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REPORT

OF

THE AUDITOR-GENERAL

ON

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

*Paper Laid on
the Table of the
House by the
Leader of the
Majority
Party*

**FOR THE YEAR ENDED
30 JUNE 2017**

*on
Tuesday
6th November 2018*







NATIONAL GOVERNMENT-CONSTITUENCIES DEVELOPMENT FUND

NORTH IMENTI 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)

KENYA NATIONAL AUDIT OFFICE
EMBU HUB

11 JUN 2017
2470

Tel: 068 - 30260

P. O. BOX 113, EMBU

**National Government Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
For the year ended June 30, 2017**

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CONSTITUENCIES DEVELOPMENT FUND - NORTH IMENTI 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The National Government Constituencies Development Fund (NG-CDF) was set up under the NG-CDFC Act, 2003, repealed by the NG-CDFC Act, 2013 and currently by NGCDF Act 2015. The National Government Constituency Development Fund is represented by the Cabinet Secretary for Devolution and Planning who is responsible for the general policy and strategic direction of the constituency development fund. The objective of fund is to ensure that a specific portion of national annual budget is devoted to the constituencies for the purpose of infrastructural development wealth creation and fight against poverty at the constituency level.

(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-NG-CDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	A.I.E Holder Manager	Anthony Kiragu Mwangi
3.	District Accountant	Jane w. Muhari

(d) Fiduciary Oversight Arrangements

The audit and risk management committee (ARMC) of the NG-CDFC board provide overall fiduciary oversight on the activities of North Imenti constituency the reports and recommendation of ARMC when adopted by the NG- CDF Board are forwarded to the constituency development fund committee (NG-NG-CDFC) for action. Any matters that are require policy guidance are forwarded by the Board to the cabinet secretary and national assembly select committee.

(e) NORTH IMENTI NG-CDF HEADQUARTERS

P.O. Box 1209 - 60200
MERU.
NG-CDFC OFFICES
(Mwendantu Grounds along the Meru Giantune road)

**National Government Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
For the year ended June 30, 2017**

(f) Entity Contacts

E-mail:
cdfnorthimenti@cdf.go.ke,
northimenticonstituency@gmail.com

(g) Entity Bankers

Cooperative Bank of Kenya
Makutano Agency - Meru
01120075194800

(h) Independent Auditors

Auditor General
OFFICE OF THE 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 Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
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**II. FORWARD BY THE CHAIR PERSON NATIONAL GOVERNMENT
CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG-NG-CDFC)**

Budget performance

The constituency has received Kshs **86,946,551.700** out of which Kshs 15,500,000 was for financial year 2015/16 we have been able to collect Kshs 630,720 being rent for office space The NG-CDFC Office has been started and its in its completion.

Achievements for the NG-CDFC,

The Fund has been beneficial to the community especially with the issuance of bursaries to needy students in day and boarding secondary schools, this has helped the students to pursue this basic education, we were able to issue a total bursary of Kshs 25,133,000 out of these bursaries Kshs 15,899,000 has been awarded to secondary school students While universities and colleges has been awarded Kshs 9,006,000 and Kshs 353,000 to special

During the financial year out of the fund that had been allocated to the Board amounting to 10billion there was a requirement that the funds be allocated to roads and secondary schools hence the normal proposals there was omission of secondary schools. The funds were to be allocated though the relevant ministries in north Imenti 16 secondary schools were allocated through the MoE Kshs 20,000,000 which has since been disbursed to the schools.

Emerging issues related to the NG- CDF,

There has been uncertainty in the community on the existence of the NG-CDF due to the court petition on devolving the CDF, though most people would like it to be controlled at the constituency level since they are not confident that if it gets devolved the current benefits will be skewed and most projects may be abandoned by the county governments

Way forward

There should be timely disbursements of fund to the constituencies to allow timely implementations of the projects

Due to some of the PMC's not being conversant with the government policies and procedures there is need to empower them through continued training.

.....
Mrs. Jane Kaimuri
NG-CDFC Chair Person

NG-NG-CDFC
FORWARDED
P.O. Box 1209 - 60200, MERU
Date.....

