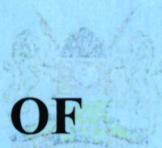


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND –  
NORTH MUGIRANGO CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2018

NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 24 JUL 2019

DAY.

TABLED  
BY:

CLERK TO  
THE TABLE:



NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 24 JUL 2019

DAY.

TABLED  
BY:

CLERK TO  
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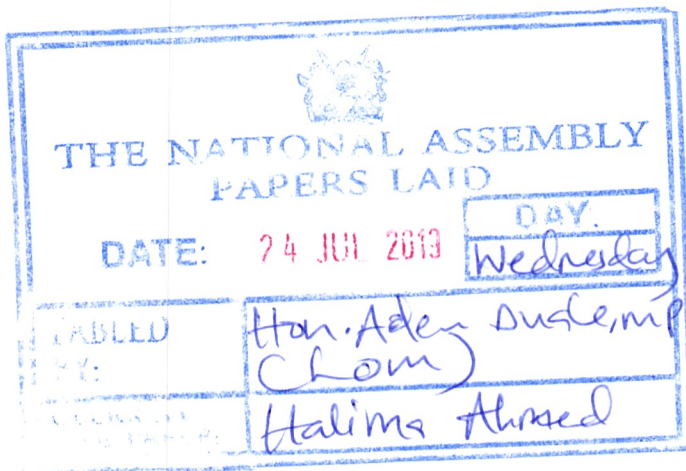
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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND  
NORTH MUGIRANGO CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2018

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



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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) NORTH  
MUGIRANGO 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 Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDFA) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda 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-CDFC)

(c) Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Wilson Okumu
3.	District Accountant	Chrispinus Ibalai

NATIONAL GOVERNMENT CONSTITUTES DEVELOPMENT FUND (NG-CDF) NORTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018

---

- a) **Entity Headquarters**  
North Mugirango NG-CDF  
P.O. Box, 105-40500  
Nyamira  
Kenya
- b) **Entity Contacts**  
Telephone: 0722700485/0734700485  
E-mail: northmugirango@ngcdf.go.ke  
Website: www.ngcdf.go.ke
- c) **Entity Bankers**  
Equity Bank  
Nyamira Branch  
A/C NO.0520262112242  
P.O. Box 650-40500,  
Nyamira
- (d) **Independent Auditors**  
Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084,  
GOP 00100  
Nairobi, Kenya
- (e) **Principal Legal Adviser**  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

II. FOREWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NGCDFC)

On behalf of the North Mugirango National Government Constituency development fund committee, it gives me great pleasure to present to you the financial statements and reports for the financial year 2017/2018.

North Mugirango NG- CDF received a total of Kshs. 43,405,172 against its allocation of Kshs 86,810,345, as you can see this was a significant difference, nevertheless we endeavored to allocate a big portion towards construction of classrooms both in primary and high schools to help in improvement of infrastructure.

The North Mugirango National Government Constituency development fund committee allocated more than 23 million toward bursary support for needy students in the constituency. By the closure of the financial year all the bursary allocation had been exhausted with over 1000 students benefiting from the kitty.

Our main challenge was the reduced allocation against increasing constituency needs; we do hope that this year the National Government will allocate more to help we achieve equitable and improved socio economic progress for the people of North Mugirango.

I wish to finally sincerely thank the area MP and the civil servants that have been a great team in guiding us on financial regulations and constitutional expectations of the North Mugirango National Government Constituency development fund committee

Thank you.

Sign.



NG-CDFC Chairman

Yuvinallis Tera Nyaanga

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 Mugirango-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 Mugirango 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 Mugirango NG-CDF financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2018, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the North Mugirango 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 Mugirango 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 Mugirango NG-CDF financial statements were approved and signed ~~14<sup>th</sup> August, 2018.~~

SIGN

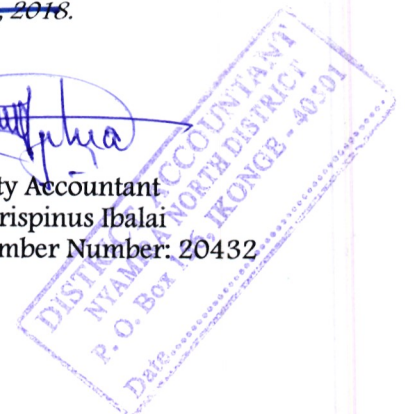


Fund Account Manager

Name: Wilson Okumu



Sub-County Accountant  
Name: Chrispinus Ibalai  
ICPAK Member Number: 20432



# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - North Mugirango Constituency set out on pages 7 to 23, which comprise the statement of assets as at 30 June 2018, and the statement receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - North Mugirango 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 and Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Misclassification of Expenditure

Disclosed in Note 5 to the financial statements under use of goods and services is an expenditure of Kshs.1,725,000 on utilities, supplies and services which includes an amount of Kshs.375,000 incurred on purchases of two hundred and fifty school mattresses for two primary schools whose dormitories were burnt down by fire. Although the expenditure of Kshs.375,000 relates to emergency item, it was instead charged to utilities, supplies and services. Consequently, the expenditure on utilities, supplies and services is not fairly stated.

