


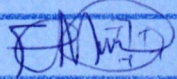
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 06 MAR 2019	DAY: TUESDAY
TABLED BY:	MAJORITY LEADER
CLERK-AT-THE-TABLE:	

PARLIAMENT  
OF KENYA  
LIBRARY

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
AINAMOI CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2017





OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100 NAIROBI  
29 JUN 2018  
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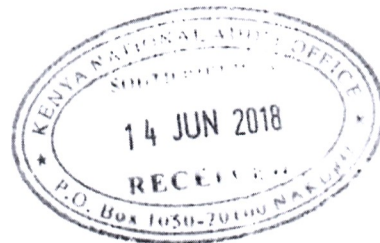
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
AINAMOI CONSTITUENCY**

**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)



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – AINAMOI  
CONSTITUENCY**

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- AINAMOI  
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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 *Ainamoi 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 30<sup>th</sup> June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	<b>Yusuf Mbuno</b>
2.	Fund Account Manager	<b>Andrew Sigei</b>
3.	District Accountant	<b>Moses O. Tiang</b>

**(d) Fiduciary Oversight Arrangements**

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

AINAMOI NG- CDF  
P.O. BOX 470  
ARK PLAZA  
KAPSOIT MARKET  
KERICHO, KENYA



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- AINAMOI  
CONSTITUENCY**

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

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**(f) AINAMOI CDF Contacts**

Telephone: (254) 0722949414  
E-mail: cdfainamoi@cdf.go.ke  
Website: www.go.ke

**(g) AINAMOI NG-CDF Bankers**

1. Kenya Commercial Bank  
Kericho Branch  
P.O Box Kericho

**(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- AINAMOI  
CONSTITUENCY**

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

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

**Budget performance**

The two most important items in the statement of appropriation i.e. transfers to other government units and other grants and transfers who stood at 66% and 96% respectively .This shows that we have excelled in performance .We have gone beyond 50% which is the pass mark. I take this opportunity to thank the Fund Account Manager and the whole team for doing a good Job. The cash book balance (closing) is 2 million which shows a good absorption rate.

**Achievements**

Some times in 2015, there was a big scare about CDF being disbanded but it didn't happen. I consider this as an achievement .what CDF has done over the years is tremendous This year alone we commissioned about fifteen projects fully funded by CDF .The students who are soon sitting for exams, most of them benefited from CDF bursaries.

**Challenges**

- Delay of funds –This time, funds from the board really delayed. Right now we are still waiting for the second half of FY2016/2017 allocation. This will pull down the implementation target
- Inadequate funds-the allocation have not progressed well in the recent past. Since the new rule of equal funding emerged, the less advantaged constituencies have suffered.

  
CHAIRMAN CDFC

FUND ACCOUNT MANAGER  
AINAMOI NG-CDF  
P. O. BOX 470, KERicho

IT MANAGER  
NG-CDF  
470, KERicho



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- AINAMOI  
CONSTITUENCY**

**Reports and Financial Statements**

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

**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 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 Ainamoi *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, 2014. 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 Ainamoi *NG-CDF* accepts responsibility for the Ainamoi 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 Ainamoi *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 Ainamoi *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.

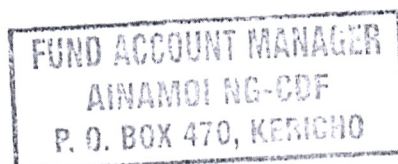
The Fund Account Manager in charge of the Ainamoi *NG-CDF* confirms that the entity has complied fully with applicable Government Regulations and that the Constituency's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted 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.

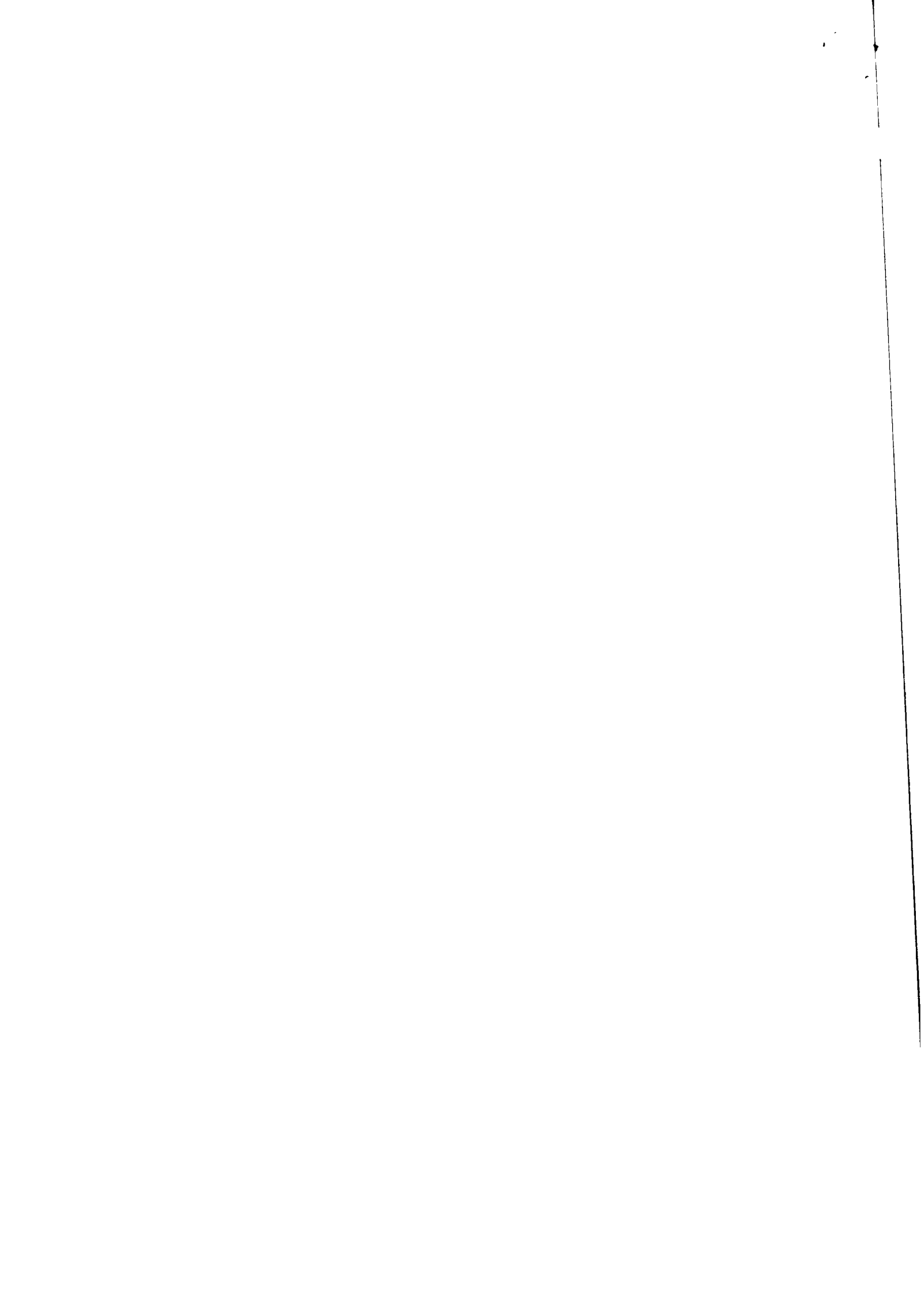
**.Approval of the financial statements**

The *CDF's* financial statements were approved and signed by the Accounting Officer on 28/07/ 2017.

