

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



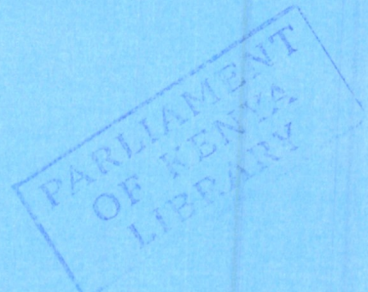
THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 09 MAY 2019

DAY: Wednesday

TABLED BY: LOM

CLERK-AT-THE-TABLE: G. M. de Chebet



REPORT

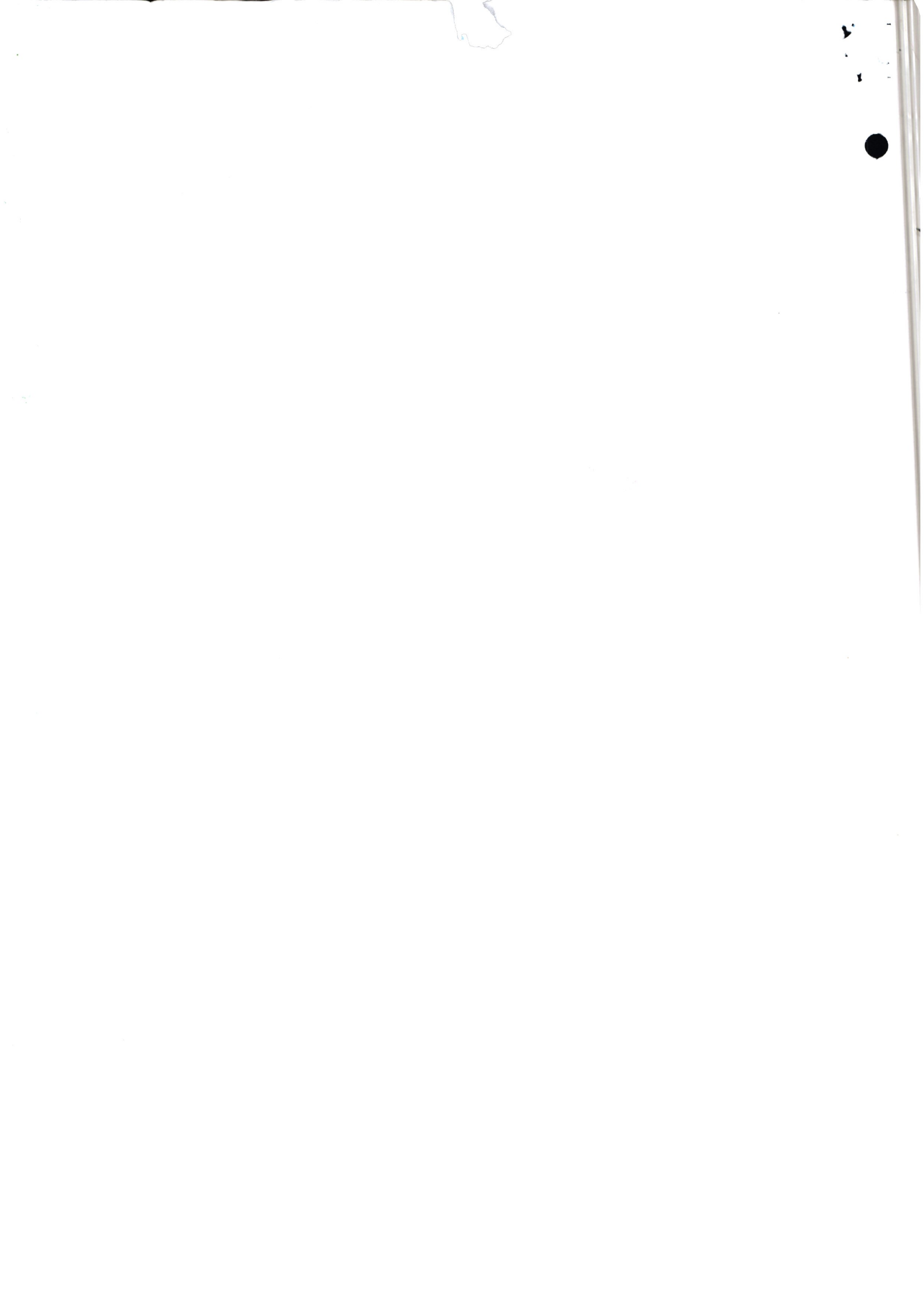
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
GICHUGU CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND GICHUGU
CONSTITUENCY**