##### 2. Unsupported Expenditure on Employees Compensation

Included in the compensation of employees' expenditure of Kshs.582,704 is an amount of Kshs.166,171 which was not adequately supported by payroll and payment vouchers. In the circumstances, the validity and propriety of the expenditure of Kshs.166,171 could not be ascertained.

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*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - North Mugirango Constituency for the year ended 30 June 2018*

### **3. Stale Cheques**

Included in the bank balance of Kshs.954,336 is an amount of Kshs.135,141 relating to stale cheques which had not been reversed in the cash book for unexplained reasons. The bank balance is therefore not fairly stated.

### **4. Net Financial Position**

The statement of assets as at 30 June 2018 reflects total financial assets of Kshs.954,336. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the net financial position has been presented as net liabilities.

### **5. Transfers from CDF Board**

The summary statement of appropriation reflects transfers from the CDF Board of Kshs.43,474,013 which differs with the amount of Kshs.43,405,172 reflected in the statement of receipts and payments, leading to unexplained variance of Kshs.68,841. As a result, the accuracy of the receipts could not be confirmed.

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections, I have determined that there are no key audit matters to communicate in my report.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections 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**

#### **1. Incomplete Projects**

A physical verification of the projects on 14 and 15 January 2019 revealed that projects worth Kshs.6,700,000 were incomplete and were at different stages of construction as shown below:

Project	Amount-Kshs	Status
Esanige Special School construction of school dormitory	2,000,000	The main structure including the roof has been done. However, the main fittings i.e. windows, doors, floor, painting and electrical works have not been done.
Mogongo Girls secondary school construction of a dormitory	1,500,000	The project has been done from foundation to roofing, windows, 2 doors and plastering of the inner walls have been done. However the floor, fixing of 1 door, plastering, painting and electrical works, and the latrines are still pending.
St. Claire Gekendo secondary school dormitory project	2,200,000	The foundation, substructure, frame work and walling are complete. However, shuttering, roofing windows, doors, floor, painting and electrical works have not been done.
Enkinda S.D.A Secondary school dining hall project	1,000,000	Roofing, windows and doors are fitted, internal and part of external plastering done. However, the floor, painting and fittings and electrical works have not been done.
<b>Total</b>	<b>6,700,000</b>	

The delay in completion of the projects impacted negatively on service delivery to the residents of the Constituency.

## **2. Construction of Classrooms at Nyamonge Primary School**

Included in the transfers to other government units expenditure of Kshs.10,800,000 is an amount of Kshs.2,000,000 for construction of five classrooms at Nyamonge Primary School. Physical verification done in January 2019 revealed that the project was still incomplete with only one classroom in place. In addition, the management did not provide returns from the PMCs to show how the funds disbursed were utilized. Consequently, the regularity and value for money of the expenditure could not be confirmed.

## **3. Construction of Classrooms, Administration Block and Library at Okano Primary School**

Included also in the transfers to other government units expenditure of Kshs.10,800,000 is an amount of Kshs.3,000,000 disbursed to Okano Primary School for construction of a classroom, an administration block and a library. Physical verification done in January 2019 revealed that the projects were still incomplete. Further, the management did not provide returns from the PMCs to show how the funds were utilized. Consequently, the regularity and value for money of the expenditure could not be confirmed.

## **4. Construction of Dormitory and Water Project**

The transfer to other government units' expenditure of Kshs.10,800,000 also includes an amount of Kshs.1,800,000 which further comprise Kshs.500,000 transferred to Misambi secondary school for installation of a 10,000-liter steel water tank and Kshs.1,300,000 transferred to Eronge mixed secondary school for construction of a dormitory. Physical verification of the projects done in the month of January 2019, revealed that the projects were yet to be implemented six months after the funds were received by the project management committee and transferred to the respective bank accounts.

## 5. Budgetary Performance

According to the statement of appropriation for the year ended 30 June 2018 the North Mugirango NG-CDF management had budgeted to receive and spent Kshs.98,258,496. However, the actual receipts were Kshs.43,474,013 leading to under-realization of receipts by Kshs.54,784,483 or 56%.

In addition, the fund spent a total of Kshs.42,469,104 against a budget of Kshs.98,258,496 leading to under expenditure of Kshs.55,762,392, which is equivalent to 57% of the approved budget. Significant under expenditure occurred under the following items:

Expenditure Item	Final Budget - Kshs	Actual Expenditure - Kshs	Under Expenditure - Kshs	Under Expenditure in %
Compensation of employees	1,740,000	582,704	1,157,296	67%
Transfers to other government units	35,023,276	10,800,000	24,223,276	69%
Other grants and transfers	37,189,351	21,063,000	16,126,351	43%
Acquisition of Assets	13,277,786	0	13,277,786	100%

The significant under expenditure on the above items is an indication that some planned projects, programmes and activities were not executed and which in turn impacted negatively on effective delivery of services to the constituents.