  
Chairman NG-CDF

  
Fund Account Manager





# REPUBLIC OF KENYA

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Website: [www.kenao.go.ke](http://www.kenao.go.ke)

P.O. Box 30084-00100  
NAIROBI



## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

##### **Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Ainamoi Constituency set out on pages 5 to 15, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cashflow and statement of appropriation 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, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Ainamoi Constituency as at June 30, 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, based on the audit 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 Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund – Ainamoi 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 opinion.

##### **Key Audit Matter**

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements. Except for the matters described in

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

the Other Matter section, I have determined that there are no other matters to communicate in my report.

## **Other Matter**

### **1.0 Cash and Cash Equivalents**

The statement of assets reflects cash and cash equivalents balance of Kshs.2,485,586, which is the amount held in the Kenya Commercial Bank Account No. 1103615831 as at 30 June 2017. The bank reconciliation statement for the account as at that date reflected un-presented cheques totaling Kshs.4,618,623. However, out of this amount, Kshs.57,014 were stale cheques, some of them dating as far back as 11 August 2015. It is not clear why these anomalies have not been corrected as required by Section 90 (3) of the Public Finance Management National Government Regulations, 2015.

### **2.0 Incomplete Projects**

A review of the project implementation status report dated 30 June 2017 shows that NG-CDF – Ainamoi has remitted a total of Kshs.8,600,000 to various projects as shown in the table below:

<b>Sector</b>	<b>No. of Projects</b>	<b>Amount (Kshs)</b>
Water Projects	7	3,300,000
Agriculture	6	2,800,000
Village Polytechnic	1	2,500,000
	<b>14</b>	<b>8,600,000</b>

Physical verification of the projects in June 2018 revealed that they are incomplete, and required more funds to be completed. Further, according to the Constitution and the CDF Act, 2015, Agriculture Services, Water and Sanitation Services and Village Polytechnics are devolved functions that should be funded by the County Government. In the circumstance, the continued delay in completion of these projects implies that the funds used on them may go to waste.

### **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 sustaining services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the

National Government intends to cease operations of the Fund, or has 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 of Kenya. 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 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 expressing an opinion 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 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 sustain 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 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**

**1 February 2019**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- AINAMOI  
CONSTITUENCY**


**Reports and Financial Statements**


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

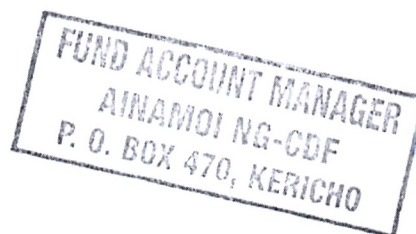
**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	94,616,527.60	101,887,659.40
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
<b>TOTAL RECEIPTS</b>		<b>94,616,527.60</b>	<b>101,887,659.40</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,757,840.00	1,440,820.00
Use of goods and services	5	8,546,195.00	4,062,543.25
Transfers to Other Government Units	6	69,345,585.70	53,524,245.00
Other grants and transfers	7	47,304,531.00	14,908,092.30
Acquisition of Assets	8	-	-
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>127,954,151.70</b>	<b>73,935,700.55</b>
<b>SURPLUS/DEFICIT</b>		<b>(33,337,624.10)</b>	<b>27,951,958.85</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ainamoi NG-CDF financial statements were approved on 28/07 2017 and signed by:

  
Chairman - CDFC

  
Fund Account Manager



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- AINAMOI  
CONSTITUENCY**

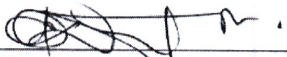
**Reports and Financial Statements**

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

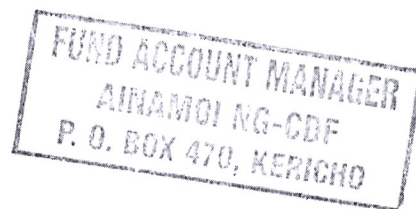
**V. STATEMENT OF ASSETS**

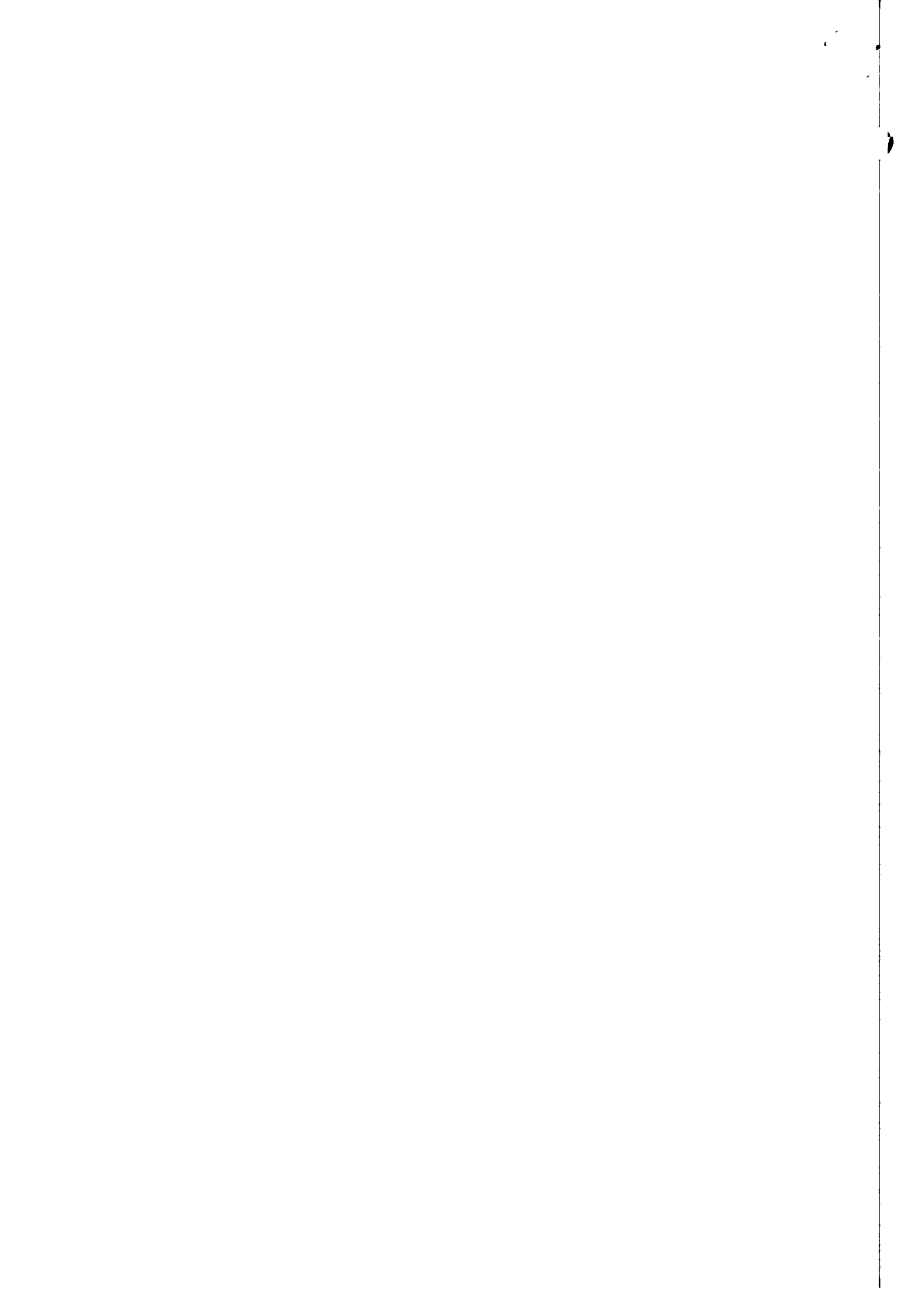
	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	2,485,586.00	35,823,210.10
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<u>2,485,586.00</u>	<u>35,823,210.10</u>
<b>REPRESENTED BY</b>			
Retention	12		
Fund balance b/fwd 1st July...	13	35,823,210.10	7,871,251.25
Surplus/Deficit for the year		(33,337,624.10)	27,951,958.85
Prior year adjustments	14	-	-
<b>NET LIABILITIES</b>		<u>2,485,586.00</u>	<u>35,823,210.10</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The AINAMOI NG-CDF financial statements were approved on 28/07/2017 and signed by:

  
Chairman NG-CDFC

  
Fund Account Manager





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- AINAMOI  
CONSTITUENCY**

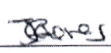
**Reports and Financial Statements  
For the year ended June 30, 2017**

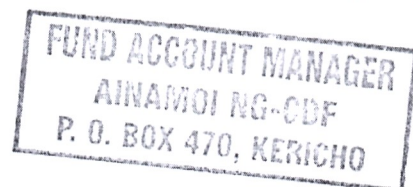
**VI. STATEMENT OF CASHFLOW**

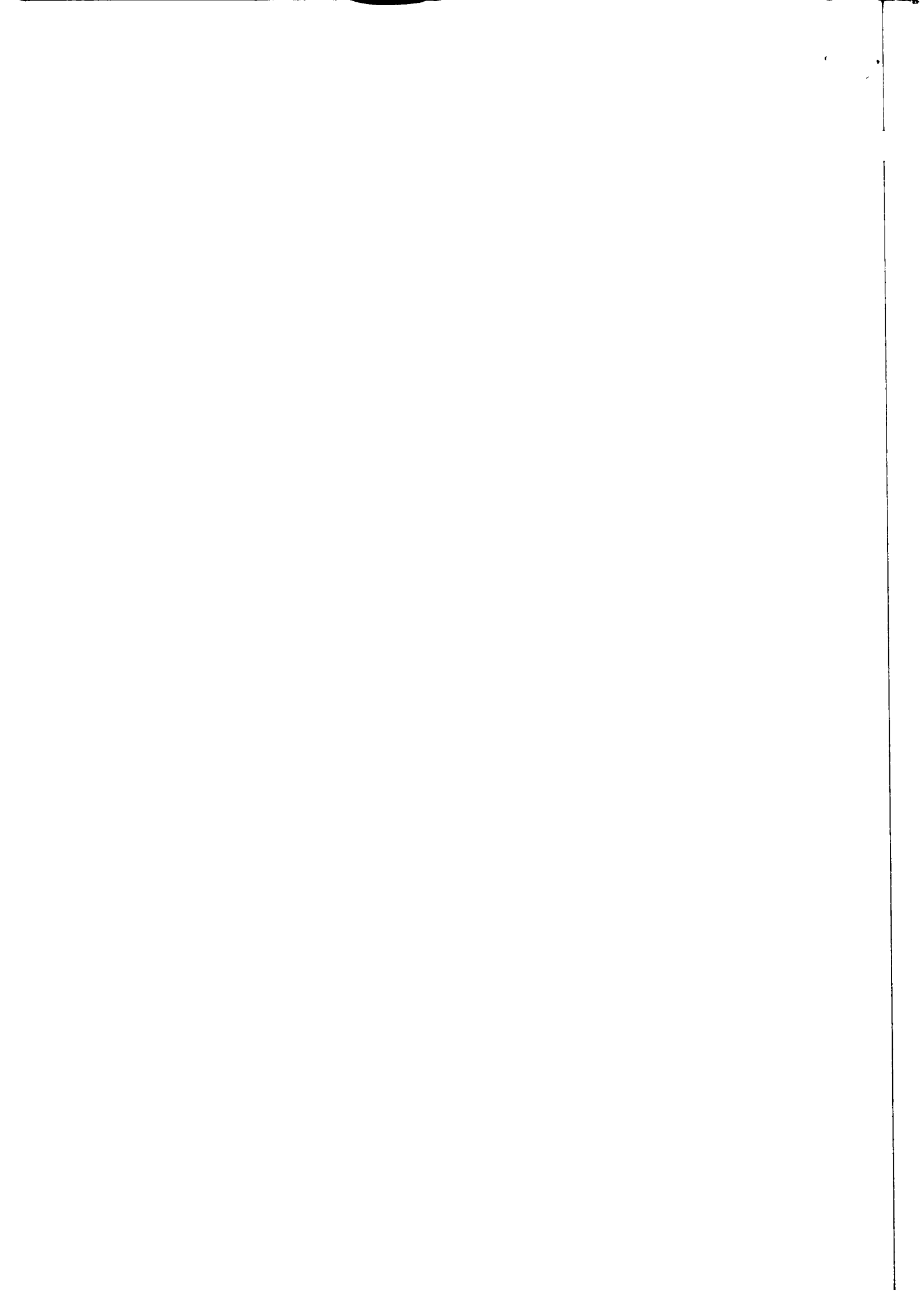
	Note	2016-2017	2015-2016
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	94,616,527.60	101,887,659.40
Other Receipts	3	-	-
		<b>94,616,527.60</b>	<b>101,887,659.40</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,757,840.00	1,440,820.00
Use of goods and services	5	8,546,195.00	4,062,543.25
Transfers to Other Government Units	6	69,345,585.70	53,524,245.00
Other grants and transfers	7	47,304,531.00	14,908,092.30
Other Payments	9	-	-
		<b>127,954,151.70</b>	<b>73,935,700.55</b>
<b>Adjusted for:</b>			
Adjustments during the year	14	-	-
<b>Net cash flow from operating activities</b>		<b>(33,337,624.10)</b>	<b>27,951,958.85</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
Net cash flows from Investing Activities		-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(33,337,624.10)</b>	<b>27,951,958.85</b>
Cash and cash equivalent at BEGINNING of the year	13	35,823,210.10	7,871,251.25
<b>Cash and cash equivalent at END of the year</b>		<b>2,485,586.00</b>	<b>35,823,210.10</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The AINAMOI CDF financial statements were approved on 28/07/ 2017 and signed by:

  
Chairman NG-CDFC

  
Fund Account Manager

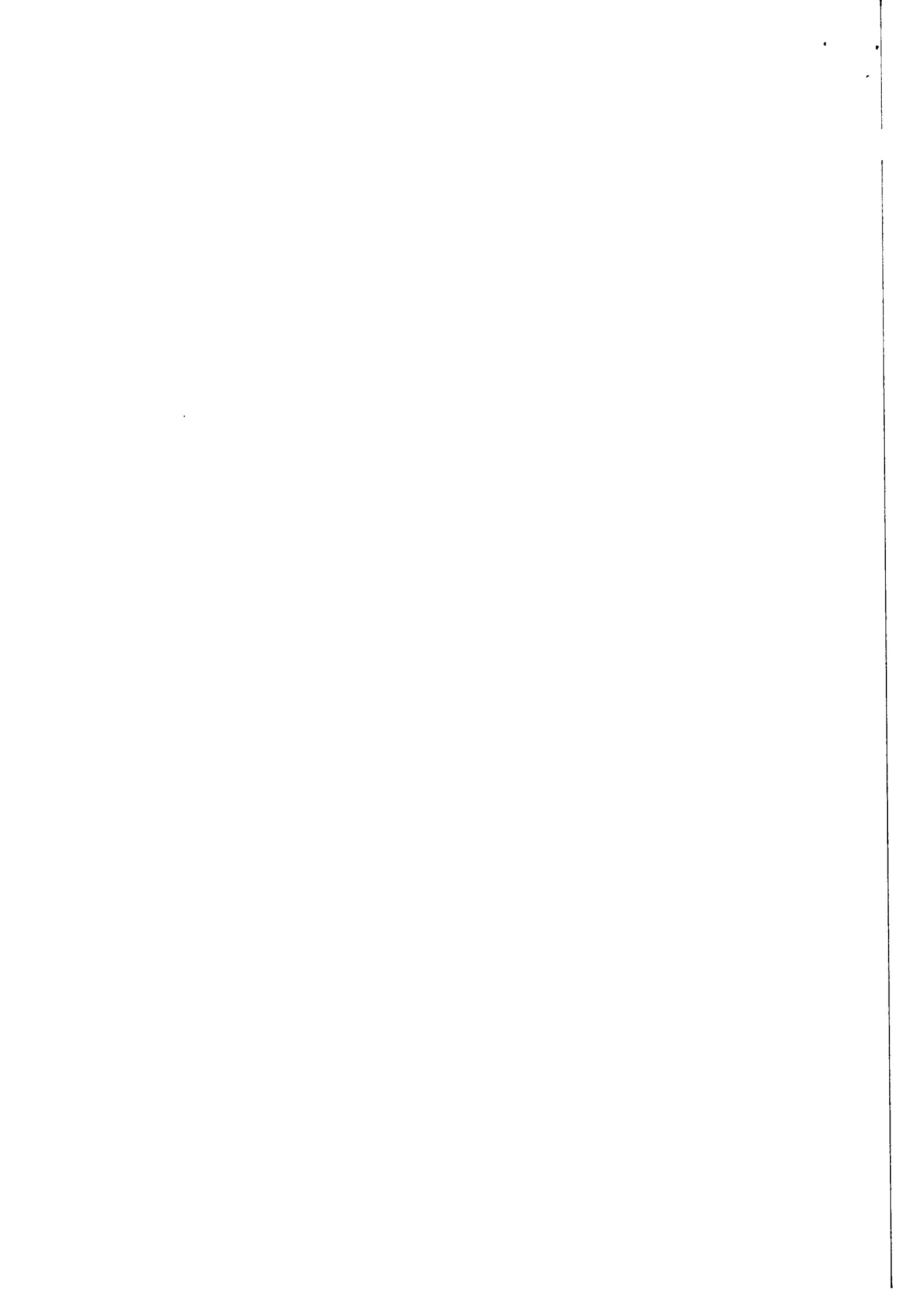




**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – AINAMOI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**


Receipt/Expense Item	Original Budget		Adjustments		Final Budget		Actual on Comparable Basis		Budget Utilisation Difference		% of Utilisation
	a		b		c=a+b		d		e=c-d	f=d/c %	
<b>RECEIPTS</b>											
Transfers from CDF Board	81,896,551.69		89,491,461.45		171,388,013.14		130,439,737.70		40,948,275.44		76.1%
Proceeds from Sale of Assets											
Other Receipts	-										
<b>TOTAL</b>	<b>81,896,551.69</b>		<b>89,491,461.45</b>		<b>171,388,013.14</b>		<b>130,439,737.70</b>		<b>40,948,275.44</b>		<b>76.1%</b>
<b>PAYMENTS</b>											
Compensation of Employees	1,348,650.00		2,192,652.00		3,541,302.00		2,757,840.00		783,462.00		77.9%
Use of goods and services	5,424,350.09		7,310,392.20		12,734,742.29		8,546,195.00		4,188,547.29		67.1%
Transfers to Other Government Units	50,880,000.00		57,798,941.25		108,678,941.25		69,345,585.70		39,333,355.55		63.8%
Other grants and transfers	24,243,551.60		22,189,476.00		46,433,027.60		47,304,531.00		(871,503.40)		101.9%
Acquisition of Assets			-								
Other Payments											
<b>TOTAL</b>	<b>81,896,551.69</b>		<b>89,491,461.45</b>		<b>171,388,013.14</b>		<b>127,954,151.70</b>		<b>43,433,861.44</b>		<b>74.7%</b>



