

REPUBLIC OF KENYA

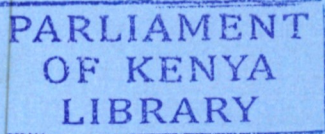
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08/8/2018*



OFFICE OF THE AUDITOR-GENERAL



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
MWINGI NORTH CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2017**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI

29 SEP 2017

**RECEIVED**

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**CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

KENYA NATIONAL AUDIT OFFICE  
EMBU HUB

09 OCT 2017 2121

Tel: 058 - 30260

P. O. BOX 113, EMBU

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The National Government Constituencies Development Fund (NG-CDF) was set up under the CDF Act, 2003 now repealed by the NG-CDF Act, 2015. The NG-CDF Act 2015 aligns the Fund with the Constitution of Kenya 2010 and the Public Finance Management Act 2012 that lay emphasis on citizen participation in public finance management and decision making, transparency and accountability together with equity in public resource utilization. The overall management of the Fund is the responsibility of the Constituencies Development Fund Board.

**(b) Key Management**

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

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

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Alex Muinde
3.	District Accountant	Titus Kmuyu

**(d) Fiduciary Oversight Arrangements**

- John Mue
- Elizabeth Samuel
- Christine Katui
- Priscilla Karimi
- Alex Muinde

**(e) Entity Headquarters**

P.O. Box 179  
Kyuso  
CDF Office  
KENYA

**(f) Entity Contacts**

Telephone: (254) 0711181096  
E-mail: mwinginorth@cdf.go.ke  
Website: www.cdf.go.ke

**(g) Entity Bankers**

1. Equity Bank  
Mwingi Town

**(h) Independent Auditors**

Auditor General

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH  
CONSTITUENCY**

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

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

**(i) Principal Legal Adviser**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH  
CONSTITUENCY**

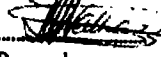
**Reports and Financial Statements  
For the year ended June 30, 2017**

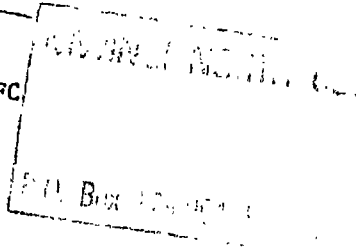
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**FORWARD LETTER BY THE CHAIRMAN**

Let me take this opportunity to thank all stakeholders involved in management of Ng-cdf Mwingi North.2016-2017 was a good year in that quite a number of projects were implemented successfully. In addition the bursary award in terms of number of beneficiaries increased substantially.

To this effect the overall effect of Ng cdf was felt across the constituency  
The national treasury did not release all funding for the fiscal year on time and its my hope that the outstanding balance shall be disbursed as soon as possible.

  
Regards  
John Mue  
Mwingi North NG-CDFC



# REPUBLIC OF KENYA

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NAIROBI



## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituency Development Fund – Mwingi North Constituency set out on pages 5 to 17, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation recurrent and development for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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 Constituency Development Fund – Mwingi North 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 National Government Constituency 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 and Other Matter sections 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

#### 1.0 Presentation, Accuracy and Completeness of the Financial Statements

#### 1.1 Presentation of the Financial Statement

The International Public Sector Accounting Standards (Cash Basis) reporting template prescribed by the Public Sector Accounting Standards Board requires that related party disclosures and list of projects implemented by the entity be included in the financial statements. However, a review of the financial statements for the year under review revealed that related party disclosures and the list of projects were not included in the financial statements as required.

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*Report of the Auditor- General on the financial statements of National Government Constituencies Development Fund – Mwingi North Constituency for the year ended 30 June 2017*

In the circumstances, the presentation of the financial statements for the year under review did not conform to the International Public Sector Accounting Standards (Cash Basis) reporting template as prescribed by Public Sector Accounting Standards Board.