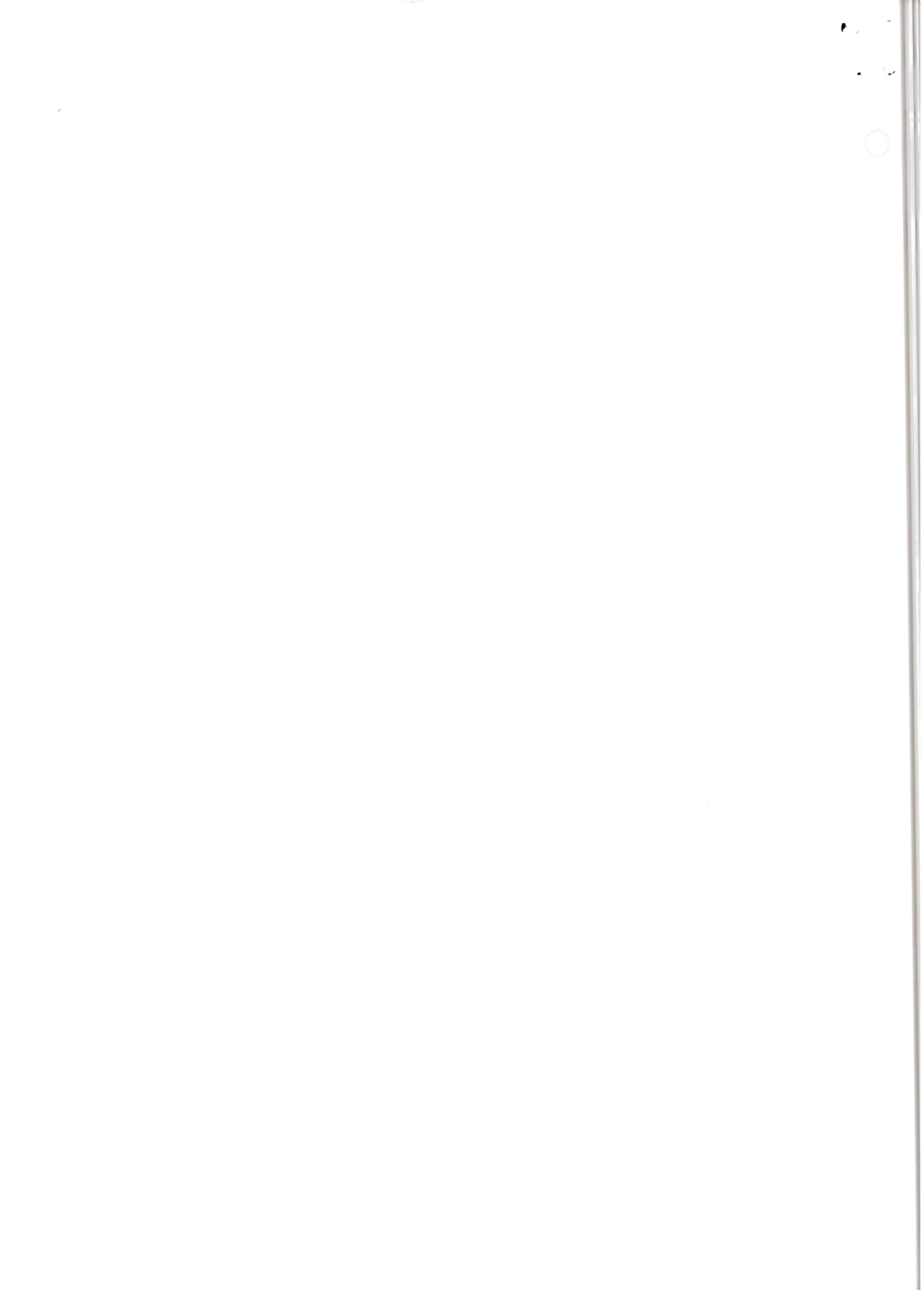
REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) -
GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

Mandate

The mandate of the Fund as derived from sec (3) of NG-CDF Act, 2015 is to:

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

To provide leadership and policy direction for effective and efficient management of the Fund