## 6. Project Implementation Status

The fund had an approved budget of Kshs.98,258,496 out of which a total of sixteen planned projects with a combined value of Kshs.23,095,560.92 were not executed as shown below:

Project Name	Project Activity	Amount (Kshs)
Emergency	To cater for unforeseen occurrences	4,193,965.52
Constituency strategic plan	Drawing the 5 year strategic plan	3,500,000
Gisage Primary School	Construction of classroom	800,000
Rianyama Primary School	Renovation of 5 classrooms	500,000
Mesobwa Primary School	Renovation of 5 classrooms	500,000
Itibo chief's office	Construction of chief's office	1,200,000
Itibo chiefs camp	Construction of chief's office	800,000
Magwagwa Police Post	Construction of police houses, 6 door pit latrine	2,093,825
Matongo secondary school	Roofing, fitting of windows, doors and painting of 1 classroom	500,000
Ikonge Admin. police post	Construction of residential blocks with 8 cubes	2,000,000
Nyairanga Sec School	Installation of 10,000 litres steel tower tank	500,000
Youth Empowerment center	Installation of internet system	1,169,256.80
Misambi Chief's Camp	Installation of internet system	1,169,256.80
Magwagwa Chief's Office	Installation of an internet system	1,169,256.80
Nyamauro Sec Sch	Roofing, plastering, painting	1,500,000
Esanige Technical Sec	Plastering, fitting of windows, painting	1,500,000
	<b>Total</b>	<b>23,095,560.92</b>

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 matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and 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 - North Mugirango 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 noncompliance. 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 policies and procedures may deteriorate.

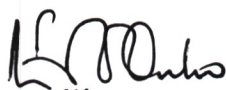
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 sustaining 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 National Government Constituencies Development Fund - North Mugirango 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**

**18 June 2019**

NATIONAL GOVERNMENT CONSTITUTES DEVELOPMENT FUND (NG-CDF) NORTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	43,405,172	81,096,551
<b>TOTAL RECEIPTS</b>		<b>43,405,172</b>	<b>81,096,551</b>
<b>PAYMENTS</b>			
Compensation of employees	4	582,704	1,150,473
Use of goods and services	5	10,023,400	9,519,054
Transfers to Other Government Units	6	10,800,000	48,984,517
Other grants and transfers	7	21,063,000	58,878,666
Acquisition of Assets	8	-	710,000
<b>TOTAL PAYMENTS</b>		<b>42,469,104</b>	<b>119,242,710</b>
<b>SURPLUS/DEFICIT</b>		<b>936,068</b>	<b>(38,146,159)</b>

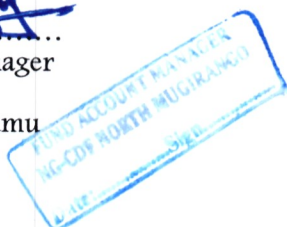
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The North Mugirango NG-CDF financial statements were approved on ~~14<sup>th</sup>~~ ~~August, 2018~~ and signed by:

20<sup>th</sup> February 2019

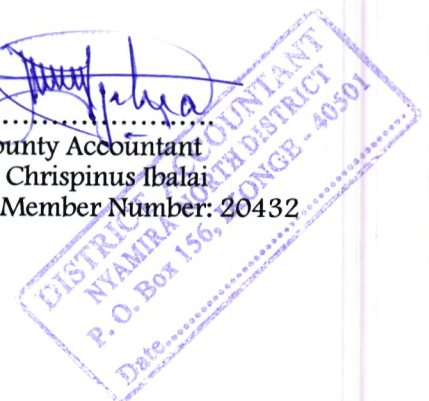


Sign.....  
Fund Account Manager

Name: Wilson Okumu



Sign.....  
Sub-County Accountant  
Name: Chrispinus Ibalai  
ICPAK Member Number: 20432



NATIONAL GOVERNMENT CONSTITUTES DEVELOPMENT FUND (NG-CDF) NORTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018

V. STATEMENT OF ASSETS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances ( as per the cash book)	10A	954,336	68,841
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>954,336</b>	<b>68,841</b>
<b>REPRESENTED BY</b>			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	68,841	38,215,000
Surplus/Deficit for the year		936,068	(38,146,159)
Prior year adjustments	14	(50,573)	-
<b>NET LIABILITIES</b>		<b>954,336</b>	<b>68,841</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The North Mugirango NG-CDF financial statements were approved on ~~14<sup>th</sup>~~ ~~August, 2018~~ and signed by:

20<sup>th</sup> February 2019

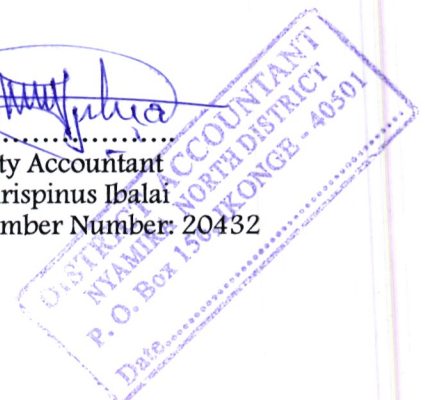


Sign.....  
Fund Account Manager

Name: Wilson Okumu



Sign.....  
Sub-County Accountant  
Name: Chrispinus Ibalai  
ICPAK Member Number: 20432





NATIONAL GOVERNMENT CONSTITUTES DEVELOPMENT FUND (NG-CDF) NORTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018

VI: STATEMENT OF CASHFLOW

		2017 - 2018	2016 - 2017
Receipts for operating income			
Transfers from CDF Board	1	43,405,172	81,096,551
		43,405,172	81,096,551
Payments for operating expenses			
Compensation of Employees	4	582,704	1,150,473
Use of goods and services	5	10,023,400	9,519,054
Transfers to Other Government Units	6	10,800,000	48,984,517
Other grants and transfers	7	21,063,000	58,878,666
Other Payments	9	-	-
		42,469,104	118,532,710
Adjusted for:			
Adjustments during the year	14	(50,573)	-
Net cash flow from operating activities		885,495	(37,436,159)
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	710,000
Net cash flows from Investing Activities		-	(710,000)
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		885,495	(38,146,159)
Cash and cash equivalent at BEGINNING of the year	13	68,841	38,215,000
Cash and cash equivalent at END of the year		954,336	68,841

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The North Mugirango NG-CDF financial statements were approved on ~~14<sup>th</sup> August, 2018~~ and signed by:

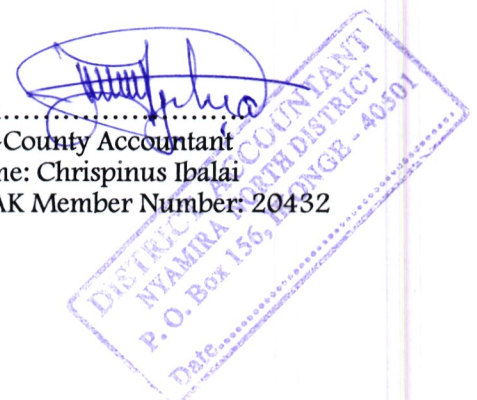
2015 February 2019

Sign.....  
Fund Account Manager

Name: Wilson Okumu



Sign.....  
Sub-County Accountant  
Name: Chrispinus Ibalai  
ICPAK Member Number: 20432





NATIONAL GOVERNMENT CONSTITUTES DEVELOPMENT FUND (NG-CDF) NORTH  
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VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,345	11,448,151	98,258,496	43,474,013	54,784,483	44.2%
<b>TOTAL RECEIPTS</b>	<b>86,810,345</b>	<b>11,448,151</b>	<b>98,258,496</b>	<b>43,474,013</b>	<b>54,784,483</b>	<b>44.2%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,658,000	82,000	1,740,000	582,704	1,157,296	33.5%
Use of goods and services	10,654,932	373,151	11,028,083	10,023,400	1,004,683	90.9%
Transfers to Other Government Units	25,200,000	9,823,276	35,023,276	10,800,000	24,223,276	30.8%
Other grants and transfers	36,620,386	568,965.51	37,189,351	21,063,000	16,126,351	56.6%
Acquisition of Assets	12,677,027	600,758.62	13,277,786	-	13,277,786	0.0%
<b>TOTAL</b>	<b>86,810,345</b>	<b>11,448,151</b>	<b>98,258,496</b>	<b>42,469,104</b>	<b>55,789,392</b>	<b>43.2%</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The North Mugirango NG-CDF financial statements were approved on ~~14<sup>th</sup>~~ ~~August, 2018~~ and signed by:


2018 February 2019

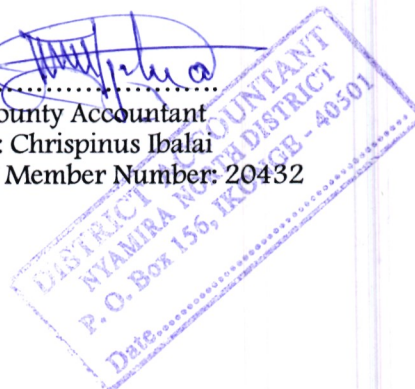


Sign:   
Fund Account Manager

Name: Wilson Okumu



Sign:   
Sub-County Accountant  
Name: Chrispinus Ibalai  
ICPAK Member Number: 20432



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TRIAL BALANCE AS AT 30TH JUNE 2018

Cash and Cash equivalents			
	Bank Balances	954,336	
	Cash Balances	-	
	Outstanding Imprest	-	
Payments			
	Compensation of Employees	582,704	
	Use of goods and services	10,023,400	
	Transfers to Other Government Units	10,800,000	
	Other grants and transfers	21,063,000	
	Acquisition of Assets	-	
	Other Payments	-	
Receipts			
	Transfers from the Board		43,405,172
	Proceeds from sale of assets		-
	Others receipts		-
Prior Year Adjustment			(50,573)
Fund Balance b/f			68,841
TOTAL		43,423,440	43,423,440

