

REPUBLIC OF KENYA



*Paper laid
By the Leader
of Majority Party
The Hon. Aden
Duale, MP on
Tues 23rd Oct,
2018. [Signature]*

OFFICE OF THE AUDITOR-GENERAL



REPORT

PARLIAMENT
OF KENYA
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OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUMULA
CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUMULA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the NG-CDF Act, 2013.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 *BUMULA 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	Paul Kipkirui Byegon
3.	Accountant	Peter Munene
4.		

(d) Fiduciary Oversight Arrangements

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

(e) BUMULA NG-CDF Headquarters

NGNG-CDF Building
P.O. Box 36-50200
Bungoma

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUMULA
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Reports and Financial Statements

For the year ended June 30, 2017

(f) BUMULA NG-CDF Contacts

Telephone: (254) 791184066
E-mail: bumulaNG-CDF@yahoo.com
Website: NG-CDFbumula.go.ke

(g) BUMULA NG-CDF Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Co-operative Bank
Bungoma Branch
P.O Box 90
Bungoma

(h) Office of the Auditor General

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

BUMULA NG-CDFC pledges that all NG-CDFC activities and decisions will be based on and guided by the following values:

- Continuous learning
- Integrity
- Service Culture
- Team Work
- Objectivity
- Good corporate citizenship

I am pleased to report that 2016/2017 was a year of challenges. However we managed to improve our operating performance and managed to disburse 97.9% of the funds received from the Board (2016/17) Budget) to various projects within the year. The last 2.1% of the funds was still held by the NG-CDF Committee as at 30th June, 2017. Despite the challenges we encountered during the year, we managed to construct quite a number of facilities to completion and are now in use.

During the year, we managed to achieve the following:

1. Completed quite a number of facilities in Education, security, roads and bridges.
2. Started new projects. Some of them are complete while others are ongoing.
3. Trained quite a number of Project Management Committees.

Some of the emerging issues that we underwent include;

1. Overwhelming demand for Bursary
2. No clear guidelines relating to the funding of projects under devolved government and National Government.

I take this opportunity to sincerely thank the NG-CDF Board, NG-CDFC and our key stakeholders for continued support.

On behalf of BUMULA NG-CDFC and employees I assure you of our total dedication and commitment in serving the constituents of Bumula better.

Sign -----

CHAIRMAN NG-CDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUMULA
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III. STATEMENT OF NG-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 BUMULA Constituency Development Fund is responsible for the preparation and presentation of the BUMULA NG-CDF financial statements, which give a true and fair view of the state of affairs of the BUMULA NG-CDF for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NG-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 *NG-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 BUMULA NG-CDF accepts responsibility for the *NG-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 *NG-CDF's* financial statements give a true and fair view of the state of *NG-CDF's* transactions during the financial year ended June 30, 2016, and of the *NG-CDF's* financial position as at that date. The Accounting Officer charge of the BUMULA NG-CDF further confirms the completeness of the accounting records maintained for the *NG-CDF*, which have been relied upon in the preparation of the *NG-CDF's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the BUMULA NG-CDF confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-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 *NG-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 *NG-CDF's* financial statements were approved and signed by the Accounting Officer on 13/09/ 2017.



Fund Account Manager



Chairman NG-CDFC

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - BUMULA 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 - Bumula Constituency set out on pages 7 to 23, 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Bumula 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 has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective manner.

Basis for Qualified Opinion

1. The statement of receipts and payments reflects a figure under transfers to other Government units of Kshs.39,434,753 which includes an amount of Kshs.15,900,000 being the cost of purchase of three 33 seater institutional buses for three schools as shown below:

Date	Project Title	Details	Supplier	Amount Kshs.
January 2017	St Kizito Mayanja Secondary school	Purchase of 33 seater institutional mini bus	Kenya Coach Industries	5,300,000.00

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

January 2017	St. Mary Magdalene Kimatuni Sec School	Purchase of 33 seater institutional mini bus	Kenya Coach Industries	5,300,000.00
December 2017	St Stephen Chiliba secondary school	Purchase of 33 seater institutional mini bus	Kenya Coach Industries	5,300,000.00
	Total			15,900,000.00

However, the procurement documents and payment records were not availed for audit verification. In the circumstances, it was not possible to ascertain propriety and completeness of the acquisition of these buses costing Kshs.15,900,000 during the year under review.