**National Government Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
For the year ended June 30, 2017**

III. 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 North Imenti *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 North Imenti *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 North Imenti *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 North Imenti *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 North Imenti *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 North Imenti *NG-CDF* financial statements were approved and signed on 27/07/2017.


Mr. A. Kiragu Mwangi
Fund Account Manager




Mrs. Jane Kaimuri
NG-CDFC Chair Person

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NORTH IMENTI 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 – North Imenti Constituency set out on page 6 to 22, 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 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 the National Government Constituency Development Fund– North Imenti 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 Public Finance Management Act, 2012 and the 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 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 Project Management Committee (PMC) Bank Accounts

Annex 5 to the financial statements indicates 86 (Eighty Six) Project Management Committee (PMC) bank accounts with balances totaling to Kshs.15,783,216 as at 30 June 2017. However, the Fund did not provide the bank statements, cash books and bank reconciliation statements for these bank accounts for audit review.

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

In the circumstances, the accuracy and completeness of Kshs.15,783,216 PMC bank accounts balances as at 30 June 2017 could not be ascertained.

2.0 Kinoru Chief's Camp

During the financial year under review, Kinoru Chief's Camp was allocated Kshs.500,000 for construction of Chief's office and Kshs.100,000 as an emergency for completion of security office toilet. The funds were transferred through payment voucher No. 30 dated 03/09/2016 and payment voucher No. 38 dated 27/03/2017 respectively. However, records of PMC minutes, accounting documents, expenditure returns, bank statements, bill of quantities, quotations and inspection certificates were not provided for audit review. Further, physical inspection done on 22 May 2018 revealed that the Chief's office and the toilets had been demolished during the construction of Kinoru Stadium.

Consequently, the value for money and accountability of the Kshs.600,000 expenditure as at 30 June 2017 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – North Imenti Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion 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. Budgetary Control and Performance

During the financial year under review, the Fund had an approved budget of Kshs.112,851,537 comprising of Kshs.30,954,985 being the unutilized funds for the financial year 2015/2016 brought forward to 2016/2017 and Kshs.81,896,552 budget for financial year under review. The total expenditure by the Fund in the financial year 2016/2017 was Kshs.95,126,453 representing an absorption rate of 84% of the total approved budget as shown below;

Expenditure Analysis	Budget Kshs.	Actual Kshs.	Variance Kshs.	Absorption Kshs.
Compensation of Employee	2,437,400	2,276,611	160,789	93%
Use of Goods and services	3,031,026	2,359,489	671,537	78%
Committee Expenses	4,300,000	3,626,600	673,400	84%
Transfer to Other Government Unit	46,793,950	39,700,000	7,093,950	84%

Other Grants and Transfers	54,879,561	45,794,733	9,084,828	83%
Social Security Benefits	9,600	9,600	0	100%
Acquisition of Assets	1,400,000	1,359,420	40,580	97%
Total	112,851,537	95,126,453	17,725,084	84%

In the circumstances, the Constituents did not receive promised and expected service equivalent to Kshs.17,725,084 under-expenditure as at 30 June 2017.

2. Project Implementation

The project implementation status made available for audit indicated that a total of Kshs.65,325,000 was disbursed to ninety-one (91) projects, out of which forty-two (42) projects amounting to Kshs.44,955,000 were ongoing, while forty-nine (49) projects amounting to Kshs.20,370,000 were completed as shown below;

No.	Sector	Project Status	Amount Disbursed (Kshs.)	No. of Projects
1	Education	Complete	15,100,000	26
		Ongoing	11,900,000	21
		Sub Total	27,000,000	47
2	Bursary	Ongoing	23,955,000	1
		Sub Total	23,955,000	1
3	CDF Office	Ongoing	1,000,000	1
		Sub Total	1,000,000	1
4	Emergency	Complete	2,720,000	13
		Ongoing	1,250,000	4
		Sub Total	3,970,000	17
5	Security	Complete	2,550,000	10
		Ongoing	6,850,000	15
		Sub Total	9,400,000	25
GRAND TOTAL			65,325,000	91

In view of the foregoing, the constituents did not get promised and expected services equivalent to the forty-two (42) ongoing projects worth Kshs.44,955,000 as at 30 June 2017.