## 1.2 Accuracy and Completeness of the Financial Statements

The financial statements for the year under review reflects a balance of Kshs.5,810,118 in respect to three (3) items while the respective supporting schedules reflect a balance of Kshs.5,452,514 resulting in an unexplained and unreconciled variance of Kshs.357,604 as follows;

Items	Financial Statements (Kshs.)	Supporting Schedules (Kshs.)	Variance (Kshs.)
Compensation of employees	3,236,118	2,960,514	275,604
Other Committee expenses	2,174,000	1,892,000	282,000
Fuel Oil and Lubricants	400,000	600,000	(200,000)
<b>Total</b>	<b>5,810,118</b>	<b>5,452,514</b>	<b>357,604</b>

In addition, Note 11 to the financial statements for the year under review reflected a nil balance in respect to amount due from the Board. However, Annex I of the annexes to the audited 2015/2016 financial statement reflected a balance of Kshs.50,271,105 for the same item resulting in an unexplained and unreconciled variance of Kshs.50,271,105.

Further, the statement of receipts and payment, statement of cash flows and summary statement of appropriation for the financial year under review reflected total expenditures of Kshs.105,747,012, Kshs.94,546,356 and Kshs.105,747,012 respectively. However, a recasting of the figures reflected under castings as follows;

	Total Amount Reflected in the Financial Statements (Kshs.)	Recasted Total Amount (Kshs.)	Variance/Under Casting (Kshs.)
Statement of Receipts and Payments (totals)	105,747,012	106,467,012	(720,000)
Statement of Cashflow (total of payments from Operating activities)	94,546,359	95,266,359	(720,000)
Summary statement of appropriation (total of actual on comparable basis)	105,747,012	106,467,012	(720,000)

In the circumstances, the accuracy and completeness of the financial statements as at 30 June 2017 could not be ascertained.

## **2.0 Unaccounted for Transfers to Primary Schools**

Note 4 to the financial statements reflects Kshs.30,195,000 spent in respect to transfer to other government entities which included Kshs.21,089,000 paid in respect to transfers to primary schools. Documents provided for audit review showed that Kamuwongo Primary School project management committee received Kshs.1,000,000 (Kshs.400,000 during 2015/16 and Kshs.600,000 during 2016/2017) for renovation of three (3) classrooms.

Contract for renovation of three classrooms which included walling of super structure, roofing structure, plastering and flooring, painting and decoration and veranda was signed on 22 June 2017 at contract sum of Kshs.896,130. However, works on roofing, plastering on two classes, painting on two classes, window panes and gutters at a cost of Kshs.156,150, Kshs.40,500, Kshs.107,200, and Kshs.495,000 respectively all totalling to Kshs.798,850 had not been done as at the time of this audit in May 2018. Further, certificate of practical completion for renovation of the three classrooms was issued on 7 July, 2017 and a final payment of Kshs.200,000 was made on 19 July 2017 even as the above works totalling to Kshs.798,850 was outstanding.

Further, Kshs.1,200,000 was paid to Kiruini primary school for construction of two (2) classrooms. However, a physical verification done on May 2018 revealed that painting works and window panes at cost of Kshs.84,300 and Kshs.136,800 respectively all valued at Kshs.221,100 which was included in the Kshs.1,200,000 had not been done.

In the circumstances, the propriety and value for money of Kshs.796,850 and Kshs.221,100 expenditures both totaling to Kshs.1,019,950 as at 30 June 2017 could not be ascertained.

## **3.0 Project Management Committee (PMC) Bank Balances**

Annex 2 to the financial statements reflects Kshs.986,150 in respect to seventeen project management committee (PMC) bank balances. However, bank reconciliation statements, cash books and bank confirmation certificates were not provided for audit review.

In the circumstances, the PMC bank balances of Kshs.986,150 as at 30 June 2017 could not be confirmed.