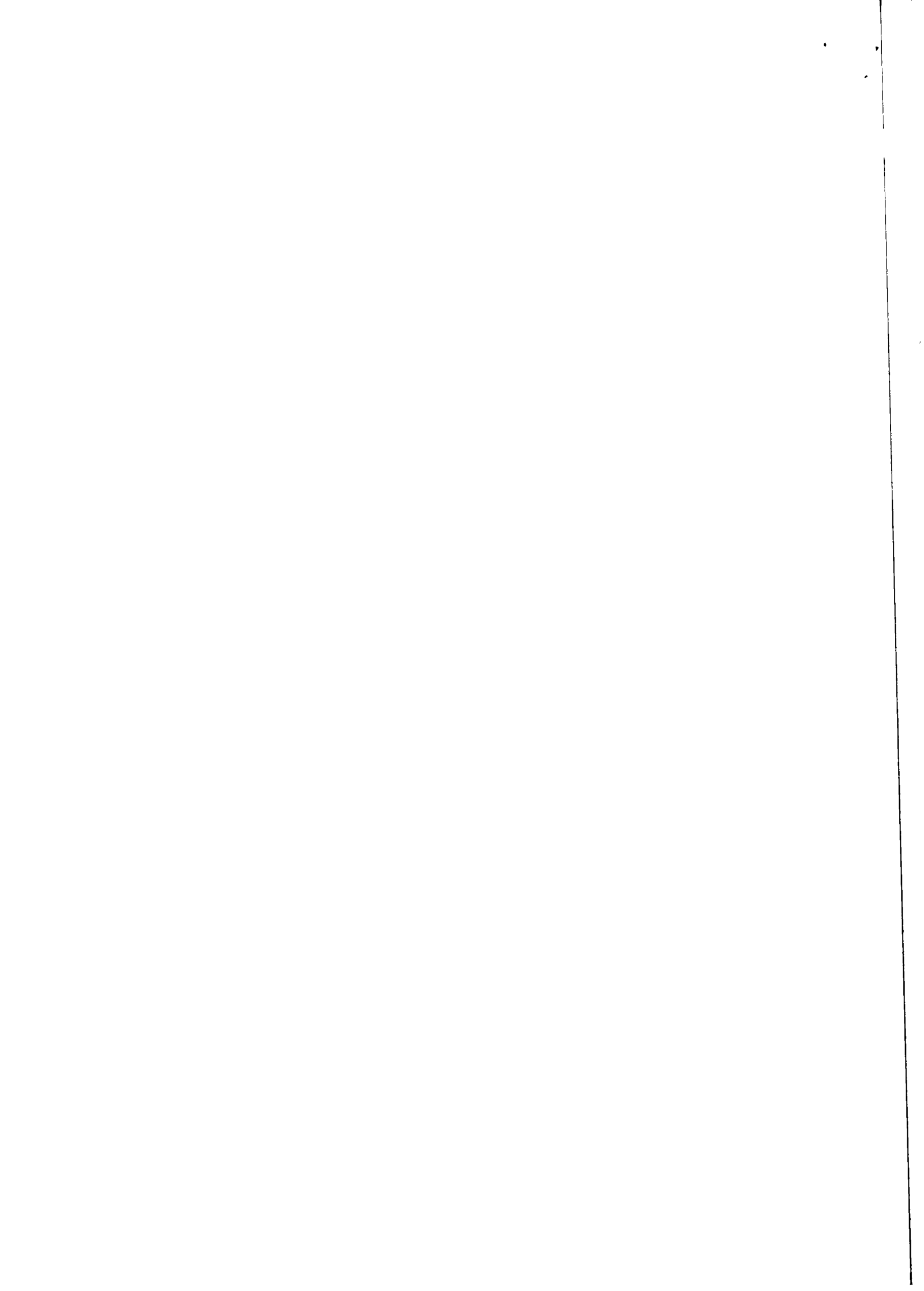
**CONSTITUENCIES DEVELOPMENT FUND – AINAMOI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

The AINAMOI NG-CDF financial statements were approved on 28/07/2017 and signed by:

  
Chairman NG-CDFC

  
Fund Account Manager

FUND ACCOUNT MANAGER  
AINAMOI NG-CDF  
P. O. BOX 470, KERIGO



## **VIII. 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 and all values are rounded to the nearest thousand (Kshs'000). 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.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – AINAMOI  
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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 budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Constituency's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**g) Comparative figures**

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

**h) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

**IX. NOTES TO THE FINANCIAL STATEMENTS**

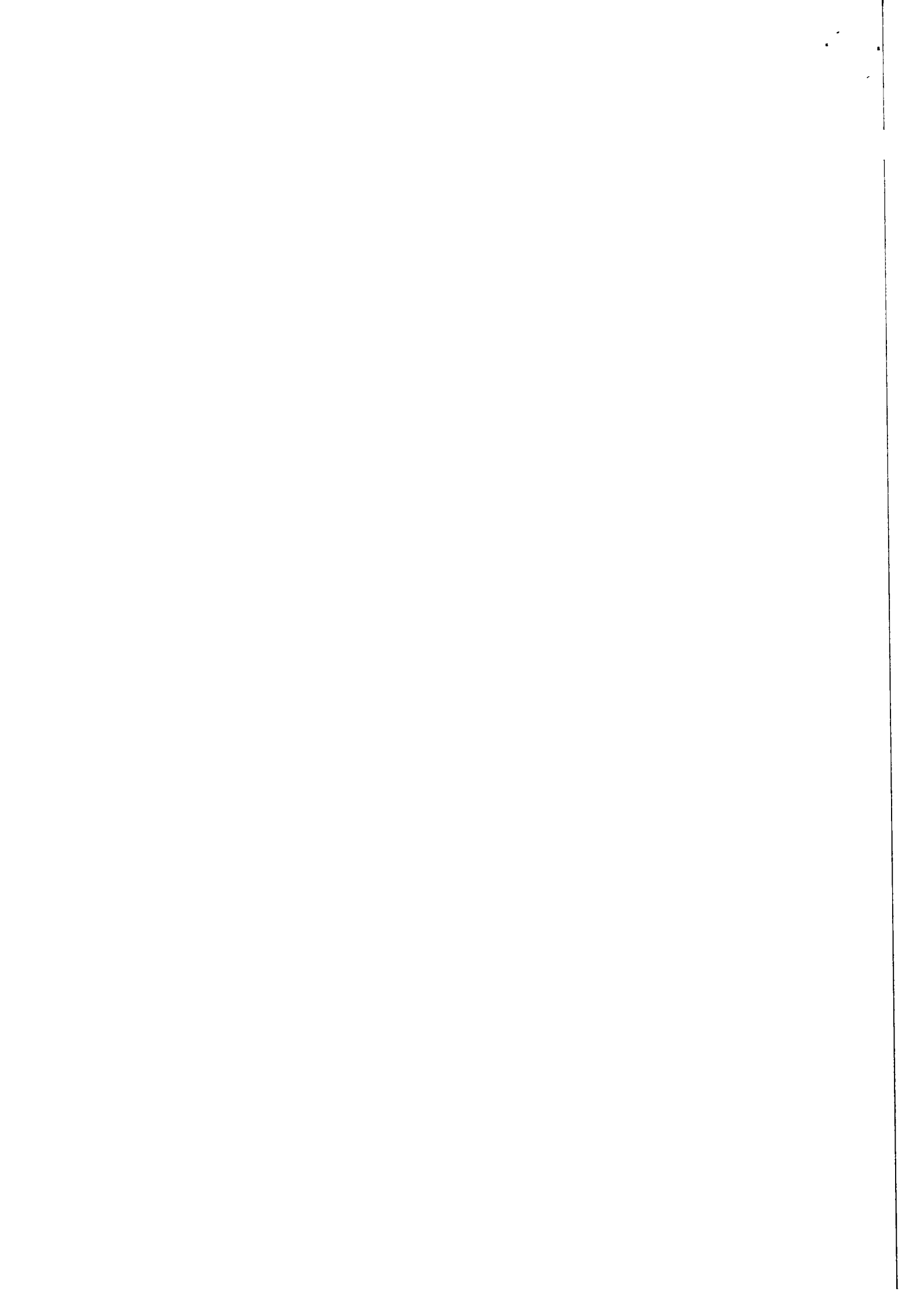
**1. TRANSFERS FROM CDF BOARD**

	Description	2016-2017	2015 - 2016
		Kshs	Kshs
Normal Allocation			
	A825987	53,168,251.00	10,000,000.00
	A825994	4,094,827.60	20,000,000.00
	A855687	36,853,449.00	22,000,000.00
	A855197	500,000.00	12,511,487.00
			37,376,172.40
	<b>TOTAL</b>	<b>94,616,527.60</b>	<b>101,887,659.40</b>