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

Core Values

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

(b) Key Management

The NGCDF GICHUGU day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Accounting Officer	YUSUF MBUNO
2.	A.I.E holder	MARGARET .N.RUGIRI
3.	Sub-County Accountant	WASHINGTON MAGIRI
4.	Chairman NGCDFC	GEOFREY K .NDURU
5.	Member NGCDFC	JANET .W.NYAGA

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF Gichugu Constituency Headquarters

P.O. Box 234- 10303
DCC COMPOUND
KIANYAGA
KIRINYAGA, KENYA



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

(f) NGCDF Gichugu Constituency Contacts

Telephone: (254) 234-10301 Kianyaga
E-mail: cdfgichugu@ngcdf.go.ke
Website: www.cdf.go.ke

(g) NGCDF GICHUGU CONSTITUENCY BANKERS

1. EQUITY BANK
KERUGOYA BRANCH
P.O.BOX 1056 - 10301
KERUGOYA

(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

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II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

During the financial year 2017/2018 NG-CDF actual budget performance indicates that not many projects were implemented. This was as a result of delays in the release of funds from the board. When the management received the first transfer of the funds priority was given to bursary both secondary schools and universities and tertiary institutions. This was well received by the constituents.

The NG-CDF management was able to complete a number of projects including classrooms and toilets blocks as can be seen in the pictures here under.

Despite this achievement the management was faced with a number of challenges among them being the transmission from the former NG-CDF to new NG-CDF committee members.

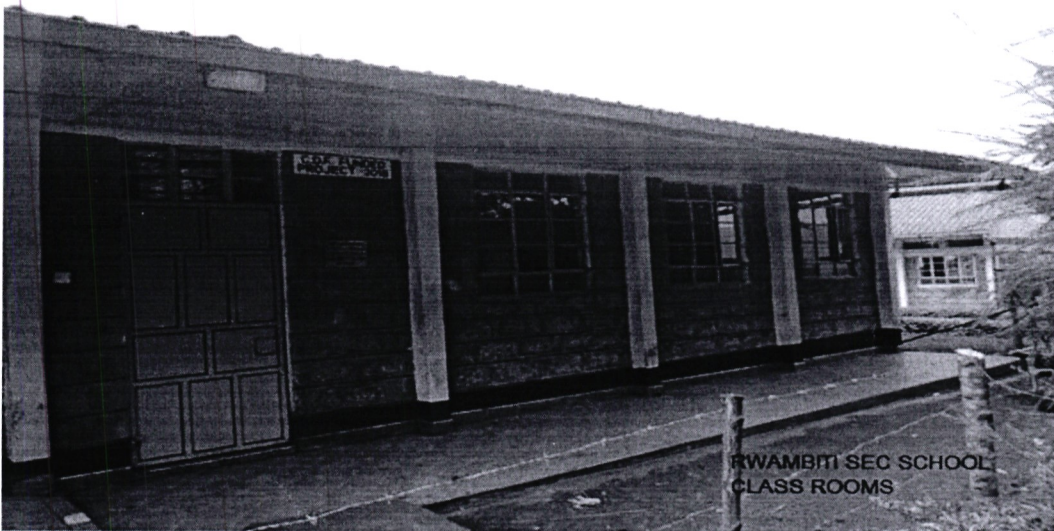
The committee also was faced with a number of on-going projects initiated by the former committee but was able to verify the status of the projects and subsequent adoption.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**
*Reports and Financial Statements
For the year ended June 30, 2018*



KIAMUTUGU BOYS SECONDARY
SCHOOL CLASSROOM



RWAMBITI SEC SCHOOL
CLASS ROOMS

NAME:

SIGNATURE:

CHAIRMAN NGCDF COMMITTEE

Geoffrey K Njiru



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 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 the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-GICHUGU Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 20XX. 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 entity; (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 entity; (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 NGCDF-GICHUGU Constituency accepts responsibility for the entity'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 *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 20XX, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF-GICHUGU Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-GICHUGU Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity'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 entity'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

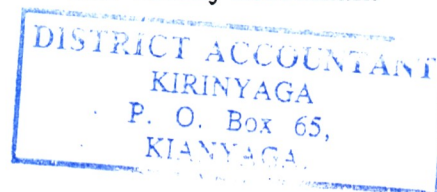
The NGCDF-GICHUGU Constituency financial statements were approved and signed by the Accounting Officer on 28/9 2018.