## **4.0 Unsupported Irregular Office Rent**

Note 3 to the financial statement reflect Kshs.368,270 in respect to office rent. Review of documents provided revealed that a two (2) year lease agreement starting from 1 May 2013 to 1 May 2015 for office rent at Kshs.15,000 was entered into with the landlord. During the financial year under review, the Constituency paid Kshs.368,270 comprising of Kshs.225,000, Kshs.58,000 and Kshs.85,270 for office rent, waiting room and electricity respectively. However, no documents were made available to show that the lease agreement which had expired on 1 May 2015 was renewed with a revision upwards of office rent from Kshs.15,000 to Kshs.225,000 and with an additional cost of Kshs.58,000 and Kshs.85,270 on waiting room and electricity respectively.

In the circumstances, the propriety, legality and validity of the Kshs.368,270 office rent expenditure as at 30 June 2017 could not be ascertained.

## **5.0 Construction of Building**

Note 6 to the financial statements reflects Kshs.11,200,653 in respect to acquisition of assets which included Kshs.4,500,000 spent on construction of buildings. Records provided for audit review revealed that the Fund transferred to the project management committee (PMC) Kshs.2,000,000 in the year 2014/2015, Kshs.7,000,000 in the year 2015/2016 and Kshs.4,500,000 in the year 2016/2017 all totaling to Kshs.13,500,000 for the construction of the National Government Constituency Development Office. The respective construction contract was signed on 26 September 2016 at contract sum of Kshs.9,772,160 and a contract period of ten (10) months. In addition, on 18 November 2016 a variation of Kshs.1,995,750 or 20% of the contract sum on substructure works was made raising the contract sum to Kshs.11,767,910. However, the respective site minutes and progress report showing reasons for the variation and constituency committee approval were not provided for audit review. Further, a second contract for construction of a gate, watchman's house, fencing, two (2) door VIP latrines, painting and decorations at a contract sum of Kshs.1,420,000 was awarded to the same contractor on 19 May 2017 resulting in the total contract price of Kshs.13,187,910 which was exclusive of 16% value added tax (VAT) of Kshs.2,089,099 and 3% withholding tax on construction of Kshs.391,805 both totaling to Kshs.2,480,805. No documents were provided showing how the taxes were to be paid.

As at the time of the this audit on 24 May 2018, Kshs.12,012,496 had been paid to the contractor by the project management committee. However, review of the payment certificates revealed that they were not supported by detailed measurements of work done and details and value of materials on sight.

Further, the 10% retention was also not deducted and retained by the project management committee as required by the provisions of the contract. In addition, a physical verification done on 23 May 2018 revealed that the works on internal painting, plumbing works, plastering, fixing of toilet doors, toilets, disabled persons facility, electrical works, soakage area and installing of two (2) 10,000 litres water tanks were still outstanding yet the contract period had lapsed.

In the circumstance, it has not been possible to ascertain the propriety and value for money of the Kshs.12,012,496 expenditure on construction of buildings as at 30 June 2017.

## **6.0 Sports**

Note 5 to the financial statements reflect Kshs.2,663,648 expenditure in respect to sports which included Kshs.1,622,050 for purchase of boots and other accessories, trophies and footballs, uniforms and volley balls. However, the distribution list provided for audit did not indicate the specific items issued and the prices in the quotations were typed implying that they were not from the bidders.

In the circumstances, it was not possible to determine whether the Constituency received value for the Kshs.1,622,050 expenditure as at 30 June 2017.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituency Development Fund- Mwingi North 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 of my report, I have determined that there are no other Key Audit Matters to communicate in my report.

## Other Matter

### 1. Budget Control and Performance

During the financial year under review, the Fund had an approved expenditure budget of Kshs.136,876,494 comprising of Kshs.81,896,552 for the year under review and Kshs.54,979,942 in respect to balance brought forward. However, the statement of appropriation reflected total actual expenditure of Kshs.105,742,012 whose casting had an error as the correct casted total expenditure should have been Kshs.106,467,012 and therefore the resultant under expenditure should have been Kshs.29,909,482 and not the Kshs.31,129,482 as reflected in the statement of appropriation as follows;