2. Unsupported Land Acquisition

Included under other grants and transfers figure of Kshs.40,780,197 is an amount of Kshs.2,100,000 for acquisition of various parcels of land as detailed below. However, no title deed was availed for audit verification.

Project Title	Institution	Amount Kshs.
Purchase of land	Nakhwana Chief's Office	300,000
Purchase of land	Kabubero Secondary School	400,000
Purchase of land	Manani Secondary School	400,000
Purchase of land	Nangata Secondary School	400,000
Purchase of land	St. Paul Wamunyinyi Sec School	600,000
Total		2,100,000

In the circumstances, it was not possible to ascertain the ownership of the parcels of land acquired for the respective institutions.

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

Other Matter

1. Budgetary Control and Performance

During the year under review, the Fund spent Kshs.94,414,401 against a budgeted amount of Kshs.96,400,081 resulting into an under-absorption of Kshs.1,985,679 representing 6% as highlighted below.

Receipt/Expense Item	Final Budget Kshs.	Actual on Comparable Basis Kshs.	Budget Utilisation Difference Kshs.	% of Utilisation
Receipts				
Transfers from NG-CDF Board	96,400,081	96,400,081	-	100.00%
Total	96,400,081	96,400,081	-	100.00%
Payments				
Compensation of Employees	1,500,000	1,520,449	(20,449)	101.36%
Use of goods and services	10,415,247	12,623,534	(2,208,287)	121.20%
Transfers to Other Government Units	44,306,897	39,434,753	4,872,144	89.00%
Other grants and transfers	40,177,937	40,780,197	(602,260)	101.50%
Other Payments	-	55,469	(55,469)	-100.00%
Total	96,400,081	94,414,401	(1,985,679)	97.94%

2. Project Implementation Status

The CDF was to implement a total of 119 projects/programmes through different PMCs during the year under review. Further analysis indicated that 2 or 2% of projects had not started, 77 or 65% of the projects were ongoing and 40 or 34% of the projects had been completed as at the time of audit.

Bumula NG-CDF Project Implementation Status for the Year Ended 30 June 2017						
	Not Started	Ongoing	Complete	Total	Complete Percentage	
Education Primary	1	58	14	73	19%	
Education Secondary	1	6	8	15	53%	
Education Tertiary	-	1	1	2	50%	
Security	-	12	5	17	29%	
Sports	-	-	1	1	100%	
Environment	-	-	1	1	100%	
CDF Office	-	-	8	8	100%	
Bursary Secondary	-	-	1	1	100%	
Bursary Tertiary	-	-	1	1	100%	
Total	2	77	40	119	34%	
%	2%	65%	34%			

Consequently, the Fund may not have achieved its projects completion targets and could therefore not provide its constituents with all the services planned and budgeted for the year ended.

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 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.

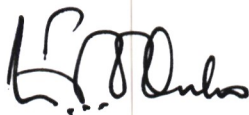
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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 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

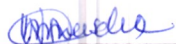
05 July 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUMULA
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
RECEIPTS			
Transfers from NG-CDF board-AIEs' Received	1	82,396,552	129,840,717
TOTAL RECEIPTS		82,396,552	129,840,717
PAYMENTS			
Compensation of employees	2	1,520,449	958,540
Use of goods and services	3	12,623,534	7,128,759
Transfers to Other Government Units	4	39,434,753	64,481,260
Other grants and transfers	5	40,780,197	55,636,560
Acquisition of Assets		-	2,000,000
Other Payments	6	55,469	-
TOTAL PAYMENTS		94,414,401	130,205,119
DEFICIT		(12,017,849)	(364,402)

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


Chairman - NG-CDFC

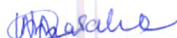

Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUMULA
CONSTITUENCY
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For the year ended June 30, 2017**