Fund Account Manager

Name: Margaret A. Rangi



Sub-County Accountant







OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - GICHUGU CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Gichugu Constituency set out on pages 8 to 32, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows, summary statements 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 matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Gichugu Constituency as at 30 June 2018, 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.

Basis for Qualified Opinion

1. Bursary to Needy Students

Disclosed in Note 7 to the financial statements under other grants and transfers are payments of Kshs.14,810,500 and Kshs.6,225,000 for bursary-secondary schools and bursary-tertiary institutions, respectively. However, acknowledgement letters from the institutions which were paid a total of Kshs.7,573,000 to confirm receipt of the bursaries were not provided for audit review. Consequently, it has not been possible to ascertain whether the bursary payments amounting to Kshs.7,573,000 reached the intended beneficiaries and were properly accounted for.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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 maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the ability of National Government Constituencies Development Fund-Gichugu Constituency 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 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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

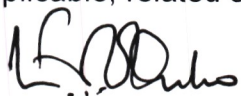
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.

- 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 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 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 National Government Constituencies Development Fund-Gichugu Constituency 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

16 April 2019



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**

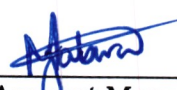
Reports and Financial Statements


For the year ended June 30, 2018

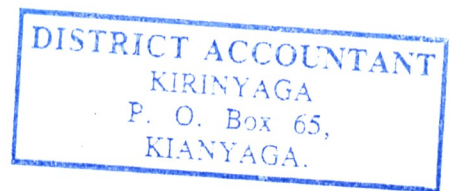
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	43,405,172	81,496,552
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	0	0
TOTAL RECEIPTS		43,405,172	81,496,552
PAYMENTS			
Compensation of employees	4	1,209,862	4,363,565
Use of goods and services	5	3,590,960	7,390,058
Transfers to Other Government Units	6	3,700,000	57,879,905
Other grants and transfers	7	21,035,500	62,785,223
Acquisition of Assets	8	0	0
Other Payments	9	0	0
TOTAL PAYMENTS		29,536,322	132,418,751
SURPLUS/(DEFICIT)		<u>13,868.850</u>	<u>-50,922.199</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-GICHUGU Constituency financial statements were approved on 28/9 2018 and signed by:


 Fund Account Manager
 Name: Margaret N. Rugin


 Sub-County Accountant
 Name:





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

V. STATEMENT OF ASSETS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	16,201,347	1,841,376
Cash Balances (cash at hand)	10B	0	0
Current receivables		0	0
Outstanding Imprests	11	0	0
TOTAL FINANCIAL ASSETS		16,201,347	1,841,376
REPRESENTED BY			
Current payables			
Retention	12		
Fund balance b/fwd 1st July...	13	1,841,376	52,763,575
Surplus/Deficit for the year		13,868,850	(50,922,199)
Prior year adjustments	14	491,121	0
NET LIABILITIES		16,201,347	1,841,376

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-GICHUGU Constituency financial statements were approved on 28/9 2018 and signed by:

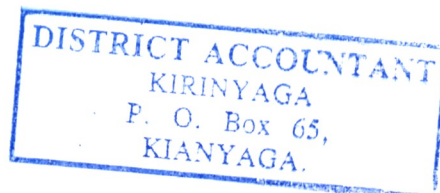
Fund Account Manager

Name: Nargax - N. Rugiri



Sub-County Accountant

Name:





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**
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For the year ended June 30, 2018

VI. STATEMENT OF CASHFLOW

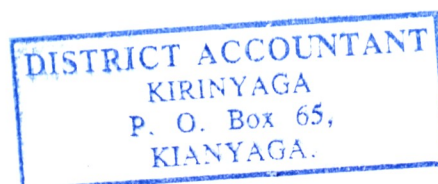
Receipts for operating income			
Transfers from NGCDF Board	1	43,405,172	81,496,552
Other Receipts	3	0	0
		43,405,172	81,496,552
Payments for operating expenses			
Compensation of Employees	4	1,209,862	4,363,565
Use of goods and services	5	3,590,960	7,390,058
Transfers to Other Government Units	6	3,700,000	57,879,905
Other grants and transfers	7	21,035,500	62,785,223
Other Payments	9		
TOTAL		29,536,322	132,418,751
Adjusted for:			
Retentions	12	0	0
Adjustments during the year		0	0
Net cash flow from operating activities		13,868,850	-50,922,199
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	10	0	0
Net cash flows from Investing Activities		0	0
NET INCREASE IN CASH AND CASH EQUIVALENT		13,868,850	(50,922,199)
Cash and cash equivalent at BEGINNING of the year	13	1,841,376	52,763,575
Prior year adjustments	14	491,121	0
Cash and cash equivalent at END of the year		16,201,347	1,841,376