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The North Mugirango NG-CDF financial statements were approved on ~~14<sup>th</sup> August, 2018~~ and signed by:

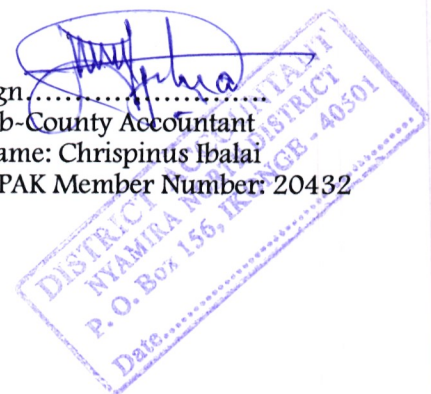
20<sup>th</sup> February 2019

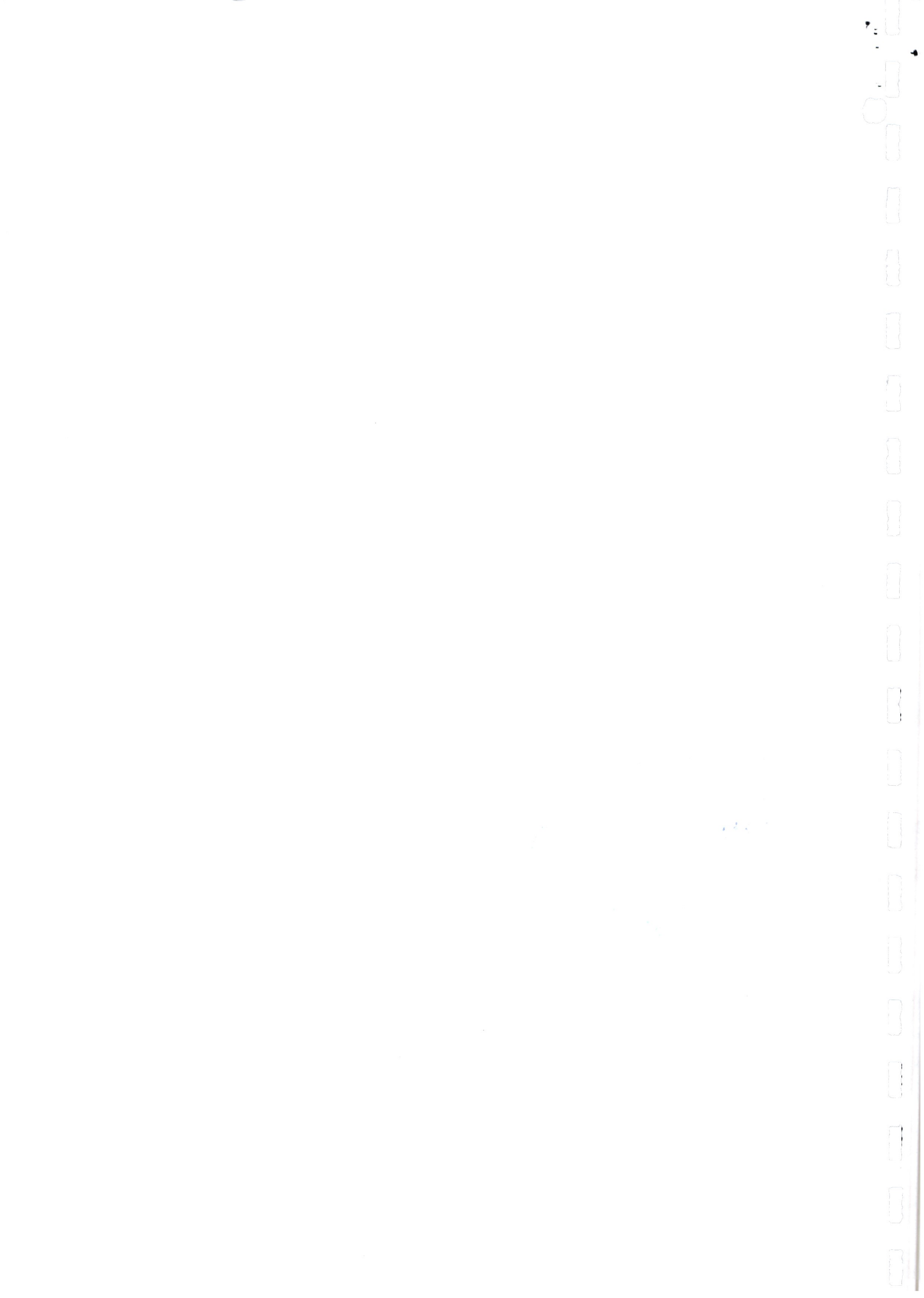
Sign.....  
Fund Account Manager

Name: Wilson Okumu



Sign.....  
Sub-County Accountant  
Name: Chrispinus Ibalai  
ICPAK Member Number: 20432