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**2. COMPENSATION OF EMPLOYEES**

Description	2016-2017	2015 -2016
	Kshs	Kshs
Basic wages of contractual employees	2,642,640.00	1,377,580.00
Basic wages of casual labour	-	-
<b>Personal allowances paid as part of salary</b>	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF gratuity	115,200.00	63,240.00
<b>Total</b>	<b>2,757,840.00</b>	<b>1,440,820.00</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – AINAMOI  
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**Reports and Financial Statements**

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. USE OF GOODS AND SERVICES**

<b>Description</b>	<b>2016-2017</b>	<b>2015 -2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	287,129.00	58,022.00
Office rent	-	-
Communication, supplies and services	185,000.00	160,000.00
Domestic travel and subsistence	57,900.00	2,000.00
Printing, advertising and information supplies & services	6,095.00	12,100.00
Rentals of produced assets	-	-
Training expenses	742,500.00	-
Hospitality supplies and services	25,937.00	-
Other committee expenses	-	-
Committee allowance	5,032,400.00	2,428,350.00
Insurance costs	255,084.00	297,255.00
Specialised materials and services	-	-
Office and general supplies and services	113,120.00	64,394.00
Fuel ,oil & lubricants	-	-
Other operating expenses	793,000.00	469,809.00
Routine maintenance – vehicles and other transport equipment	1,048,030.00	570,613.25
Routine maintenance – other assets	-	-
	-	-
<b>Total</b>	<b>8,546,195.00</b>	<b>4,062,543.25</b>

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

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

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2016-2017	2015 -2016
	Kshs	Kshs
Transfers to primary schools	44,331,000.00	38,234,748.00
Transfers to secondary schools	9,860,000.00	14,495,462.00
Transfers to Tertiary institutions	12,000,000.00	-
Transfers to Health institutions	3,154,585.70	794,035.00
<b>TOTAL</b>	<b>69,345,585.70</b>	<b>53,524,245.00</b>

**5. OTHER GRANTS AND OTHER PAYMENTS**

Description	2016-2017	2015 -2016
	Kshs	Kshs
Bursary -Secondary	21,544,475.00	106,500.00
Bursary -Tertiary	15,160,056.00	30,000.00
Bursary-Special schools	173,000.00	-
Mocks & CAT	-	630,000.00
water	-	5,300,000.00
Agriculture (food security)	300,000.00	2,000,000.00
Electricity projects	-	-
Security	2,700,000.00	1,211,592.30
Roads	-	-
Sports	1,217,000.00	-
Other capital grants and transfer	-	-
Emergency Projects (specify)	6,210,000.00	5,630,000.00
<b>Total</b>	<b>47,304,531.00</b>	<b>14,908,092.30</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – AINAMOI  
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**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6. Bank Balances (cash book bank balance)**

	2016- 2017	2015- 2016
Name of Bank, Account No. & currency	Kshs	Kshs
<i>KCB –Kericho branch Account no. 1103615831</i>	2,485,586.00	35,823,210.10
<b>Total</b>	<b>2,485,586.00</b>	<b>35,823,210.10</b>

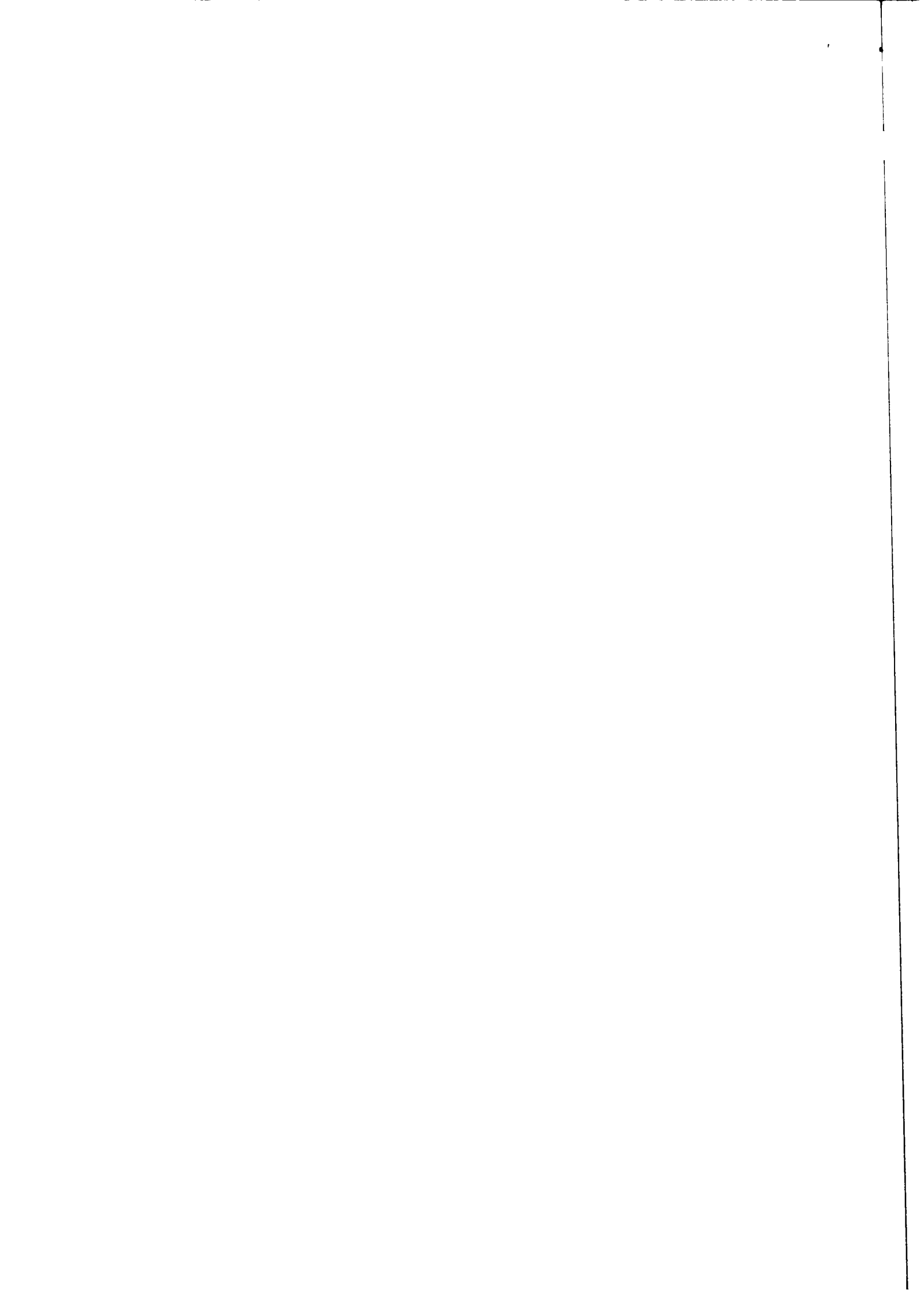
**7. BALANCES BROUGHT FORWARD**

	2016 - 2017	2015- 2016
	Kshs	Kshs
Bank Accounts	35,823,210.10	7,871,251.25
Imprest	-	-
<b>Total</b>	<b>35,823,210.10</b>	<b>7,871,251.25</b>