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-GICHUGU Constituency financial statements were approved on 28/9/2018 and signed by:

Fund Account Manager

Name: Margaret N. Rugiri

Sub-County Accountant



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

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

Revenue/Expense item	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilisation difference	% of utilisation difference to final budget
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from the board	86,810,345	13,711,808	100,522,153	45,737,669	54,784,484	46%
Proceeds from sale of Assets						
Other receipts						
Total	86,810,345	13,711,808	100,522,153	45,737,669	54,784,484	46%
PAYMENTS						
Compensation of employees	1,860,620		1,860,620	1,209,862	650,758	65%
Use of goods and services	5,952,310	2,815,256	8,767,566	3,590,960	5,176,606	41%
Transfer to other government units	30,100,000	10,100,000	40,200,000	3,700,000	36,500,000	9%
Other grants and transfers	48,897,415	796,552.00	49,693,967	21,035,500	28,658,467	42%
Social security benefits						
Acquisition of assets						
Other payments						
TOTALS	86,810,345	13,711,808	100,522,153	29,536,322	70,985,831	29%

NOTE: a) The management wishes to note that during the year the budget for transfers to other government units amounted to Ksh. 40,200,000. Included in this figure is an amount of Ksh. 10,100,000 as a result of supplementary budget which by the end of the financial year had not been approved.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
GICHUGU CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTE: b) Further the management notes only half of the amounts due to other government units was received during the financial year.

The other half was yet to be released by the Board

NOTE: c) On compensation of employees the management notes that CDFC staffs were in the last quarter of the financial year. By the close of the financial year the employees had only worked for a period of 4 months.

The entity financial statements were approved on

2018 and signed by: *Maryant-N. Rugia*



CDFC Chairman
Name:

Geoffrey K Ndumu



Fund Account Manager
Name:



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 Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF-Gichugu Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

a) Recognition of Receipts

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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SIGNIFICANT ACCOUNTING POLICIES

Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.



SIGNIFICANT ACCOUNTING POLICIES

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements

5. In-kind contributions

In-kind contributions are donations that are made to the Entity 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 Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

6. 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.

7. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

8. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the



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SIGNIFICANT ACCOUNTING POLICIES

cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

9. 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 Entity 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.

10. Unutilized Funds

Unutilized funds consist of bank balances in the constituency account and previous year(s) balances not yet disbursed by the Board to the constituency at the beginning of the financial year. These balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) of NGCDF Act, 2015.

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1st July 2017 to 30th June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

12. Comparative Figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

13. 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 30th June 2018.



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SIGNIFICANT ACCOUNTING POLICIES

14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM CDF BOARDS

		2017 - 2018	2016 - 2017
Description		Kshs	Kshs
Normal Allocation	A829555		4,094,828
	A855012		36,853,449
	A855733		40,548,275
	A855811	5,500,000.00	
	A896799	37,905,172.00	
Receipts from other constituency			
	TOTAL	43,405,172.00	81,496,552.00

2. PROCEEDS FROM SALE OF ASSETS

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Receipts from the Sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Receipts from the Sale of office and general equipment	0	0
Total	0	0

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NOTES TO THE FINANCIAL
STATEMENTS (Continued)

3. OTHER RECEIPTS

	2017-2018	2016-
	Kshs	2017
		Kshs
Total		
Interests Received	0	0
Rent	0	0
Receipts from sale of tender documents	0	0
Other receipts not classified elsewhere	0	0
	<u>0</u>	<u>0</u>

4. COMPENSATION OF EMPLOYEES

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Basic wages of contractual employees	1,209,862.00	4,363,565
Basic wages of casual labour	0	0
Personal allowances paid as part of salary	0	0
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Other personnel payments gratuity	0	0
<u>Total</u>	<u>1,209,862.00</u>	<u>4,363,565</u>

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NOTES TO THE FINANCIAL
STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

