063,323
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	5,811,000	5,373,950
Net cash flows from Investing Activities		(5,811,000)	(5,373,950)
NET INCREASE IN CASH AND CASH EQUIVALENT		(8,604,027)	7,689,374
Cash and cash equivalent at BEGINNING of the year	8	8,628,000	938,626
Cash and cash equivalent at END of the year	9	23,9723	8,628,000

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SIRISIA CDF financial statements were approved on 11/9/17 2017 and signed by:



Chairman CDFC



Fund Account Manager

REGIONAL CONSTITUENCIES DEVELOPMENT FUND – SIRISIA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,597	9,128,000.00	91,024,597	49,576,279	41,448,318	54.5%
TOTALS	81,896,597	9,128,000.00	91,024,597	49,576,279	41,448,318	54.5%
PAYMENTS						
Compensation of Employees	1,580,000	1,993,304	3,573,304	2,050,575	1,522,729	57.39%
Use of goods and services	2,585,793	6,134,696	8,720,489	7,396,464	1,324,025	84.82%
Transfers to Other Government Units	36,850,000	-	36,850,000	16,100,000	20,750,000	43.69%
Other grants and transfers	30,375,907	-	30,375,907	14,479,185	15,896,722	47.67%
Acquisition of Assets	7,300,000	-	7,300,000	5,811,000	1,489,000	79.60%
Other Payments	3,204,897	1,000,000	4,204,897	3,715,080	489,817	88.35%
TOTALS	81,896,597	9,128,000	91,024,596.70	49,552,304	41,472,293	54.44%

- i. 43.69% Transfer to other government units-NG-CDFSIRISIA had not received allocation from Board.
- ii. 47.66% Other grants and transfers-NG-CDFSIRISIA had not received allocation from Board

The SIRISIACDF financial statements were approved on 11/9/ 2017 and signed by:



Chairman CDF



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 *CDF* 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 *CDF*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the *CDF* 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 *CDF* 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.

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 *CDF* 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 *CDF*'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 *CDF*'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.

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1.0 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2016 - 2017 Kshs	2015 - 2016 Kshs
AIE NO	A829998	4,094,828	
AIE NO	A855177	36,853,449	
Balance b/f		-	938,620
AIE NO	A 724152	-	10,000,000
AIE NO	A796399	-	10,000,000
AIE NO	A820642	-	10,000,000
AIE NO	A 820913	-	26,000,000
AIE NO	A 825813	-	57,214,240
TOTAL		40,948,277	114,152,860

2.0 COMPENSATION OF EMPLOYEES

	2016- 2017 Kshs	2015 - 2016 Kshs
Basic wages of contractual employees	1,658,575	1,621,570
Basic wages of casual labour	140,000	120,000
House allowance	252,000	252,000
Gratuity	-	296,650
Total	2,050,575	2,290,220

3.0 USE OF GOODS AND SERVICES

	2016 - 2017 Kshs	2015 - 2016 Kshs
Committee Expenses	2,367,084	2,819,438
Utilities, supplies and services	3,277,880	3,022,338
Domestic travel and subsistence	350,000	200,400
Printing, advertising and information supplies & services	311,000	249,425
Training expenses	-	595,500
Hospitality supplies and services	100,000	100,000
Office and general supplies and services	400,000	175,000
Other operating expenses	-	905,190
Routine maintenance – vehicles and other transport equipment	489,000	200,000
Routine maintenance – other assets	101,500	-
Total	7,396,464	8,267,291

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.0 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to primary schools	12,800,000	26,520,471
Transfers to secondary schools	3,300,000	13,385,315
Transfers to tertiary institutions	-	10,000,000
Transfers to health institutions	-	1,345,157
TOTAL	16,100,000	51,250,943

5.0 OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015- 2016
	Kshs	Kshs
Bursary – secondary schools	4,727,000	10,000,000
Bursary – tertiary institutions	3,760,000	5,274,000
Mock & CAT	1,500,000	3,000,000
Water projects	-	8,450,000
Electricity projects	-	153,570
Security projects	130,000	4,361,587
Roads projects	-	3,000,000
Sports projects	1,637,931	2,274,285
Environment projects	124,254	-
Emergency projects	2,600,000	2,767,647
Total	14,479,185	39,281,089