**8. OTHER IMPORTANT DISCLOSURES**

**18.1 FIXED ASSETS REGISTER**

ASSET CLASS	Historical cost (kshs) 2016/2017	Historical cost (kshs) 2015/2016
Land		



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – AINAMOI  
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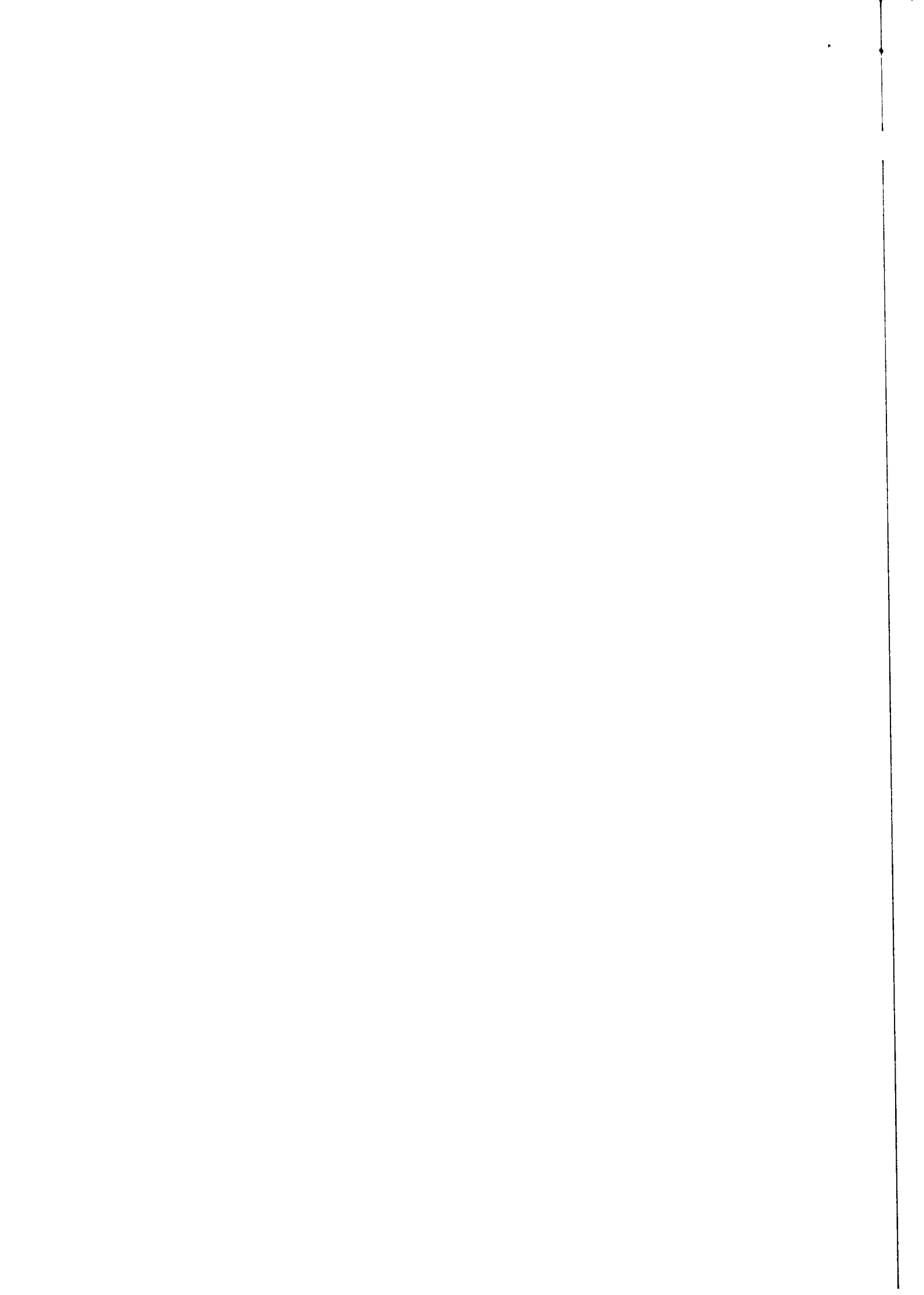
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Building s and structures		
Transport equipment	6,479,510.00	6,479,510.00
Office equipment ,software and other ICT Assets	268,000.00	95,000.00
Other machinery and Equipment	279,000.00	279,000.00
Heritage and cultural assets		
Intangible assets		
	<hr/>	<hr/>
	<b>7,026,510.00</b>	<b>6,853,510.00</b>

**NATIONAL GOVERNMENT ENTITY - AINAMOI CONSTITUENCY**  
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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
1. Merto Dispensary	1,250,000.00	25/12/2015	951,820.00	298,180.00		Little work pending
2. Lalaiat Dispensary	1,202,759.00	25/12/2015	690,970.00	511,789.00		Little work pending
3. Samutet Dispensary	1,200,000	25/12/2015	1,199,038.00	962.00		Little work pending
4. Chepkoiyo Dispensary	1,200,000.00	25/12/2015	747,701.75	452,298.25		Little work pending
5.						
<b>Sub-Total</b>				<b>1,263,229.25</b>		
<b>Construction of civil works</b>						
6. Oasis Kingdom Investment Limited	7,500.00	4/07/2017	nil	7,500.00		
7.						
8.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
9.						
10.						
11.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
12.						
13.						
14.						
<b>Sub-Total</b>						
<b>Grand Total</b>				<b>1,270,729.25</b>		



**NATIONAL GOVERNMENT ENTITY - AINAMOI CONSTITUENCY**  
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**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		
<b>Senior Management</b>							
1.							
2.							
3.							
	<b>Sub-Total</b>						
<b>Middle Management</b>							
4.							
5.							
6.							
	<b>Sub-Total</b>						
<b>Unionisable Employees</b>							
7.							
8.							
9.							
	<b>Sub-Total</b>						
<b>Others (specify)</b>							
10. NG-CDFC staff		124,220.00	July salary	-	124,220.00		Services already offered
11.							
12.							
	<b>Sub-Total</b>						
	<b>Grand Total</b>						