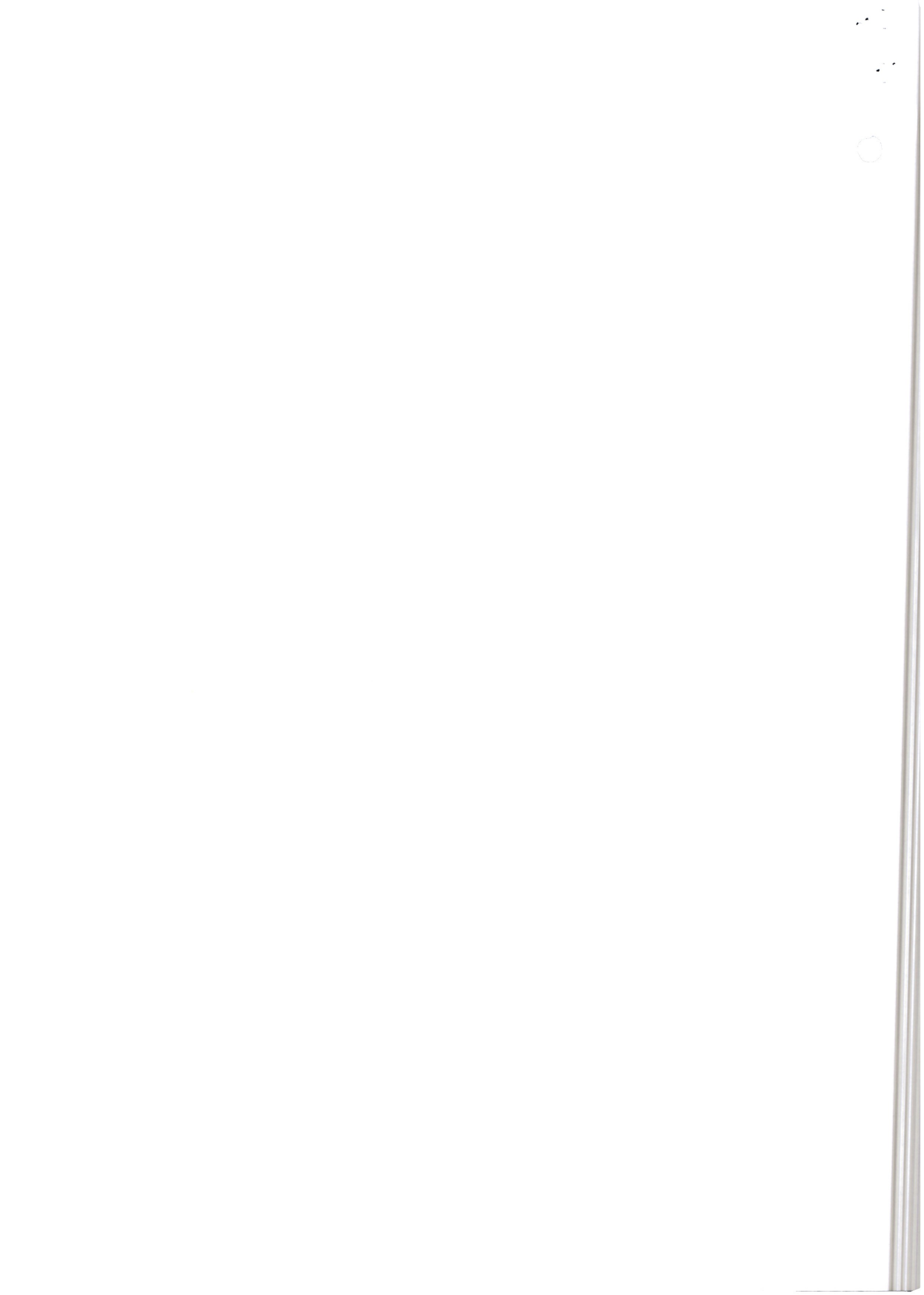
	2017 - 2018	2016 - 2017
	Kshs	Kshs
Utilities, supplies and services	16,465.00	3,058,090
Office rent	0	0
Communication, supplies and services	10,960.00	0
Domestic travel and subsistence	165,000.00	0
Printing, advertising and information supplies & services	91,050.00	0
Rentals of produced assets		
Training expenses	541,760.00	1,389,784
Hospitality supplies and services	34,000.00	0
Insurance costs	0	0
Specialised materials and services	0	0
Office and general supplies and services	378,865.00	253,895
Fuel ,oil & lubricants	100,000.00	0
Other operating expenses	682,360.00	317,370
Routine maintenance – other assets	22,300.00	895,588
Other committee expenses	47,000.00	0
Committee allowance	1,501,200.00	1,475,331
<u>Total</u>	<u>3,590,960.00</u>	<u>5,914,727</u>