6.0 ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2016 - 2017	2015 - 2016
	Kshs	Kshs
Construction of Buildings	-	5,373,950
Purchase of Vehicles and Other Transport Equipment	5,811,000	-
Total	5,811,000	5,373,950

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7.0 OTHER PAYMENTS

	2016 - 2017 Kshs	2015 - 2016 Kshs
Specify(Monitoring and evaluation)	3,715,080	-
	<u>3,715,080</u>	<u>-</u>

8.0 BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2016 - 2017 Kshs	2015 - 2016 Kshs
COOPERATIVE BANK BUNGOMA BRANCH A/C NO.01120050350800	23,973	8,628,000
Total	<u>23,973</u>	<u>8,628,000</u>

9.0 BALANCES BROUGHT FORWARD

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	8,628,000	-
Total	<u>8,628,000</u>	<u>-</u>

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10. OTHER IMPORTANT DISCLOSURES

ANNEX 1 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2017
Others (specify) Staff gratuity.						
1. JOSEPH MAKULIA	G	170,291.44	7/2013	65,200	50,318.00	54,773
2. EMMANUEL SIBOE	G	170,291.44	7/2013	65,200	50,318.00	54,773
3. MANUEL WALUKE		122,017.00	7/2013	46,500	35,936.00	39,581
13. JOSEPHAT MALAKA		122,017.00	7/2013	46,500	35,936.00	39,581
14. SILAS KISASATI	H	192,668.24	7/2014	73,254	58,249	61,165
15. ANN NEKESA KUNDU	G	94,637.00	7/2015	-	43,466	51,171
16. COLLINS WAMATABU MUCHUNGI	J	131,651.00	7/2015	-	64,220	67,431
Sub-Total		1003573.12		296,654	338,443	368,475
Grand Total		1003573.12		296,654	338,443	368,475

ANNEX 2 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2017
	a	b	c	d=a-c	
Amounts due to other Government entities					
1. Kaptanai primary school	1,000,000				1,000,000
2. Chwele boys primary school	1,000,000				1,000,000
3. Machakha primary school	500,000				500,000
4. Tororo primary school	400,000				400,000
5. kaburwet primary school	1,000,000				1,000,000
6. Namawanga ACK primary school	600,000				600,000
7. Mayekwe primary school	1,000,000				1,000,000
8. Bukokholo primary school	450,000				450,000
9. Matunda primary school	600,000				600,000
10. Chenjeni primary school	600,000				600,000
11. Nabulooli primary school	600,000				600,000
12. Namangofulo primary school	900,000				900,000
13. Malinda S.A primary school	900,000				900,000
14. Toloso secondary school	1,000,000				1,000,000
15. Kaptanai secondary school	2,000,000				2,000,000
16. Kabkara secondary school	400,000				400,000
17. Janefer yoo secondary school	1,000,000				1,000,000
18. Lwandanyi secondary school	1,000,000				1,000,000
19. Lwandanyi secondary school	3,000,000				3,000,000
20. Ndakaru secondary school	3,000,000				3,000,000

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Name	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2017
21. Ndakaru secondary school	1,000,000				1,000,000
Sub-Total	22,050,000				22,050,000
Amounts due to other grants and other transfers					
Amounts due to other grants and other transfers					
1. Bursary	20,545,172.35		9,987,000	-	10,558,172.40
2. Namwela AP Post	130,000		-	-	130,000.00
3. Malakisi police station	700,000		-	-	700,000.00
4. Assistant county commissioner-malakisi	700,000		-	-	700,000.00
5. Deputy county commissioner-sirisia	800,000		-	-	800,000.00
ENVIRONMENT					
6. Deputy county commissioner-sirisia	350,000		-	-	350,000.00
7. Malakisi assistant county commissioner off.	200,000		-	-	200,000.00
8. Lwandanyi assistant county commissioner off	200,000		-	-	200,000.00
9. Kaptanai secondary school	150,000		-	-	150,000.00
10. Namwela secondary school	150,000		-	-	150,000.00
11. AC. Butonge secondary school	150,000		-	-	150,000.00
12. Bishop wabukala secondary school	150,000		-	-	150,000.00
13. Malakisi muslim secondary school	150,000		-	-	150,000.00
14. Lwandanyi secondary school	137,931.05		-	-	137,931.05
Sub-Total	14,526,103.40		-	-	14,526,103.40
Grand Total	14,526,103.40		-	-	14,526,103.40