**NATIONAL GOVERNMENT ENTITY - AINAMOI CONSTITUENCY**  
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**ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
<b>Amounts due to other Government entities</b>							
1.	Chemugusu Primary School	1,000,000.00		400,000.00	600,000.00	nil	The owner of the land changed his mind
2.							
3.							
	<b>Sub-Total</b>						
<b>Amounts due to other grants and other transfers</b>							
4.							
5.							
6.							
	<b>Sub-Total</b>						
	<b>Sub-Total</b>						
<b>Others (specify)</b>							
7.							
8.							
9.							
	<b>Sub-Total</b>						
	<b>Grand Total</b>						



**NATIONAL GOVERNMENT ENTITY - AINAMOI CONSTITUENCY**  
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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost (Kshs) 2016/17</b>	<b>Historical Cost (Kshs) 2015/16</b>
Land		
Buildings and structures		
Transport equipment	6,479,510.00	6,479,510.00
Office equipment, furniture and fittings	279,000.00	279,000.00
ICT Equipment, Software and Other ICT Assets	268,000.00	95,000.00
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
<b>Total</b>	<b>7,026,510.00</b>	<b>6,853,510.00</b>



**NATIONAL GOVERNMENT ENTITY - AINAMOI CONSTITUENCY**  
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**ANNEX 4 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2017**

<b>NO.</b>	<b>PMC</b>	<b>Bank</b>	<b>Branch</b>	<b>Account number</b>	<b>Bank Balance 2016/17</b>
1.	Kericho Township Primary school	KCB	Kericho	1169822959	400,610
2.	Koibeyot Primary school	KCB	Kericho	1176162179	1,921
3.	Kapsigirio Primary School	KCB	Kericho	1154471888	1,089.10
4.	Binyiny Chief's Office	KCB	Kericho	1202971733	62,980
5.	Ainamoi Primary School	KCB	Kericho	1166267652	590
6.	Ogirgir Primary School	KCB	Kericho	1156872227	193,800
7.	Kiprotgorik Primary School	KCB	Kericho	1160142378	99,840
8.	Chemobei Primary School	KCB	Kericho	1175797340	32,770.60
9.	Kimeswon Primary School	KCB	Kericho	1176001809	64,214.70
10.	Buchenge Secondary School	KCB	Kericho	1136481176	111,845.00
11.	Manyoror Secondary School	KCB	Kericho	1121891225	5238.00
12.	Ngenybare Primary School	KCB	Kericho	1134434456	176.65
13.	Rongai Pre-School	KCB	Kericho	1164105833	360,626.50
14.	Kipchimchim Primary School	KCB	Kericho	1167243498	1,220.00
15.	Sinendet Primary School	KCB	Kericho	1202530001	3,364.00
16.	Cheplil Primary School	KCB	Kericho	1137215364	17,920.00
17.	Chepkurbet Primary School	KCB	Kericho	1184139113	144,945.00
18.	Chepkoinik Primary School	KCB	Kericho	1161082042	861,680.00
19.	Kisabei Primary School	KCB	Kericho	1150689609	709.10
20.	Chemalgadit Primary School	KCB	Kericho	1149818638	295.00
21.	Lemeiywet Primary	KCB	Kericho	1172276161	930.00



**NATIONAL GOVERNMENT ENTITY - AINAMOI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017 (Kshs)**

NO.	PMC	Bank	Branch	Account number	Bank Balance 2016/17
	School				
22.	Highlands Primary School	KCB	Kericho	1119267048	19,728.20
23.	Chepkoiyo Primary School	KCB	Kericho	1204431663	701,036.00
24.	Poiywek Chief,s Office	KCB	Kericho	1203510659	269.50
25.	Telanet Girls Secondary School	KCB	Kericho	1139125818	243,283.60
26.	Kenegut Primary School	KCB	Kericho	1114189235	600,,737.45
27.	Kenegut Secondary School	KCB	Kericho	1147765340	75,047.00
28.	Cheplel Primary School	KCB	Kericho	1150691239	487,350.00
29.	Sitotwet Primary School	KCB	Kericho	1175542504	450.00
30.	Queen Tete Primary School	KCB	Kericho	1202913571	19,425.00
31.	Keongo Primary School	KCB	Kericho	1202922384	4,385.00
32.	Chemugusu Primary School	KCB	Kericho	1202919022	358,215.00
33.	Kipsotet Primary School	KCB	Kericho	1128702916	544,182.85
34.	Binyiny Primary School	KCB	Kericho	1137224304	2,910.00
35.	Keongo Secondary School	KCB	Kericho	1109393539	1,685.00
36.	Kapsoit Secondary School	KCB	Kericho	1141542560	139,915.00
37.	Moi Sitotwet Secondary School	KCB	Kericho	1162864664	45,125.00
38.	Mureret Primary School	KCB	Kericho	1158048823	752,948.40
39.	Matobo Secondary School	KCB	Kericho	1172034915	141,702.00
40.	Bechulelach Primary School	KCB	Kericho	1137215275	44,645.00
41.	Barsaiyan Primary School	KCB	Kericho	1202584799	420,619.00
42.	Kiboybei Primary School	KCB	Kericho	1175908568	443.00
43.	Kondamet-Tul Primary School	KCB	Kericho	1150668415	186,599.15

**NATIONAL GOVERNMENT ENTITY - AINAMOI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017 (Kshs)**

<b>NO.</b>	<b>PMC</b>	<b>Bank</b>	<b>Branch</b>	<b>Account number</b>	<b>Bank Balance 2016/17</b>
44.	Kosisit Primary School	KCB	Kericho	1157944353	860,615.00
45.	Mulkelwet Pre School	KCB	Kericho	1153507595	1,631.10
46.	Kamelilo Primary School	KCB	Kericho	1167144287	6,116.15
47.	Sumeiyon Primary School	KCB	Kericho	1146696639	84,559.00
48.	Ketitui Secondary School	KCB	Kericho	1156150715	55,608.00
49.	Tabet Primary School	KCB	Kericho	1159684286	33,000
50.	Ainapsosiot Primary School	KCB	Kericho	1109616740	1.45
51.	Koisomoi Primary School	KCB	Kericho	1203467729	1,475.00
52.	Koitabmat Primary School	KCB	Kericho	1161348182	179,000
53.	Torsogek Secondary School	Cooperative	Kericho	01139604058500	239,863.75
<b>Grand Total</b>					<b>8,018,598.00</b>

**NATIONAL GOVERNMENT ENTITY - AINAMOI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017 (Kshs)**

**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	Issue / observation from the auditor inaccuracies in financial statement .The balances reported with that in certificate of 2014/2015	The balances reported differed with that  In certificate of 2014/2015	FAM	Resolved	
2	Compensation to employees	There was difference in the schedule of compensation to employees of Ksh. 71,990.00	FAM	Resolved	
3	Bank reconciliation	Unpresented Cheques of which stale cheques amounted to ksh. 1,400,000.00	FAM	Resolved	
4	Unsupported Payment	Brooke Day secondary.Documents for purchase of land	Principal Brooke Day secondary School	Resolved	
5.	Non acknowledgement of bursaries	Some institutions did not send acknowledgement letters	FAM	Resolved	