Sub head	Current year Final Budget Figures (Kshs.)	Actual Expenditure figures (Kshs.)	Budget Utilization Difference	Budget Absorption %
<b>Recurrent</b>				
Compensation of employees	3,405,931	3,236,118	169,813	95%
Use of goods and services	11,220,000	11,214,366	5,634	100%
Transfer to other government units	51,715,428	30,915,000	20,800,428	60%
Other grants and transfers	58,834,482	49,900,875	8,933,607	85%
Acquisition of Assets	11,200,653	11,200,653	0	100%
	<b>136,376,494</b>	<b>106,467,012</b>	<b>29,909,482</b>	<b>78%</b>

The residents of Mwingi North Constituency therefore did not receive services equivalent to the under expenditure of Kshs.29,909,482 as at 30 June 2017.

## **2. Project Management Implementation**

During the year under review, the Constituency Development Fund management did not update the project implementation status report. In the absence of an updated status report, the progress of work on the projects funded during the year under review and their status as at 30 June 2017 could not be confirmed.

### **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 NGCDF- Mwingi North Constituency'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 NGCDF- Mwingi North Constituency'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 NGCDF- Mwingi North Constituency'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.

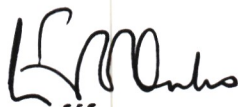
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 NGCDF- Mwingi North Constituency'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 NGCDF- Mwingi North Constituency'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 NGCDF- Mwingi North Constituency's 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 NGCDF- Mwingi North Constituency's to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

**Nairobi**

**17 July 2018**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**II. STATEMENT OF CONSTITUENCY MANAGEMENT RESPONSIBILITIES**

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

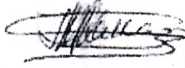
The Fund Account Manager in charge of the Mwingi North NG-CDF is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 2017. This responsibility 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 constituency; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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


The Fund Account Manager in charge of the MWINGI NORTH NG-CDF confirms that the entity has complied fully with applicable Government Regulations and that the Constituency's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Fund Account Manager confirms that the Constituency's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The MWINGI NORTH NG-CDF financial statements were approved and signed on 19<sup>th</sup> July 2017

  
John Mue Kathanzu  
Chairperson

MWINGI NORTH NG-CDF  
P.O. Box 170-00401, KYUSO

  
Alex Muinde  
Fund Account Manager


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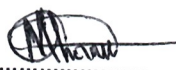
**Reports and Financial Statements  
For the year ended June 30, 2017**

**III STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2016-2017	2015-2016
		(Kshs)	(Kshs)
<b>RECEIPTS</b>			
Transfer from CDF board-AIEs Received	1	101,219,381	126,591,199
<b>TOTAL RECEIPTS</b>		<b>101,219,381</b>	<b>126,591,199</b>
<b>PAYMENTS</b>			
Compensation of Employees	2	3,236,118	2,493,649
Use of goods and services	3	11,214,366	11,532,805
Transfers to Other Government Units	4	30,195,000	65,601,254
Other grants and transfers	5	49,900,875	92,065,037
Acquisition of Assets	6	11,200,653	7,644,000
<b>TOTAL PAYMENTS</b>		<b>105,747,012</b>	<b>179,336,745</b>
<b>SURPLUS/DEFICIT</b>		<b>(4,527,631)</b>	<b>(52,745,546)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MWINGI NORTH NG- CDF financial statements were approved on 19<sup>th</sup> July 2017 and signed by:

  
John Mue  
Chairperson -NG-CDFC

  
Alex Muinde  
Fund Account Manager


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH  
CONSTITUENCY**


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

**IV. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES**

ITEM	Note	2016-2017	2015-2016
<b>FINANCIAL ASSETS</b>		<b>(Kshs)</b>	<b>(Kshs)</b>
<b>Cash and Cash Equivalents</b>			
Bank Balances(as per the cash book)	7	60,206	3,510,029
Cash Balances	8	121,000	1,198,808
<b>TOTAL FINANCIAL ASSETS</b>		<b>181,206</b>	<b>4,708,837</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	9	4,708,837	57,454,383
Surplus/Deficit for the year		(4,527,631)	(52,745,546)
<b>NET LIABILITIES</b>		<b>181,206</b>	<b>4,708,837</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MWINGI NORTH NG-CDF financial statements were approved on July 19<sup>th</sup> 2017 and signed by:

  
John Mue  
Chairperson - CDFC

  
Alex Muinde  
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH  
CONSTITUENCY**

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

**V. STATEMENT OF CASH FLOW**


	NOTE	2016-2017	2015-2016
		(Kshs)	(Kshs)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>			
Transfers from CDF Board	1	101,219,381	126,591,199
<b>Payments for operating expenses</b>			
Compensation of Employees	2	3,236,118	2,493,649
Use of goods and services	3	11,214,366	11,532,805
Transfers to Other Government Units	4	30,195,000	65,601,254
Other grants and transfers	5	49,900,875	92,065,037
Total payments for operating activities		94,546,359	171,692,745
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>6,673,022</b>	<b>(45,101,546)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6	(11,200,653)	(7,644,000)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(11,200,653)</b>	<b>(7,644,000)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT</b>		<b>(4,527,631)</b>	<b>(52,745,546)</b>
Cash and cash equivalent at the BEGINNING of the year	7	4,708,837	57,454,383
Cash and cash equivalent at the END of the year		181,206	4,708,837

The accounting policies and explanatory notes to these financial statements form an integral part of the financial

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

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statements. The MWINGI NORTH NG- CDF financial statements were approved on 17<sup>th</sup> July 2017 and signed by:

  
John Mue  
Chairperson -NG- CDFC

MWINGI NORTH  
P.O. Box 17

  
Alex Muinde  
Fund Account Manager

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**VI: SUMMARY STATEMENT OF APPROPRIATION**

Revenue/expense item	Original budget a (Kshs)	Adjustments b (Kshs)	Final budget c=a+b (Kshs)	Actual on comparable basis d (Kshs)	Variance e=c-d (Kshs)	Performance f=d/c% %
<b>RECEIPTS</b>						
Transfers from ng-cdf board	81,896,552	50,271,105	132,167,657	101,219,381	30,948,276	74
Other receipts	-	-	-	-	-	-
<b>PAYMENTS</b>						
Compensation of employees	3,405,931	-	3,405,931	3,236,118	169,813	95
Use of goods and services	3,964,758	7,255,242	11,220,000	11,214,366	5634	99.99
Transfers to government entities	7,500,000	44,215,428	51,715,428	30,195,000	21520,428	58
Other grants	58,834,482	-	58,834,482	49,900,875	8,933,607	85
Acquisition of assets	7,691,381	3,509,272	11,200,653	11,200,653	-	100
<b>TOTAL</b>	<b>81,896,552</b>	<b>54,979,942</b>	<b>136,876,494</b>	<b>105,747,012</b>	<b>31,129,482</b>	<b>77</b>

The MWINGI NORTH NG-CDF financial statements were approved on 19<sup>th</sup> July 2017 and signed by:

  
John Mue

Chairperson - CDFC

  
Alex Muinde

Fund Account Manager

## VII. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

### b) Recognition of revenue and expenses

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

### c) In-kind contributions

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

### d) Cash and cash equivalents

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

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**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Receivables and payables**

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

**f) Budget**

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

**g) 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, 2015.

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**VIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. Transfer From CDF Board**

GFS codes	Description	2016-2017	2015-2016
		(Kshs)	(Kshs)
1330407	A.I.E NO :A855504/754494	36,853,449	56,591,199
1330407	A.I.E NO :A825983/ 825583	50,271,105	35,000,000
1330407	A.I.E NO:A829950/ 825592	4094827	35,000,000
	AIE NO:839693	10,000,000	
	<b>TOTAL</b>	<b>101,219,381</b>	<b>126,591,199</b>