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 ability to continue to 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 judgement and maintain professional skepticism throughout the audit. I also:

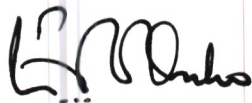
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date

of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi


12 September 2018

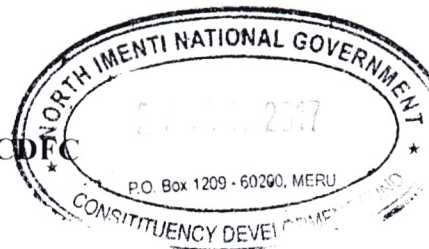
**National Government Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
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I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	86,946,552	134,089,415
Other Receipts	3	630,720	1,012,830
TOTAL RECEIPTS		87,577,272	135,102,245
PAYMENTS			
Compensation of employees	4	2,286,211	1,380,228
Use of goods and services	5	5,986,089	3,713,822
Transfers to Other Government Units	6	39,700,000	54,050,000
Other grants and transfers	7	45,939,733	58,884,529
Acquisition of Assets	8	1,359,420	5,000,000
TOTAL PAYMENTS		95,271,453	123,028,579
SURPLUS/DEFICIT		(7,694,181)	12,073,666

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The North Imenti CDF financial statements were approved on 27/07/2017 and signed by:


Mrs. Jane Kaimuri
Chair Person - NG-NG-CDFC




Mr. A. Kiragu Mwangi
Fund Account Manager

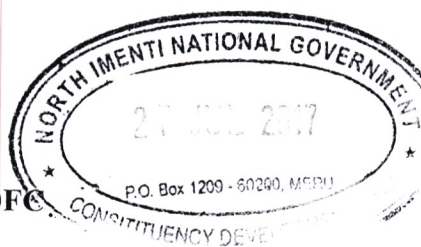
**National Government Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
For the year ended June 30, 2017**

II. STATEMENT OF FINANCIAL ASSETS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	7,758,982	15,044,985
Cash Balances (cash at hand)	10B	1,822	410,000
subtotal		7,760,804	15,454,985
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		7,760,804	15,454,985
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	15,454,985	3,381,319
Surplus/Deficit for the year		(7,694,181)	12,073,666
NET LIABILITIES		7,760,804	15,454,985

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The North Imenti NG-CDFC financial statements were approved on 27/07/2017 and signed by:

LK
Mrs. Jane Kaimuri
Chairperson - NG-CDFC



A. Kiragu Mwangi
Mr. A. Kiragu Mwangi
Fund Account Manager

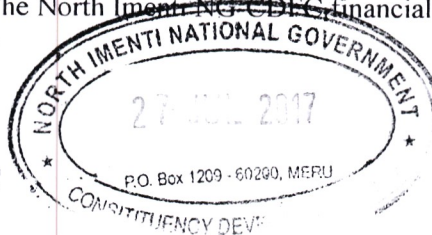
**National Government Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
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STATEMENT OF CASHFLOW

		2016 - 2017	2015 - 2016
Receipts for operating income			
Transfers from CDF Board	1	86,946,552	134,089,415
Other Receipts	3	630,720	1,012,830
		87,577,272	135,102,245
Payments for operating expenses			
Compensation of Employees	4	2,286,211	1,380,228
Use of goods and services	5	5,986,089	3,713,822
Transfers to Other Government Units	6	39,700,000	54,050,000
Other grants and transfers	7	45,939,733	58,884,529
		93,912,033	118,028,579
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		(6,334,761)	17,073,666
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	1,359,420	5,000,000
Net cash flows from Investing Activities		(1,359,420)	(5,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENT			
		(7,694,181)	12,073,666
Cash and cash equivalent at BEGINNING of the year	13	15,454,985	3,381,319
Cash and cash equivalent at END of the year		7,760,804	15,454,985

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The North Imenti NG-CDFC financial statements were approved on 27/07/2017 and signed by:

LK
Mrs. Jane Kaimuri
Chair Person - NG-CDFC




A. Kiragu Mwangi
Mr. A. Kiragu Mwangi
Fund Account Manager

SUMMARY STATEMENT OF APPROPRIATION

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 CDF Board	81,896,552	15,500,000	97,396,552	86,946,552	10,450,000	89%
Other Receipts				630,720	(630,720)	-
Balance brought forward		15,454,985	15,454,985	15,454,985	-	100%
TOTAL	81,896,552	30,954,985	112,851,537	103,032,257	9,819,280	91%
PAYMENTS						
Compensation of Employees	1,947,000.00	500,000	2,447,000	2,286,211	160,789	93%
Use of goods and services	5,049,724	2,281,302	7,331,026	5,986,089	1,344,937	82%
Transfers to Other Government Units	27,500,000	19,293,950	46,793,950	39,700,000	7,093,950	85%
Other grants and transfers	47,399,828	7,479,733	54,879,561	45,939,733	8,939,828	84%
Acquisition of Assets	-	1,400,000	1,400,000	1,359,420	40,580	97%
TOTAL	81,896,552	30,954,985	112,851,537	95,271,453	17,580,084	84%

The North Imenti NG-CDFC financial statements were approved on 27/07/2017 and signed by:


Mrs. Jane Kaimuri
 Chair Person - NG-CDFC

NORTH IMENTI NG-CDFC
FUND ACCOUNT MANAGER
 P.O. Box 1208 · 60200, MERU
 Date.....



Mr. A. Kiragu Mwangi
 Fund Account Manager

SUMMARY STATEMENT OF APPROPRIATION RECURRENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	6,996,724	,781,302	9,778,026	8,272,300	1,505,726	84.6%
TOTAL	6,996,724	2,781,302	9,778,026	8,272,300	1,505,726	84.6%
PAYMENTS						
Compensation of Employees	1,947,000	500,000	2,447,000	2,286,211	160,789	93.4%
Use of goods and services	5,049,724	2,281,302	7,331,026	5,986,089	1,344,937	81.7%
TOTAL	6,996,724	2,781,302	9,778,026	8,272,300	1,505,726	84.6%

The North Imenti NG-CDF financial statements were approved on 27/07/2017 and signed by:



Mrs. Jane Kaimuri
Chair Person - NG-CDFC

**NORTH IMENTI NG-CDF
FUND ACCOUNT MANAGER
P.O. Box 1208 - 60200, MERU
Date.....**



Mr. A. Kiragu Mwangi
Fund Account Manager

SUMMARY STATEMENT OF APPROPRIATION DEVELOPMENT

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 CDF Board	74,899,828	12,718,698	87,618,526	78,674,252	764,373	99%
Other Receipts				630,720	(630,720)	100%
Balance brought forward		15,454,985	15,454,985	15,454,985	-	100%
TOTAL	74,899,828	28,173,683	103,073,511	94,759,957	133,653	84.9%
PAYMENTS						
Transfers to Other Government Units	27,500,000	19,293,950	46,793,950	39,700,000	7,093,950	85%
Other grants and transfers	47,399,828	7,479,733	54,879,561	45,939,733	8,939,828	84%
Acquisition of Assets	-	1,400,000	1,400,000	1,359,420	40,580	97%
TOTAL	74,899,828	28,173,683	103,073,511	86,999,153	16,074,358	84%

The North Imenti NG-CDFC financial statements were approved on 27/07/2017 and signed by:



Mrs. Jane Kaimuri
Chair Person - NG-CDFC

**NORTH IMENTI NG-CDF
FUND ACCOUNT MANAGER
P.O. Box 1208 - 60200, MERU
Date.....**



Mr. A. Kiragu Mwangi
Fund Account Manager

VI. 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

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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.

e) Receivables and payables

Receivables are funds due to the Constituency at the end of the financial year from the NG-CDFC 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) 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, 2016.