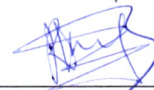
V. STATEMENT OF ASSETS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	1,985,680	14,003,529
TOTAL FINANCIAL ASSETS		1,985,680	14,003,529
REPRESENTED BY			
Fund balance b/fwd	8	14,003,529	14,367,931
Deficit for the year		(12,017,849)	(364,402)
NET LIABILITIES		1,985,680	14,003,529

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BUMULA NG-CDF financial statements were approved on 12/09/ 2017 and signed by:



Chairman - NG-CDFC



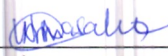
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUMULA
CONSTITUENCY**

**Reports and Financial Statements
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VI. STATEMENT OF CASHFLOW			
		2016 - 2017	2015 - 2016
Receipts for operating income			
Transfers from NG-CDF Board	1	82,396,552	129,840,717
		82,396,552	129,840,717
Payments for operating expenses			
Compensation of Employees	2	1,520,449	958,540
Use of goods and services	3	12,623,534	7,128,759
Transfers to Other Government Units	4	39,434,753	64,481,260
Other grants and transfers	5	40,780,197	55,636,560
Other Payments	6	55,469	-
		94,414,401	128,205,119
Adjusted for:			
Net cash flow from operating activities		(12,017,849.47)	1,635,598
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets		-	(2,000,000)
Net cash flows from Investing Activities			(2,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		(12,017,850)	(364,402)
Cash and cash equivalent at BEGINNING of the year	8	14,003,529	14,367,931
Cash and cash equivalent at END of the year	7	1,985,680	14,003,529

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BUMULA NG-CDF financial statements were approved on 12/09/ 2017 and signed by:


Chairman NG-CDFC


Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BUMULA CONSTITUENCY
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VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	82,396,552	14,003,529	96,400,081	96,400,081	-	100.00%
TOTAL	82,396,552	14,003,529	96,400,081	96,400,081	-	100.00%
PAYMENTS						
Compensation of Employees	1,000,000	500,000	1,500,000	1,520,449	-20,449	101.40%
Use of goods and services	5,770,690	4,644,557	10,415,247	12,623,534	-2,208,287	121.20%
Transfers to Other Government Units	44,306,897	-	44,306,897	39,434,753	4,872,144	89.00%
Other grants and transfers	31,318,965	8,858,972	40,177,937	40,780,197	-602,260	101.50%
Other Payments	-	-	-	55,469	-55,469	
TOTAL	82,396,551	14,003,529	96,400,081	94,414,401	1,985,679	97.90%

- i. Utilization of funds was at 97.9%. All the allocation of 2016/17 which was approved by the board was released to the Bumula- NG-CDF main account as at 30th June 2017 and disbursed to the PMCs.
- ii. Utilization of use of goods and services was at 121.2%, this is overutilization because there was a balance brought forward from the previous years which was paid fy 2016/17.
- iii. The balance of Kshs 14,003,529 is bank balance b/fwd from 2015-2016 to be utilised in the amended budget for 2016-2017

The BUMULA NG-CDF financial statements were approved on 18/07/2017 and signed by:


Chairman NG-CDF


Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUMULA
CONSTITUENCY**

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

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 *NG-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 *NG-CDF*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

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

For the year ended June 30, 2017

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the *NG-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 *NG-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 *NG-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, 2017.

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IX. NOTES TO THE FINANCIAL STATEMENTS

1.0. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

	Description	2016-17	2015 - 2016
		Kshs	Kshs
1330407	Normal Allocation	4,094,828	-
		36,853,449	-
		36,891,379	-
		4,056,897	-
		500,000	-
		-	6,900,000
		-	10,000,000
		-	10,000,000
		-	20,000,000
		-	18,000,000
		-	25,000,000
		-	39,940,717
	TOTAL	82,396,552	29,840,717

2.0. COMPENSATION OF EMPLOYEES

COMPENSATION OF EMPLOYEES		
Description	2016-2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	1,006,501	911,020
Personal allowances paid as part of salary	-	
Employer contribution to NSSF	112,320	47,520
gratuity	401,627	
Total	1,520,449	958,540

3.0. USE OF GOODS AND SERVICES

Description	2016-2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services	33,592	1,237,759
Other committee expenses	12,589,942	2,809,000
Committee allowance		3,082,000
Total	12,623,534	7,128,759