## VIII. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2018

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

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

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Constituency and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

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

### b) **Recognition of revenue and expenses**

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

### c) **In-kind contributions**

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

### d) **Cash and cash equivalents**

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

**e) Receivables and payables**

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

**f) Budget**

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

**g) 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, 2018.

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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016 - 2017
		Kshs	Kshs
Normal Allocation	AIE NO. A 855074		36,853,449.00
	AIE NO. A 855631		40,148,275.00
	AIE NO. A		4,094,827.00
	AIE NO. A 855974	5,500,000.00	-
	AIE NO. A 892970	37,905,172.00	-
Conditional grants	AIE NO...		-
<b>TOTAL</b>		<b>43,405,172.00</b>	<b>81,096,551.00</b>

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**4. COMPENSATION OF EMPLOYEES**

<b>Description</b>	<b>2017 - 2018</b>	<b>2016 - 2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees	560,021.98	1,150,473.00
Basic wages of casual labour		
<b>Personal allowances paid as part of salary</b>		
House allowance		
Transport allowance		
Leave allowance		
Other personnel payments		
Employer contribution to NSSF	22,682.00	
Gratuity-contractual employees		
<b>TOTAL</b>	<b>582,703.98</b>	<b>1,150,473.00</b>

**NATIONAL GOVERNMENT CONSTITUTES DEVELOPMENT FUND (NG-CDF) NORTH  
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**5. USE OF GOODS AND SERVICES**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Utilities, supplies and services	1,725,000.00	992,080.00
Electricity		
Office rent		
Communication, supplies and services		
Domestic travel and subsistence		
Printing, advertising and information supplies & services		800,000.00
Rentals of produced assets		
Training expenses	399,400.00	3,632,069.00
Hospitality supplies and services		
Other committee expenses	68,000.00	1,000,905.00
Committee allowance	7,831,000.00	2,368,000.00
Insurance costs		
Specialized materials and services		726,000.00
Office and general supplies and services		
Fuel ,oil & lubricants		
Other operating expenses		
Bank Service Commission and Charges		
Security Operations		
Routine maintenance – vehicles and other transport equipment		
Routine maintenance – other assets		
<b>TOTAL</b>	<b>10,023,400.00</b>	<b>9,519,054.00</b>

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6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Transfers to Primary schools		15,850,000.00
Transfers to Secondary schools	10,800,000.00	21,858,517.00
Transfers to Tertiary institutions		11,276,000.00
Transfers to Health institutions		
<b>TOTAL</b>	<b>10,800,000.00</b>	<b>48,984,517.00</b>



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7. OTHER GRANTS AND TRANSFERS

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bursary -Secondary	21,063,000.00	13,297,309.00
Bursary -Tertiary		10,945,504.00
Bursary-Special schools		
Mocks & CAT	-	
Water		6,380,000.00
Food security		4,109,230.00
Electricity		
Security		4,800,000.00
Roads and Bridges		12,969,597.00
Sports		600,000.00
Environment		600,000.00
Provincial Administration		
Cultural Projects		
Agriculture		
Emergency Projects		5,177,026.00
<b>TOTAL</b>	<b>21,063,000.00</b>	<b>58,878,666.00</b>

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8. AQUISITION OF ASSETS

<u>Non Financial Assets</u>	2017 - 2018	2016 - 2017
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of office furniture and fittings		710,000.00
Purchase of computers ,printers and other IT equipments		-
Purchase of photocopier	-	-
Purchase of other office equipments	-	-
Purchase of soft ware		-
Acquisition of Land	-	-
<b>TOTAL</b>	-	<b>710,000.00</b>



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10A. BANK BALANCE (CASHBOOK BANK BALANCE)

Name of Bank, Account No. & currency	Account Number	2017 - 2018	2016 - 2017
		Kshs (30/6/2018)	Kshs (30/6/2017)
<i>Equity Bank Nyamira Branch A/C No. 0520262112242</i>	<i>A/C No.0520262112242</i>	954,336.40	68,841.05