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I. NOTES TO THE FINANCIAL STATEMENTS				
I. NOTES TO THE FINANCIAL STATEMENTS				
GFS CODES				
	1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
1330407	Normal Allocation	AIE NO...	4,094,828	47,985,116
		AIE NO.....	15,500,000	
		AIE NO.....	36,853,449	
			30,498,275	
1330408	Conditional grants			-
		AIE NO...	-	
1330409	Receipt from other Constituency	AIE NO...	-	
	TOTAL		86,946,552	134,089,415
1400000	3 OTHER RECEIPTS			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
1410405	Rents		630,720	700,800
1450207	Other Receipts Not Classified Elsewhere (insurance)			312,030
	Total		630,720	1,012,830
2110000	4 COMPENSATION OF EMPLOYEES			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2110201	Basic wages of contractual employees		1,023,480	1,025,028
	Personal allowances paid as part of salary			
2110301	House allowance		153,600	153,600

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2110314	Transport allowance		192,000	192,000
2110320	Leave allowance			
2110326	Other personnel payments -gratuity		907,531	
2120101	Employer contribution to NSSF		9,600	9,600
	Total		2,286,211	1,380,228
2200000	5 USE OF GOODS AND SERVICES			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2210100	Utilities, supplies and services		580,603	620,415
2210101	electricity		61,650	27,847
2210102	Water		19,440	17,330
2210700	Training expenses		1,122,000	
2210800	Hospitality supplies and services			
2210900	Insurance costs		46,961	
2211200	Fuel ,oil & lubricants			
2211300	Other operating expenses		24,923	11,600
2211313	security operarions		503,912	463,030
2220200	Routine maintenance – other assets			
2210802	Other commitee expenses		641,600	50,000
2210809	Commitee allowance		2,985,000	2,523,600
			-	
	Total		5,986,089	3,713,822
2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2630204	Transfers to primary schools		33,900,000	28,350,000
2630205	Transfers to secondary schools		5,800,000	17,500,000
2630206	Transfers to Tertiary institutions			8,200,000
	TOTAL		39,700,000	54,050,000
2640000	7 OTHER GRANTS AND OTHER PAYMENTS			

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	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2640101	Bursary -Secondary		15,899,000	15,794,000
2640102	Bursary -Tertiary		9,006,000	11,386,000
2640104	Bursary-Special schools		353,000	298,000
2640504	water			7,404,000
2640507	Security		12,200,000	5,500,000
2640508	Roads			5,525,280
2640509	Sports		1,416,733	2,347,850
2640510	Environment		1,200,000	1,989,399
2640200	Emergency Projects (specify)		5,865,000	8,640,000
	Total		45,939,733	58,884,529
3100000	8 ACQUISITION OF ASSETS			
	Non Financial Assets		2016 - 2017	2015 - 2016
			Kshs	Kshs
3110202	Construction of Buildings		1,000,000	5,000,000
3111002	Purchase of computers ,printers and other IT equipments		359,420	
	Total		1,359,420	5,000,000
	10A: Bank Balances (cash book bank balance)			
	Name of Bank, Account No. & currency		2016 - 2017	2015 - 2016
		Account Number	Kshs	Kshs
			(30/6/2017)	(30/6/2016)
	Cooperative Bank, Meru, MakutanoBranch A/C no.01120075194800		7,758,982	15,044,985
			-	-
	Total		7,758,982	15,044,985
	10B: CASH IN HAND)			
			2016 - 2017	2015 - 2016

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			Kshs (30/6/2017)	Kshs (30/6/2016)
	cash office		1,822	410,000
	Total		1,822	410,000
	13 BALANCES BROUGHT FORWARD			
			2016 - 2017	2015 - 2016
			Kshs (1/7/2016)	Kshs (1/7/2015)
	Bank accounts		15,044,985	3,381,319
	Cash in hand		410,000	
	Total		15,454,985	3,381,319

Funds at the head office

Kshs 10,450,000

14 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS(2015-16)

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	Cash and cash book balances	Stale cheques were reversed	SCA/FAM	Resolved	
2.1	No attendance register to support payment	The payment registers introduced	FAM	Resolved	
2.2	Un accounted bursary funds	Request the institutions to be issuing the receipts	FAM	resolved	
3	Abandoned school project Meru Muslim Secondary.t	The school still has a case in the court and hence more funds cannot be allocated until their case is resolved	FAM/PMC	Not resolved	