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.0. TRANSFER TO OTHER GOVERNMENT ENTITIES

TRANSFER TO OTHER GOVERNMENT ENTITIES		
Description	2016-17	2015 - 2016
	Kshs	Kshs
Transfers to primary schools	16,956,897	24,350,000
Transfers to secondary schools	22,477,856	25,415,603
Transfers to Health institutions		14,715,657
TOTAL	39,434,753	64,481,260

5.0. OTHER GRANTS AND OTHER PAYMENTS

Description	2016-17	2015 - 2016
	Kshs	Kshs
Bursary -Secondary	6,591,000	2,650,500
Bursary -Tertiary	13,719,000	12,759,327
water	-	4,000,000
Security	5,750,000	5,700,000
Roads	5,467,588	25,636,179
Sports	500,000	1,960,000
Other capital grants and transfer(Environment)	500,000	1,200,000
Emergency Projects (specify)	8,252,609	1,730,554
Total	40,780,197	55,636,560

6.0. OTHER PAYMENTS

Other Payments	2016-17	2015 - 2016
Bank Charges	55,469	-
TOTAL	55,469	-

7.0. BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency		2016-17	2015 - 2016
	Account Number	Kshs (20/6/2016)	Kshs (30/6/2015)
<i>Bungoma Branch</i>	O1120098471300	1,329,679	14,003,529
Total		1,329,679	14,003,529

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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

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8.0. BALANCES BROUGHT FORWARD

	2016-17	2015 - 2016
	Kshs (1//7/2015)	Kshs (1/7/2014)
Bank accounts	1,985,679	14,003,529
Total	1,985,679	14,003,529

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9. OTHER IMPORTANT DISCLOSURES

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Buildings and structures	12,700,000	12,700,000
Office equipment, furniture and fittings	1,000,000	1,000,000
ICT Equipment, Software and Other ICT Assets	200,000	200,000
Total	13,900,000	13,900,000

ANNEX 2 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account Number	Bank Balance 2016/17	Bank Balance 2015/16
St Jude Namanze Primary School	Co-operative Bank	0110049967700	207,260	- 3,740
Siboti Dispensary	Co-operative Bank	0113950167401	5,400	5,400
Sango Rc Pri Sch	Co-operative Bank	01100049117400	-	3,740
Mukwa Chiefs Office	Co-operative Bank	01100427391900	-	2,978
Nasyanda Health Centre	Co-operative Bank	01134050362300	5,242	173,412
Nang'eni Fym Primary School	Co-operative Bank	01139011495800	404,323	4,323
St Jude Nabuyeywe Primary School	Co-operative Bank	01139011584102	102,069	301,969
Siboti Sec School	Co-operative Bank	01139011640401	63,750	63,750
Miluki Sec School	Co-operative Bank	01139049016102	57,280	114,635
Nakhwana Sec Sch	Co-operative Bank	01139049074500	25,285	210,285
Lunao Secondary Sch	Co-operative Bank	01139049723302	343,100	603,260
Khasoko Primary Sch	Co-operative Bank	01139049880001	964	964
Lumboka Sec School	Co-operative Bank	01139049916402	50,023	303,323
Bishop Atundo Kimaeti Sec	Co-operative Bank	01139049925302	4,162	4,162
Chiliba Secondary School	Co-operative Bank	01139049925602	1,347	306,874
Mateka Sec School	Co-operative Bank	01139049926002	606	606
Bumula Girls Sec	Co-operative Bank	01139049928002	21,250	2,125
Napara Sec School	Co-operative Bank	01139049928102	1,410	889,967
Muanda Sec School	Co-operative Bank	01139049929602	2,353	302,253