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Buildings and structures	15,373,950	15,373,950
Transport equipment(motor vehicle)	9,811,000	4,000,000
Office equipment, furniture and fittings	1,840,050	1,840,050
ICT Equipment, Software and Other ICT Assets	677,000	677,000
Other Machinery and Equipment	267,000	267,000
Total	27,969,000	22,158,000

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

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
BUTUNDE PRIMARY SCHOOL	COOP BANK BUNGOMA	O1141409143400	12,403.50	
KIBINDOI PRIMARY SCHOOL	COOP BANK BUNGOMA	O1141049289200	371,672.50	
MATIBO PRIMARY SCHOOL	COOP BANK BUNGOMA	O1141049005900	1,812.50	
MUNYANGANYI PRI SCHOOL	COOP BANK BUNGOMA	O1141049682300	110,842.50	
BINYENYA PRIMARY SCHOOL	COOP BANK BUNGOMA	O1141011495500	1,001,352.50	
YABEKO PRIMARY SCHOOL	COOP BANK BUNGOMA	O1141011569800	842.50	
TAMLEGA PRIMARY SCHOOL	COOP BANK BUNGOMA	O1141011612900	2,015.50	
KAMUNYONGOLE PRIMARY	COOP BANK BUNGOMA	O1139049810700	2,000.00	
KAPTANAI SECONDARY SCH	COOP BANK BUNGOMA	O1141011502200	973,742.50	
MUFUNGU SECONDARY SCH	COOP BANK BUNGOMA	O1141050098100	953,712.50	
TAMLEGA SECONDARY SCH	COOP BANK BUNGOMA	O1141049935200	304,242.50	
SITABICHA PRIMARY SCHOOL	FAMILY BANK BUNGOMA	077000036016	430,000.00	
TULYENGE ACK PRIMARY SCH	FAMILY BANK BUNGOMA	077000035996	1,000,000.00	
CHEBUKUTUMI PRIMARY SCH	FAMILY BANK BUNGOMA	077000036005	400,000.00	
TOLOSO PRIMARY SCHOOL	FAMILY BANK BUNGOMA	077000035942	470,000.00	
TEMBELELA PRIMARY SCHOOL	KCB BUNGOMA	1209763192	1,000,000.00	
MUKHUYU PRIMARY SCHOOL	KCB BUNGOMA	1210247399	1,000,000.00	
BINYENYA GIRLS SEC	COOP BANK BUNGOMA	01141049434400	139,982.50	
MUSIEBA PRIMARY SCH	COOP BANK BUNGOMA	01141049284400	0.00	
KIKAI FRIENDS SEC	COOP BANK BUNGOMA	01141049936000	14,027.50	
BUNGOMA WEST EDUC.OFFICE	COOP BANK BUNGOMA	01141668580600	28,132.10	
MATUNDA ACK PRIMARY	COOP BANK BUNGOMA	01141535338700	1,237.50	
MUTONYI ERSF PRIMARY SCH	COOP BANK BUNGOMA	01141049455200	29,192.50	
SIRISIA CONSTITUENCY ROADS	COOP BANK BUNGOMA	01141536869600	10,406.50	