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4	Idle project – Kathurine market	The market has been built and its operational	FAM/PMC	Resolved	
5 Other matters	a) Budgetary performance	The funds were received latter in the following financial year and distributed the projects.	SCA/FAM	resolved	
	b) Project execution and management	The funds for the projects that had not commenced had been released towards the end of the financial year hence the projects not having been stated. These projects have since started and completed	FAM/PMC	resolved	

Mrs Jane Kaimuri
Chair Person - NG-CDFC

Mr A. Kiragu Mwangi
Fund Account Manager

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ANNEX 1– SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land		
Buildings and structures	27,966,688.00	26,966,688
Office equipment, furniture and fittings	444,378	344,958
ICT Equipment, Software and Other ICT Assets	782,540	522,540
Total	29,193,606.00	27,834,186

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

PMC	Bank	Account number	Bank Balance	Bank Balance
			2016/17	2015/16
Bishop Lawi Primary School	cooperative	O1139378027300	73,834.60	2,779.60
Ccm Gitoro Primary School	cooperative	01139075253600	787.50	437.50
CCM Good Shepherd Primary School	cooperative	01134418650100	502,112.50	1,597.50
Ccm Meru Township Primary School	cooperative	01134021006800	1,210,423.50	17,017.50
Ccm Nchaure Primary School	cooperative	01134664019400	3,102.50	692.60
Chugu Chiefs Office	cooperative	01135525988300	0.00	25.00
Chugu Primary School	cooperative	01134022225800	0.00	1,325.00
Ciothirai Chiefs Camp	cooperative	01134664132700	197.50	897.90
Ciothirai Primary School	cooperative	01134664472500	48,902.50	1,002.50
Gachanka Primary School	cooperative	01139022223401	601,500.00	340,260.00
Gachua Chiefs Camp	cooperative	01134418652300	472.50	1,262.00
Gachua Primary School	cooperative	01134664309800	300,255.50	1,472.50
Gakurine Police Post	cooperative	01134664530400	282.50	1,387.50
Giaki Chiefs Camp	cooperative	0113466481400	0.00	825.00
Giaki Primary School	cooperative	01139418285200	15,240.00	27,290.00
Gichunge Primary School	cooperative	01134525577300	201,392.50	1,092.50
Gikumene Primary School	cooperative	01139022221601	3,219.00	903,219.00
Gitugu Ass Chief Office	cooperative	01134664005800	62.50	2,252.50
Irinda day secondary	cooperative	o1139418304400	93,347.00	3,599.50
Irinda Primary School	cooperative	01134664118300	12,842.50	1,052.50
Kaaga Assistant Chiefs Office	cooperative	01134525876000	0.00	62.50
KAAGA CHIEF OFFICE	cooperative	01141525435300	242.50	406.50
Kaaga Deaf Primary School	cooperative	O1139525772100	599,572.50	3,752.50
Kaaga Primary School	cooperative	O1139418217600	301,300.00	1,801.00
Kainginyo Primary School	cooperative	01134334744200	0.00	325.00
Kaing'inyo Boarding Primary School	cooperative	o1134664089600	2,475.00	2,475.00
Kambereu Boarding Primary School	cooperative	01134022227200	440.00	410.00
Kambiti Primary School	cooperative	011345664837200	0.00	825.00
Karima Ga Ntwiko Primary School	cooperative	01134022381700	2,140.00	2,640.00
Karirwara Primary School	cooperative	01134664487400	562.50	502.50
Kathirune Primary School	cooperative	01134418380801	637.50	1,637.50
Kathithi Primary School	cooperative	01139378073401	1,500.00	136,300.00
Kathurine Primary School	cooperative	01134664310100	197.50	1,476.51
Kiamiriru Primary School	cooperative	01134664131500	200,462.50	662.50
Kinoru Chief's Camp	cooperative	01134525933000	0.00	250.00
Kinoru Primary School	cooperative	01139075073702	1,150,480.50	1,480.50