**2. Compensation of Employees**

GFS codes	Description	2016-2017	2015-2016
		(Kshs)	(Kshs)
2110000			
2110201	Basic wages of contractual employees	3,106,518	2,355,409
2110200	NSSF Contribution	129,600	138,240
	<b>TOTAL</b>	<b>3,236,118</b>	<b>2,493,649</b>

**3. Use of Goods And Services**

GFS codes	Description	2016-2017	2015-2016
		(Kshs)	(Kshs)
2210100	Utilities supplies and	-	80,394
2210100	Office rent	368,270	270,000
2210100	Communication supplies and services	6,960	300,000
2210100	Domestic travel and subsistence	200,000	950,000
2210100	Printing and advertising	260,000	567,000
2210100	Training expenses	1,782,000	1,136,200
2210100	Hospitality supplies	426,396	
2210100	Insurance costs	-	148,264
2210100	Office General supplies costs	187,710	309,000
2210100	Fuel oil and lubricants	400,000	600,000
2220100	Routine Maintenance-Motor Vehicle	655,030	1,433,151
2220200	Routine Maintenance-Other Assets	-	500,000
2220200	Committee expenses	5,036,000	3,861,385
2220200	Other Committee expenses	1,892,000	1,377,411
<b>TOTAL</b>		<b>11,214,366</b>	<b>11,532,805</b>

**CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH CONSTITUENCY**  
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**4. Transfer to Other Government Entities**

GFS Codes	Description	2016-2017	2015-2016
		(kshs)	(Kshs)
2630204	Transfers to primary schools	21,089,000	35,944,000
2630205	Transfers to secondary schools	9,106,000	29,657,254
2630207	Transfers to health institutions		
	<b>TOTAL</b>	<b>30,195,000</b>	<b>65,601,254</b>

**5. Other Grants and other Payments**

GFS Codes	Description	2016-2017	2015-2016
		(Kshs)	(Kshs)
2640101	Bursary secondary	22,819,691	50,032,894
2640102	Bursary tertiary	6,879,536	19,142,615
2640104	Bursary special schools	-	60,000
2640105	Mocks and Cats	-	-
2640504	Water	-	7,800,000
2640507	Security	12,540,000	5,560,000
2640508	Roads	-	6,019,528
2640509	Sports	2,663,648	
2640510	Environment	-	2,800,000
2640200	Emergency Projects	4,998,000	650,000
	<b>TOTAL</b>	<b>49,900,875</b>	<b>92,065,037</b>

**6. Acquisition of Non-Financial Assets**

GFS Codes	Description	2016-2017	2015-2016
		(Kshs)	(Kshs)
3100000			
3110202	Construction of buildings	4,500,000	7,000,000
3111002	Purchase of computers, printers and other IT equipments	-	644,000
3111002	Purchase of Ng-cdf vehicle	6,700,653	
	<b>TOTAL</b>	<b>11,200,653</b>	<b>7,644,000</b>

**CONSTITUENCY DEVELOPMENT FUND - MWINGI NORTH CONSTITUENCY**  
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**7. Bank Balances (cash book bank balance)**

Bank	Branch	Account No	2016-2017	2015-2016
			(Kshs)	(Kshs)
Equity	Mwingi	0590292513495	60,206	3,510,029
		TOTAL	60,206	3,510,029

**8. Cash In Hand**

Description	2016-2017	2015-2016
	(kshs)	(Kshs)
Cash in hand	121,000	1,198,808
	121,000	1,198,808

**9. Balances Brought Forward**

Description	2016-2017	2015-2016
	(Kshs)	(Kshs)
Bank accounts	3,510,029	57,067,820
Cash in hand	1,198,808	326,563
Cash equivalents(short-term deposits)		
Imprest		60,000
Total	4,708,837	57,454,383

**10PMC BANK ACCOUNTS (See annex 2)**

	2016-2017	2015-2016
	(kshs)	(Kshs)
PMC Bank accounts(See attached list)	986,150	-
<b>Total</b>	<b>986,150</b>	<b>-</b>