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PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
MATIBO R.C PRIMARY SCH	COOP BANK BUNGOMA	01141049005900	1,812.50	
KASIAMO FYM PRIMARY SCH	COOP BANK BUNGOMA	01141049055800	1,962.50	
NAMAWANGA FYM PRIMARY	COOP BANK BUNGOMA	01141290097200	1,352.50	
KABKARA SEC SCHOOL	COOP BANK BUNGOMA	01141011539900	21,5881.35	
KIBEU S.A PRIMARY	COOP BANK BUNGOMA	01141049428100	45,719.50	
SIRISIA CDF OFFICE	COOP BANK BUNGOMA	01141536410800	13,047.50	
NAMUNDI PRIMARY SCH	COOP BANK BUNGOMA	01141409057000	2,006.50	
SIRISIA MAL PRIMARY SCH	COOP BANK BUNGOMA	01141049444700	4,018.50	
LUTASO PRIMARY SCH	COOP BANK BUNGOMA	01141049305200	2,412.50	
KHABUKOYA DEB PRIMARY	COOP BANK BUNGOMA	01141050924500	912.50	
MALAKISI MUSLIM SEC	COOP BANK BUNGOMA	01141425760300	1,733.50	
TAMLEGA SEC SCHOOL	COOP BANK BUNGOMA	01141049935200	304,242.50	
SIBUMBA GIRLS SEC	COOP BANK BUNGOMA	01141049569800	20,852.50	
NDAKARU S.A SEC SCHOOL	COOP BANK BUNGOMA	01141050288600	303,942.50	
NASALA S.A PRIMARY SCHOOL	COOP BANK BUNGOMA	01141049285100	358,960.50	
HON.WETANGULA LURARE PRI	COOP BANK BUNGOMA	01141050251000	4,562.50	
MACHAKHA SEC SCHOOL	COOP BANK BUNGOMA	01141049312900	2,165.50	
KABKARA ACK PRIMARY SCH	COOP BANK BUNGOMA	01141011500800	1,352.50	
KAG NAMAWANGA PRIMARY	COOP BANK BUNGOMA	01139290672801	777.50	
LONDO S.A PRIMARY SCHOOL	COOP BANK BUNGOMA	01141049284800	3,487.50	
NAMBUUYA ACK PRIMARY	COOP BANK BUNGOMA	01141535048800	912.50	
BGM WEST POLICE DIVISION	COOP BANK BUNGOMA	01141535902300	6,802.50	
LWAKHAKHA PRIMARY SCH	COOP BANK BUNGOMA	01141049566700	0.00	
SIRISIA TOWNSHIP PRIMARY	COOP BANK BUNGOMA	01141049543900	20,349.50	
MAYEKWE PRIMARY SCHOOL	COOP BANK BUNGOMA	01141011506200	2,512.50	
MUNYANGANYI PRIMARY SCH	COOP BANK BUNGOMA	01141049682300	110,842.50	
BUKOKHOLO PRIMARY SCH	COOP BANK BUNGOMA	01141668365000	55,823.50	
KUAFU PRIMARY SCHOOL	COOP BANK BUNGOMA	01141049006700	16,046.50	
MUFUNGU S.A PRIMARY SCH	COOP BANK BUNGOMA	01141049576300	1,252.50	
SENGETETI PRIMARY SCHOOL	COOP BANK BUNGOMA	01141049009000	2,852.50	
LUKAALA FYM PRIMARY SCH	COOP BANK BUNGOMA	01141011495600	228,962.50	
NAMUNYU S.A PRIMARY SCH	COOP BANK BUNGOMA	01141049422100	2,013.50	
AC BUTONGE HIGH SCHOOL	COOP BANK BUNGOMA	01141050288200	4,097.50	
TOLOSO CHIEFS OFFICE	COOP BANK BUNGOMA	01141535435200	2,818.50	
MALINDA FYM PRIMARY	COOP BANK BUNGOMA	01141049431900	2,792.50	
KULISIRU FYM PRIMARY	COOP BANK BUNGOMA	01141668822900	352.50	