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Kirima Assistance Chief	cooperative	01139075073702	550,480.50	1,480.50
Kirimaitune Primary School	cooperative	01134664227300	300,847.50	3,967.50
Kirimene Chief S Office	cooperative	01134664622000	0.00	462.50
Kiringa assistant chiefs office	cooperative	,1134664838000	0.00	325.00
Kirugua Ass Chief Office	cooperative	01134664007000	462.50	162.50
Kithoka Primary School	cooperative	01139075112401	4,352.50	1,042.50
Lower Nchaure Ass Chief Camp	cooperative	01134664008900	548.50	648.50
Magundu Ass Chief Office	cooperative	01134664468500	500,000.00	2,325.00
Mbeu Chiefs Office	cooperative	01134664001600	12,602.50	1,131.50
Mbirikene Primary School	cooperative	01134664129400	362.50	1,267.50
Mbuta Primary School	cooperative	01134664310400	577.50	147.50
Mck Nthamiri Primary School	cooperative	01134022581700	300,500.00	202,000.00
Meru Sch For Mentally Challenged	cooperative	01139525772500	742.00	522.50
Mpuri Chiefs Camp	cooperative	01134418382500	0.00	29,525.00
Mpuri Primary School	cooperative	01134022222900	301,045.00	1,845.00
Mukongorone Primary School	cooperative	01134022223000	301,250.50	2,250.50
Mulathankari Chiefs Camp	cooperative	o1134418936600	462.50	32,932.50
Municipality assistant chiefs office	cooperative	01134664641900	0.00	462.50
Munithu Primary School	cooperative	01134664130700	2,686.50	1,368.50
Muringombugi Primary School	cooperative	01134418049500	1,996.50	1,996.50
Mwiramwanki Primary School	cooperative	01134664129300	3,187.75	197.75
Mwirine day secondary school	cooperative	01134020774800	560.45	5,425.45
Mwirine Police Camp	cooperative	01134664483700	6,662.50	2,662.50
Mwirine primary school	cooperative	01134418970300	1,452.50	1,342.50
Mwiteria Chiefs Office	cooperative	01134664227100	412.75	1,912.75
Mwithumwiru Primary School	cooperative	01139075182100	301,141.25	1,000.25
Ndiine Primary School	cooperative	01134664129500	212.50	312.50
Ngiine Primary School	cooperative	01139525478100	425.25	1,075.50
Ng'onoyi Chief Camp	cooperative	01134664017500	8,422.50	622.50
Nkabune Chiefs Camp	cooperative	01134418310900	182.50	1,382.50
Nkabune Primary School	cooperative	01134021981600	300,970.00	36,470.00
Ntakira Ap Post	cooperative	01134664854300	0.00	499,325.00
Ntani Primary School	cooperative	01139022227601	1,397.75	1,727.75
nthamiri day	cooperative	011344189947000	2,100.00	1,660.00
Nthimbiri Primary School	cooperative	01134664090600	1,575.50	2,350.75
Runogone Chief's Camp	cooperative	01141525439700	762.50	4,458.50
Ruriine Primary School	cooperative	01134022223500	10,860.00	7,060.00
Rwanyange Chiefs Camp	cooperative	01134418651300	400,062.50	162.50
Rwanyange Police Post	cooperative	01134664649600	0.00	62.50

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Rwanyange Primary School	cooperative	01139022094402	2150	1,000.00
Thege Primary School	cooperative	01139418286700	1,765.00	1,465.00
Thuura boys secondary school	cooperative	01139020190300	16,095.00	35,645.00
Thuura Chiefs Camp	cooperative	01134664837600	0.00	75.25
Thuura day secondary school	cooperative	01134021889900	410,089.00	10,089.00
Thuura Primary School	cooperative	01134022225300	802.50	1,302.50
CDF SPORTS	cooperative	01134664380000	544,275.00	1,429,808.00
CDF ENVIRONMENT	cooperative	01134664379900	859,324.00	84,624.00
CDF OFFICE	cooperative	01134664392900	4,998,925.00	3,681,870.00
Nthimbiri sec School	cooperative	01139022227601	300,500.00	202,600.00
Mck Mulathankari Primary School	KCB	1116717735	2,000.00	11,085.00