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St Anthony Nabureya Sec Sch	Co-operative Bank	01139050076302	13,994	410,244
Bukirimo Rc Pri School	Co-operative Bank	01139050159102	4,003	202,803
Khasolo Rc Primary Sch	Co-operative Bank	01139050160001	5,113	304,690
Mwomo Deb Pri School	Co-operative Bank	01139050167401	5,400	5,400
Namatotoa Rc Pri Sch	Co-operative Bank	01139050426100	11,458	401,258
Mulukoba Rc Primary Sch	Co-operative Bank	01139290047102	201,583	1,583
St Peters Syekumulo Sec Ach	Co-operative Bank	01139290099702	1,989	501,845
St Marys Sec Mukhuma Sec	Co-operative Bank	01139290252602	4,305	253,415
Mukwa Secondary School	Co-operative Bank	01139290261800	4,243	369,353
Namaika Secondary School	Co-operative Bank	01139409171702	37,920	3,570
Lubunda Rc Pri Sch	Co-operative Bank	01141011415900	1,263	1,461
Masuno Primary Sch	Co-operative Bank	01141011439700	2,123	2,010,221
Siboti Rc Primary School	Co-operative Bank	01141011440200	2,461	1,461
Wesimikha Sa Pri Sch	Co-operative Bank	01141011440500	1,190	1,190
Nasimbo S.A Primary School	Co-operative Bank	01141011442100	170,773	301,373
Kabubero Primary Sch	Co-operative Bank	01141011443100	9,108	201,720
Burangasi Primary Sch	Co-operative Bank	01141011443300	24,468	4,618
Manani S.A Primary School	Co-operative Bank	01141011444500	9,720	201,720
Biliso Rc Primary	Co-operative Bank	01141011449200	11,573	-
Mikokwe Ack Primary School	Co-operative Bank	01141011450600	60,966	-
Bitobo Rc Pri Sch	Co-operative Bank	01141011453500	3,223	300,223
Bitobo Youth Poly	Co-operative Bank	01141011473000	1,168	1,168
Lwanja Rc Pri Sch	Co-operative Bank	01141011488900	205,003	300,253
Sikinga Fym Pri School	Co-operative Bank	01141049006100	41,325	305,525
Kimaeti Rc Pri Sch	Co-operative Bank	01141049121100	1942..5	1,573
Tunya Rc Pri Sch	Co-operative Bank	01141049208000	17,763	1,963
Muanda Rc Primary Sch	Co-operative Bank	01141049261600	940	300,940
Tabuti Sudi Pri School	Co-operative Bank	01141049262000	203,848	300,998
Nangata Pri School	Co-operative Bank	01141049262100	48,371	300,271
Kisawayi S.A Primary Sch	Co-operative Bank	01141049265800	4,780	-
Tulumba Rc Pri Sch	Co-operative Bank	01141049269400	30,045	-

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Kibachenje Cog Pri School	Co-operative Bank	01141049295400	548	548
Kitingia Sa Pri Sch	Co-operative Bank	01141049317700	38,023	200,413
Kimatuni Rc Primary School	Co-operative Bank	01141049361600	2,163	302,463
Mukwa Roman Catholic Sch	Co-operative Bank	01141049372200	2,925	-
Namanje Fym Primary Sch	Co-operative Bank	01141049487500	27,188	27,188
Lunao Fym Prim Sch	Co-operative Bank	01141049507500	1,260	1,260
Bumula Fym Pri School	Co-operative Bank	01141049532600	1,923	1,923
Namuningie Rc Primary Sch	Co-operative Bank	01141049596500	2,294	2,294
Nakhwana Pri School	Co-operative Bank	01141049664700	178	200,048
Musakasa Rc Primary Sch	Co-operative Bank	01141049665100	1,858	301,338
Kitabisi Rc Primary Sch	Co-operative Bank	01141049667200	42,774	302,884
Bosio Rc Primary Sch	Co-operative Bank	01141049704800	653	301,413
Bunambobi Pri Sch	Co-operative Bank	01141049771300	15,757	401,263
Sirende Sa Pri School	Co-operative Bank	01141049812400	6,934	254,388
Wacholi Primary Sch	Co-operative Bank	01141049849100	1,546	1,656
Wamunyiri Rc Pri Sch	Co-operative Bank	01141049861200	7,733	207,283
Nandingwa Rc Pri Sch	Co-operative Bank	01141049875900	7,323	301,398
Tulukuyi Rc Pri Sch	Co-operative Bank	01141049899000	507	507
Malinda Rc Primary School	Co-operative Bank	01141049902000	47562..5	-
Chiliba Rc Pri Sch	Co-operative Bank	01141049902300	48,793	301,463
Myanga Secondary School	Co-operative Bank	01141049925000	4,325	-
Netima Sec School	Co-operative Bank	01141049930900	5,113	251,463
Miluki Health Project	Co-operative Bank	01141050019300	119,335	119,375
Mukhuma Rc Primary School	Co-operative Bank	01141050167300	11,463	-
Joy Valley Special Sch Primary	Co-operative Bank	01141050207800	49,273	301,463
Bumula District Academic Council	Co-operative Bank	01141050318000	1,000	1,000
Kimaeti Health Centre	Co-operative Bank	01141290134401	1,840	1,840
Libolina Sch Of Physically Challenged	Co-operative Bank	01141290677800	45,160	2,560
Masielo Sec School	Co-operative Bank	01141290694300	13,976	307,885
Masuno Secondary School	Co-operative Bank	01141291147300	4,318	221,258
Musakasa Tti	Co-operative Bank	01141291182100	614,379	614,739