**11AMOUNTS DUE FROM CDF BOARD (See annex 3)**

	2016-2017	2015-2016
	(Kshs)	(Kshs)
Project balances	30,948,275	-
<b>Total</b>	<b>30,948,275</b>	<b>-</b>

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**ANNEX 1.SUMMARY OF ASSETS REGISTER**

ASSET CLASSIFICATION	HISTORICAL COST 2016/2017 (Kshs)	HISTORICAL COST 2015/2016 (Kshs)
BUILDINGS	14,144,000	9,644,000
TRANSPORT EQUIPMENTS	11,273,103	4,572,450
OFFICE EQUIPMENT,FURNITURE AND FITTINGS	651,910	651,910
ICT EQUIPMENTS	396,670	396,670
TOTAL	26,465,683	15,265,030

**ANNEX2: PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2017**

NAME	BANK	AC NO	2016/2017	2015/2016
Mulangoni sec	Kcb	1183822164	150,072	-
Mbarani primary	Kcb	1208528114	800	-
Nguuni primary	Kcb	120852		-
Kithayoni primary	Kcb	1208297104		-
Tii primary	Kcb	1167219422	1000	-
Muumoni police	Kcb	1202680607	709,435	-
Muumoni dc residence	Kcb	184137633	2,600	-
Kathaalani ass chief	Kcb	1203358539		-
Kamuwongo do residence	Kcb	1184367310	15,128	-
Kamuwongo prim	Kcb	1208152912	5,000	-
Matooni sec school	Kcb	118321671	1,045	-
Ndoo ass chief	Kcb	1203444893	23,000	-
Kwa katile secondary	Kcb	1153302969	320	-
Kalatine primary	equity	0590269231926	1,000	-
Usueni girls	Kcb	1199726311	69,750	-
Katuuni sec	equity	0590269386036	5,000	-
Karundu primary	Kcb	1175407321	2,000	-
TOTAL			986,150	-

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**ANNEX3: AMOUNTS DUE FROM BOARD**

PROJECT NAME	BALANCE
Katithini primary school	500,000
Kanyoeni primary school	500,000
Kikumini primary school	500,000
Ithingili primary school	500,000
Nguuku primary school	500,000
Kaliani primary school	500,000
Ngomeni primary school	1,000,000
Kavaani primary school	1,200,000
Kimela primary school	500,000
Yamwenze primary school	500,000
Mangulu primary school	300,000
Mitamisiyi special	400,000
Kanyengya pri school	500,000
Kamikau primary school	500,000
Gankanga prim.sch	500,000
Konyu prim sch	1,000,000
Muguusi prim sch	500,000
Kakunike primsch	500,000
Kamuwongo prim sch	400,000
Ngaai prim sch	400,000
Kalimamundu pri sch	500,000
Mwania prim sch	500,000
Kaimea pri sch	100,000
Kalumu prim sch	600,000
Kisiuni pri sch.	500,000
Ngomeni prim sch.	1,000,000
Ngakone pri.sch	500,000
Muinge prim.sch	1,000,000
Kanzinwa prim.sch	800,000
Ngomeni sec.sch	200,000
Mandongoi admn.	800,000
Kasiluni admn.police	1,200,000
Tyaa kamuthale adm.	1,200,000
Mumoni dcs res.	200,000
Mivukoni dos res.	1,200,000
Tharaka dos res.	1,200,000
Masyungwa police li.	300,000

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Ngomeni admn.line	1,400,000
Ng-cdf office	1,500,000
Environment	1,637,931
Sports	1,637,931
Bursary	1,772,413
Total	30,948,275

**ANNEX4: 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	Status:	Timeframe:
1	Cash and cash equivalents- unreversed cheques	Cheques reversed	Fund Manager	Resolved	N/A
2	Unsupported bursary cheques	Acknowledgement of bursary letters were received	Fund Manager	Resolved	N/A
3	Budgetary control and performance	Undisbursed funds for the previous years were received and utilized	Fund Manager	Resolved	N/A
4	Implementation of projects	Un implemented projects were implemented	Fund Manager	Resolved	N/A