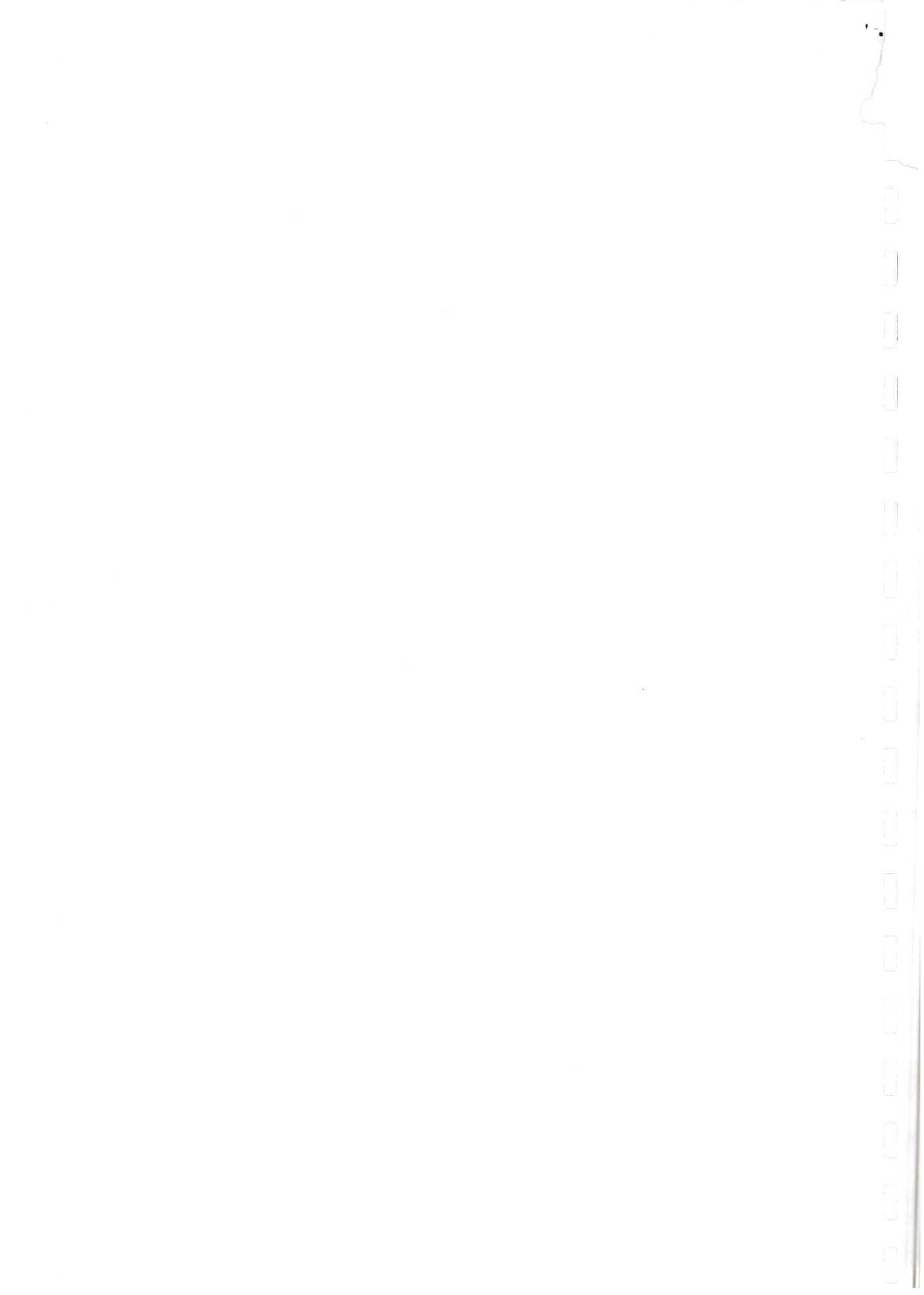
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13. BALANCE BROUGHT FORWARD

	2017 - 2018	2016 - 2017
	Kshs (1/7/2018)	Kshs (1/7/2017)
Bank accounts	68,841.50	36,555,000.00
Imprest		1,660,000.00
<b>TOTAL</b>	<b>68,841.50</b>	<b>38,215,000.00</b>

14. PRIOR YEAR ADJUSTMENTS

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bank accounts	(50,573.00)	-
Imprest		-
<b>TOTAL</b>	<b>(50,573.00)</b>	