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PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
BUTONGE ACK PRIMARY	COOP BANK BUNGOMA	01141011495100	3,002.50	
WANJOYA S.A PRIMARY	COOP BANK BUNGOMA	01141049280800	1,999.50	
CHEBUKUYI SEC SCHOOL	COOP BANK BUNGOMA	01141426495000	4,705.00	
BISUNU FRIENDS SEC	COOP BANK BUNGOMA	01141049934600	9,546.50	
BUTUNDE FRIENDS PRIMARY	COOP BANK BUNGOMA	01141409143400	12,403.50	
WAPUKHA ERSF PRIMARY	COOP BANK BUNGOMA	01141049007200	1,651.50	
SIRISIA CONST.SPORTS COMM.	COOP BANK BUNGOMA	01141536765200	5,882.50	
MATUMBAI PRIMARY SCHOOL	COOP BANK BUNGOMA	01141426950000	2,440.00	
MACHAKHA RC PRIMARY SCH	COOP BANK BUNGOMA	01141049573700	2,546.50	
NABEKI S.A PRIMARY SCHOOL	COOP BANK BUNGOMA	01141049688900	2,702.50	
MALAKISI ACK PRIMARY SCH	COOP BANK BUNGOMA	01141049975500	602.50	
YABEKO S.A PRIMARY SCH	COOP BANK BUNGOMA	01141011569800	842.50	
KABENDO SDA PRIMARY SCH	COOP BANK BUNGOMA	01141049299100	2,012.50	
BUKIABI S.A PRIMARY SCH	COOP BANK BUNGOMA	01141049313700	21,022.50	
CHWELE GIRLS PRIMARY SCH	COOP BANK BUNGOMA	01141050065200	4,052.50	
TOLOSO SECONDARY SCH	COOP BANK BUNGOMA	01139049313000	152,290.50	
KAPTANAI SECONDARY SCH	COOP BANK BUNGOMA	01141011502200	973,742.50	
KOROSIANDET PRIMARY SCH	COOP BANK BUNGOMA	01141011532300	2,941.50	
KAPROT PRIMARY SCHOOL	COOP BANK BUNGOMA	01141049452600	0.00	
FRIENDS SCHOOL KULISIRU SEC	COOP BANK BUNGOMA	01141427348500	5,235.00	
WAMONO ACK PRIMARY SCH	COOP BANK BUNGOMA	01141049656500	22.50	
NAMUBILA S.A PRIMARY SCH	COOP BANK BUNGOMA	01141011495700	1,482.50	
CHWELE BOYS PRIMARY SCH	COOP BANK BUNGOMA	01141049234500	2,407.50	
BISUNU AP LINE	COOP BANK BUNGOMA	01141669384800	6,375.50	
CHIEFS OFFICE SIRISIA	COOP BANK BUNGOMA	01141535869200	9,404.50	
LWAKHAKHA AP LINE	COOP BANK BUNGOMA	01141669182300	9,462.50	
TORORO PRIMARY SCH	COOP BANK BUNGOMA	01141049310000	1,582.50	
KOMIRIAI PRIMARY SCH	COOP BANK BUNGOMA	01141049876000	295,162.50	
NAMANGOFULO SEC SCH	COOP BANK BUNGOMA	01139049313902	1,327,342	
SIRISIA SPECIAL SCHOOL	COOP BANK BUNGOMA	01141668643500	62.50	
MENU FYM PRIMARY SCH	COOP BANK BUNGOMA	01139049793001	205,345.00	

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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.

of No. in 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: (timeframe when I expect the issue to be resolved)
.0	Budgetary control Performance	Late remission of funds from the board	Ignatius KweyuAteya Fund Account Manager	Resolved-but no submission done to Public Accounts Committee	16/09/17
.0	Project Implementation Status	To ensure 100% implementation of projects	Ignatius KweyuAteya	Resolved- but not submitted to public accounts committee	16/09/17
.0	Lack of Title Deeds for Purchased Parcels of Land	Acquisition of Title Deeds to be fast tracked	Ignatius KweyuAteya Fund Account Manager	Resolved -but no submission to public accounts committee	03/11/17
.0	Unsupported Procurement on acquisition of Assets	The tender evaluation minutes have been availed for verification	Ignatius KweyuAteya Fund Account Manager	Resolved –but not submitted to public Account committee	16/109/17
.0	Unavailed logbook for Motor Vehicle GK A597V	The logbook is being looked for and the vehicle will be brought back after repair	Ignatius KweyuAteya Fund Account Manager	Resolved but not submitted to Public accounts committe	16/09/17
.0	Incomplete Sibumba Water Project	A letter has been written to Chwele- Lwakhakha Road contractor to repair the damaged pipes to make the project operational	Ignatius KweyuAteya Fund Account Manager, Sub- county, Water Officer.	Resolved- but no submission done to public accounts committee	16/09/17