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Namatotoa Sec Sch	Co-operative Bank	01141291199400	1,852	1,851
Lunakwe Dispensary	Co-operative Bank	01141409553800	13,804	60,001
Khasoko High School	Co-operative Bank	01141425095200	30	30
Malinda Sec Sch	Co-operative Bank	01141426315500	195,651	19,565
Bumula Friends Boys Sec Sch	Co-operative Bank	01141427267100	91,142	501,248
Buloosi Primary School	Co-operative Bank	01141427340100	2,006	201,006
Masielo Rc Primary School	Co-operative Bank	01141427457900	36,983	23,923
Mukhekhe D.E.B Pri Sch	Co-operative Bank	01141427551401	2,652	138,452
Kitabisi Dispensary	Co-operative Bank	01141427583500	2,880	2,880
Nasyanda Ap Line Construction	Co-operative Bank	01141535491300	255,410	6,270
Muanda Dispensary	Co-operative Bank	01141535540200	898	897
Khasoko Special Sch	Co-operative Bank	01141535586600	89,831	405,002
Bumula Chiefs Office	Co-operative Bank	01141535643200	33,287	2,322
Tulumba Patrol Base	Co-operative Bank	01141535650900	56,526	1,901
Kibuke E.R.S.F Pri Sch	Co-operative Bank	01141535670000	52,162	1,962
Dos Office Mateka	Co-operative Bank	01141535748400	2,378	2,378
Mundaa Primary School	Co-operative Bank	01141536438400	306,098	320,273
Friends Sch Kisioyi Pri	Co-operative Bank	01141536447300	3,435	500,925
Myanga Water Project	Co-operative Bank	01141536456400	1,113	2,509,463
Nasyanda Bahai Primary School	Co-operative Bank	01141536506900	306,963	963
Nasyanda Bahai Primary Sch	Co-operative Bank	01141536506900		6,963
Joy Valley Sa Special Sch	Co-operative Bank	01141536550000	11,523	300,000
Mukwa Community Dispensary	Co-operative Bank	01141536895100	14,521	14,431
Mukwa Police Patrol Base	Co-operative Bank	01141536897900	19,195	504,625
Musakasa Water Project	Co-operative Bank	01141668047600	10,015	1,706,463
Mwomo Dispensary	Co-operative Bank	01141668140100	172	262,267
Bitobo Community Disp	Co-operative Bank	01141668159200	975	975
Myanga Community Dispensary	Co-operative Bank	01141668160600	2,278	317,278
Mabusi Community Dispensary	Co-operative Bank	01141668161900	695	695
St Michael Bukumuma Pri Sch	Co-operative Bank	01141668165600	8,193	6,983