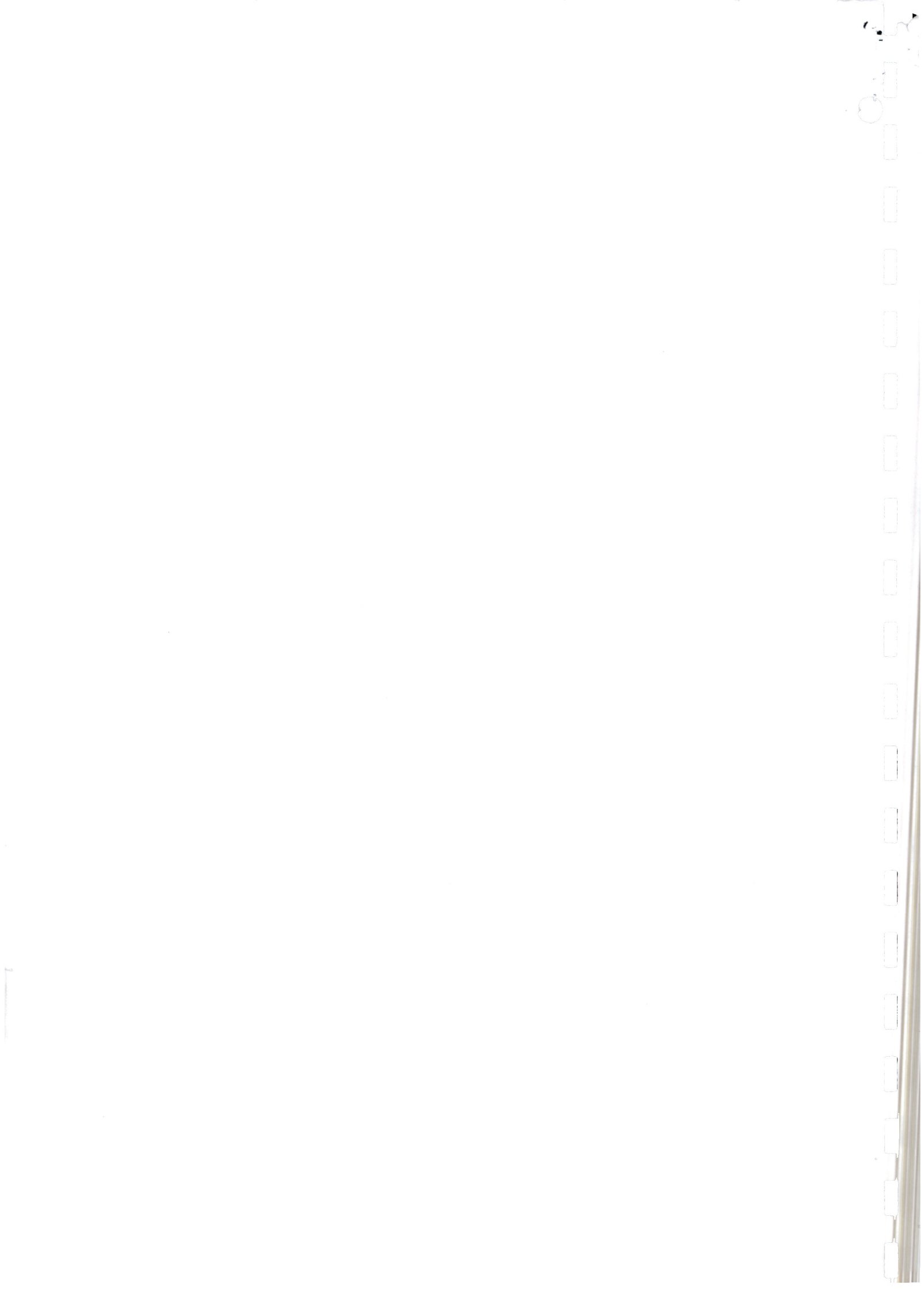
ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2017/18	2016/17
Land	5,762,239.00	5,762,239.00
Buildings and structures	-	-
Transport equipment	4,057,402.00	4,057,402.00
Office equipment, furniture and fittings	1,919,171.00	1,919,171.00
ICT Equipment, Software and Other ICT Assets	1,126,634.00	1,126,634.00
Other Machinery and Equipment	20,880,000.00	20,880,000.00
Heritage and cultural assets	-	-
Intangible assets	-	-
<b>Total</b>	<b>33,745,446</b>	<b>33,745,446.00</b>



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 ANNEX 4 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Okano Primary School PMC	Equity Bank - Nyamira	0520271573934	116.00	0
Matongo Secondary School PMC	Equity Bank - Nyamira	0520171563205	17.00	0
Nyamonge Primary School PMC	Equity Bank - Nyamira	0520270928584	.60	0
Riomego SDA Mixed Secondary School	KCB-Nyamira	1103266993	103.00	0
Nyamusi Market PMC	Equity Bank - Nyamira	0520171746863	45.00	0
Gitwebe DEB Secondary School PMC	KCB-Nyamira	1173546510	25.00	0
Nyamonge DOK Primary School	Equity Bank - Nyamira	0520270928584	.-30	0
Misambi water supply PMC	Equity Bank - Nyamira	05201715663075	211.00	0
<b>Total</b>			<b>492.30</b>	<b>0</b>



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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)
2	Transfers from the NG CDF Board Statement of receipt and expenditure showed ksh.117,067,847 while the bank statement showed total receipts as ksh.144,680,045	The difference of ksh. 27,612,198 was previous years funds and could not be included in the current years appropriation	Wilson Okumu FAM	Resolved	Auditors satisfied with the explanations
3	Stale cheques outstanding for a long period still incorporated in the bank reconciliation	The physical cheques had not been returned for cancellation, but since they are now stale have been reversed in the cashbook	F Wilson Okumu FAM	Resolved	Auditors satisfied with the explanations
4	Some payrolls and personnel files not availed for audit purposes	The said payrolls and staff personnel files have since been availed for proper audit	Wilson Okumu FAM	Resolved	Auditors satisfied with the explanations
5	Some payment schedules and payment voucher to bhogals auto world not availed for audit purposes	The schedules and vouchers have now been availed and audited accordingly	Wilson Okumu FAM	Resolved	Auditors satisfied with the explanations