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(Continued)

6. TRANSFER TO GOVERNMENT ENTITIES	2017 - 2018	2016 - 2017
	Kshs	Kshs
Transfers to primary schools	1,200,000.00	18,070,000
Transfers to secondary schools	2,500,000.00	25,959,905
Transfers to Tertiary institutions	0	13,700,000
Transfers to Health institutions	0	150,000
<u>TOTAL</u>	<u>3,700,000.00</u>	<u>57,879,905</u>

7. OTHER GRANTS AND TRANSFERS	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bursary -Secondary	14,810,500.00	14,174,103
Bursary -Tertiary	6,225,000.00	27,225,258
Bursary-Special schools	0	0
Mocks & CAT	0	0
water	0	1,600,000
Security projects	0	8,460,000
Roads	0	4,800,000
Sports projects	0	1,637,931
Environment projects	0	0
Other capital grants and transfers	0	4,887,931
Emergency Projects	0	0
<u>Total</u>	<u>21,035,500.00</u>	<u>62,785,223</u>



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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2017 - 2018	2016 - 2017
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and other transport equipment	0	0
Purchase of Bicycles & Motorcycles	0	0
Overhaul of Vehicles and other transport equipment	0	0
Purchase of Office furniture and fittings	0	0
Purchase of computers ,printers and other IT equipments	0	0
Purchase of photocopier	0	0
Purchase of other office equipments	0	0
Purchase of soft ware	0	0
Acquisition of Land	0	0
<u>Total</u>	<u>0</u>	<u>0</u>

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NOTES TO THE FINANCIAL STATEMENTS

(Continued)

9. OTHER PAYMENTS

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Strategic plan	0	0
ICT Hub	0	0
Tivet	0	0
Total	0	0

10.A: BANK ACCOUNTS (Cash book Bank balance)

Name of Bank, Account No. & Currency	2017 - 2018	2016 - 2017
	Kshs	Kshs
<i>Equity Bank, kerugoya Branch A/C no.100293447917</i>	16,201,347.00	1,841,376.00
Total	16,201,347.00	1,841,376.00

10.B: CASH IN HAND

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations (specify)	0	0
Total	0	0



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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

11. OUTSTANDING IMPRESTS

<i>Name of Officer</i>	<i>Date imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer</i>	N/A	0	0	0
<i>Total</i>				

12. RETENTION

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Supplier 1	0	0
Supplier 2	0	0
Supplier 3	0	0
<u>Total</u>	<u>0</u>	<u>0</u>



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13. BALANCES BROUGHT FORWARD

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bank accounts	1,841,375.62	52,763,575
Cash in hand	0	0
Cash equivalents (short-term deposits)	0	0
Imprest	0	0
<u>Total</u>	<u>1,841,375.62</u>	<u>52,763,575</u>

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Reversed bank charges	48,675	0
reversed stale cheques not yet replaced	442,446	0
Cash equivalents (short-term deposits)	0	0
Imprest	0	0
<u>Total</u>	<u>491,121.00</u>	<u>0</u>

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NOTES TO THE FINANCIAL
STATEMENTS (Continued)

15. OTHER IMPORTANT DISCLOSURES

15.1 PENDING ACCOUNTS PAYABLE	2017 - 2018	2016 - 2017
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	<u>0</u>	<u>0</u>
15.2 PENDING STAFF PAYABLES	2017 - 2018	2016 - 2017
	Kshs	Kshs
Senior management	0	0
Middle management	0	0
Union sable employees	0	0
Others	0	0
	<u>0</u>	<u>0</u>
15.3 UNUTILIZED FUNDS	2017 - 2018	2016 - 2017
	Kshs	Kshs
Compensation of employees	312,160	789,456
Use of goods and services	1,092,680	1,051,920
Committee expenses & capacity building	340,000	0
Amounts due to other government entities	10,250,000	0
Amounts due to other grants and other transfers	4,206,506.62	0
Acquisition of assets	0	0
Others	0	0
	<u>16,201,346.62</u>	<u>1,841,376</u>

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15.4 PMC account balances		2017 - 2018	2016 - 2017
		Kshs	Kshs
PMC account balances		5,500,000	0
		5,500,000	0



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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 2018	Outstanding Balance 2017	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						