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Kimatuni Sa Secondary Sch	Co-operative Bank	01141668211200	678	488
St Jude Syoya Rc Pri Sch	Co-operative Bank	01141668217300	1,463	1,463
Machwele Sec Sch	Co-operative Bank	01141668231400	10,963	65,963
Ng'oli Sec School	Co-operative Bank	01141668238000	13,463	13,462
St Patrick Lukusi Pri Sch	Co-operative Bank	01141668343300	200,463	463
Nakholo Rc Primary Sch	Co-operative Bank	01141668370900	1,463	1,573
St John Nakholo Pri Sch	Co-operative Bank	01141668371900	13,712	462
Siloba Shine Primary School	Co-operative Bank	01141668513300	127,980	-
Strategic Plan	Co-operative Bank	01141668542100	8,363	8,363
Chiefs Office Siboti	Co-operative Bank	01141668559000	105	625
Sports Committee	Co-operative Bank	01141668578800	10,958	804,386
St Anthony Tulukuyi Sec Sch	Co-operative Bank	01141668580000	266,373	66,873
Khasoko Chiefs Office	Co-operative Bank	01141668586400	48,994	3,353
Dos Office Kabula	Co-operative Bank	01141668601100	123,503	103,913
Dos Office Kimaeti	Co-operative Bank	01141668605500	402,463	500,413
Khasoko D.Os Office	Co-operative Bank	01141668607500	550,673	300,673
Kimatuni Sa Primary School	Co-operative Bank	01141668658400	463	463
Mungore Ack Primary Sch	Co-operative Bank	01141668665500	148,983	304,063
Bumula Kmtc Pmc Ac	Co-operative Bank	01141669082200	2,573	123
Bitobo Sec Scool	Co-operative Bank	01141669153900	932	932
Namanze Sec Sch	Co-operative Bank	01141669161500	7,623	7,623
Mwomo Sec Sch	Co-operative Bank	01141669321000	1,013	7,623
New Mutua Rc Pri School	Co-operative Bank	01141669387900	803	497,572
Napara Chiefs Office	Co-operative Bank	01141669425400	60,703	-
Chiefs Office Mabusi	Co-operative Bank	01141669491100	1,963	500,000
Siyombe Ack Primary Sch	Co-operative Bank	01141669499100	113	-
Talitia Rc Primary Sch	Co-operative Bank	01141669516800	30,673	-
St Jude Syoya Rc Pri Sch	Co-operative Bank	01141669770200		
Bitobo Assistant Chiefs Office	Co-operative Bank	01141669771100	71,325	-
Bitobo Assist. Chiefs Office	Co-operative Bank	01141669771100	1,325	-
Miluki Ap Line	Co-operative Bank	01141669771200	325	-
Samichi Primary Sch	Co-operative Bank	01141669772600	852	-

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Bukirimo Sec School	Co-operative Bank	01141669772800	34,215	-
Kabubero Sec Sch	Co-operative Bank	01141669883500	2,325	-
Manani Girls Sec School	Co-operative Bank	01141669884400	325	-
Total			7,187,284	26,225,271



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ANNEX 3. 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)
1.0	Budgetary Control Performance- The Fund had an approved budget of Kshs 144,208,648 and spent Kshs 130,205,119 resulting to under expenditure of Kshs 14,003,529 or Budget Utilization of 90%. Consequently, the budget target was not met and various projects budgeted were not done within the financial year. It is not clear how the NG-CDF intended to clear this backlog of projects as they will affect next year's project implementation.	Unspent budget allocation is brought about by delay in exchequer releases that makes it difficult for timely absorption of funds. The balance of Kshs.14, 003, 529 was for various projects which had not started at the time of audit and some were on-going. Our office has liaised with the National Treasury to ensure prompt disbursement of all monies allocated under NG-CDF budget performance efficiency and effectiveness.	Fund Manager	Resolved	August 2016
2.0	Project Implementation Status The Fund was to implement a total of 181 projects/programmes by different sectors during the financial year. Further analysis	BUMULA NG-CDF has implemented a total of 181 projects during financial year 2015/2016. By the time of submission of project implementation status a total of 71 projects were complete while 110 projects were on-going. Please note that to	Fund Manager	Resolved	September 2016



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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)
	indicated 110 or 61% of the projects were still on going and 71 or 39% of the project had been completed. Therefore, the Fund did not fully meet the budget target and effective delivery of service.	date a total of 137 projects are now complete to the scope representing 76% leaving 44 projects which represents 24% as on-going.			

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