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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 2018	Outstanding Balance 2017	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees		312,160		
Use of goods & services		1,092,680		
Committee expenses & Capacity Building		340,000		
Sub-Total		1,744,840		
Amounts due to other Government entities		10,250,000		
Sub-Total		10,250,000		
Amounts to other grants and other transfers		4,206,506.62		
Sub-Total		4,206,506.62		
Acquisition of assets		0		
Sub-Total		0		
Others (<i>specify</i>)			789,456	
Compensation to employees			1,051,920	
Use of goods and services				
Grand Total		16,201,346.62	1,841,376	



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2016/17
Land	N/A			N/A
Buildings and structures	6,179,329			6,179,329
Transport equipment	4,994,637.99			4,994,637.99
Office equipment, furniture and fittings	918,000			918,000
ICT Equipment, Software and Other ICT Assets	182,000			182,000
Other Machinery and Equipment	56,300			56,300
Heritage and cultural assets	N/A			N/A
Intangible assets	N/A			N/A
Total	11,730,266.99			11,730,266.99



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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Gichonjo-ini Primary School	Equity	0190193415299	3,000,000	0
Rwambiti Secondary School	Equity	0100295110138	1,300,000	0
Kiamutugu Secondary School	Equity	0100293447917	1,200,000	0
Total			5,500,000	0



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ANNEX 6: 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:	Non compliance to NG-CDF reporting template	The management regrets that the financial statement presented for audit did not include summary statement of appropriation. The NG-CDF board has always guided the management on the reporting template to be used while preparing the financial statements. The summary statement of appropriation: recurrent and development combined is provided on page 8 of the financial statement however it was missing in the financial statements presented for audit. The management regrets the omission and the complete statement is attached for your review.	FAM- Margaret N. Rugiri	Resolved on ML	5 days

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) -
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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)
2:	Unacknowledged/ Unsupported bursary funds	The cheques were issued to the beneficiaries who properly signed in the dispatched registers and presented to various institutions. A good percentage of acknowledgements receipts were received in NG-CDF office and are available for verification. Further management has introduced delivery of cheques through postal corporations-EMS and has requested the institutions which are far to send back acknowledgement through postal services. Further cheques within Kirinyaga County were delivered using the CDF vehicle and acknowledgement received upon delivery of such cheques. Sample copies of acknowledgement receipts and copies of dispatch register are attached for your review.	FAM- Margaret N. Rugiri	Resolved on ML	5 days

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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)
3:	Expenditure in excess of the budgeted figure Kshs. 2,184,312	Gichugu NG-CDF management wishes to note that part of funds relating to financial year 2015/2016 amounting to Kshs. 50,447,500 was received in the NG-CDF account on 29 th June 2016. Since this funding was received at the end of financial year, it means that the funding was spent in financial year 2016/2017. Included in that balance is an amount spent during the financial included the balances carried forward from the previous financial plus the allocation for the year amounting to Kshs. 5,205,686 and therefore the management did not exceed the budgeted amount in 2016/2017 financial year. A copy of the AIE relating to financial year 2015/2016 spent in financial year 2016/2017 and a copy of the Bank statement showing when the funds were deposited in the	FAM- Margaret N. Rugiri	Resolved on ML	5 days

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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)
		account is attached for your review. Further a copy of the NG-CDF minute showing how the amount of the AIE was distributed to various vote heads is also attached.			
4:	Unaccounted for fuel	The management wish to state that the fuel consumed was properly accounted for and recorded in the proper books. However the staffs in the office were new employees and were not able to access all books of accounts at the time of audit. The office later on managed to find the relevant detail orders used to draw fuel as well as work tickets showing how the fuel was consumed. Copies of the said documents are attached for your review.	FAM- Margaret N. Rugiri	Resolved on ML	5 days
5:	Unaccounted for goods in store	The management of Gichugu NG-CDF would wish to note that all the items purchased were properly used in the office. Stationeries and toners were used to print bursary application forms	FAM- Margaret N. Rugiri	Resolved on ML	5 days



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For the year ended June 30, 2018

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)
		which are given freely to aspiring applicants. Items that were purchased for use in the kitchen for staff tea which the management didn't consider entering such items in the stores ledger. In future all the items purchased will be entered in the correct books of account.			
6:	The management wishes to thank the office of the auditor general for their continued support and advice. The management is committed to making the necessary adjustment to improve on the management of the fund.				



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) -
GICHUGU CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2018

