



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 27 MAR 2019 DAY: WEDNESDAY

TABLED BY: Hon. Aden Duale
Leader of Majority Party

CLERK AT THE TABLE: Moses Lemuna

PARLIAMENT OF KENYA LIBRARY

REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
KITUTU MASABA CONSTITUENCY
FOR THE YEAR ENDED
30 JUNE 2017

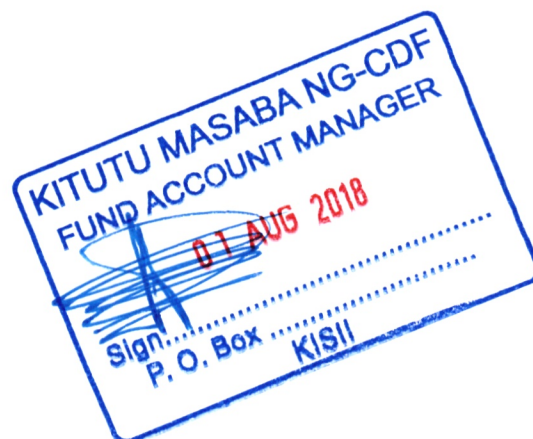


NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU MASABA
CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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



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

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	1
II. FORWARD BY THE NGCDF CHAIR	3
III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES.....	4
IV. STATEMENT OF RECEIPTS AND PAYMENTS	5
V. STATEMENTS OF ASSETS	6
VI. STATEMENT OF CASHFLOW.....	7
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	8
VIII. SIGNIFICANT ACCOUNTING POLICIES	9
IX. NOTES TO THE FINANCIAL STATEMENTS.....	11



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU
MASABA CONSTITUENCY**

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NGCDF) was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2015. The National Government Constituencies Development Fund is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

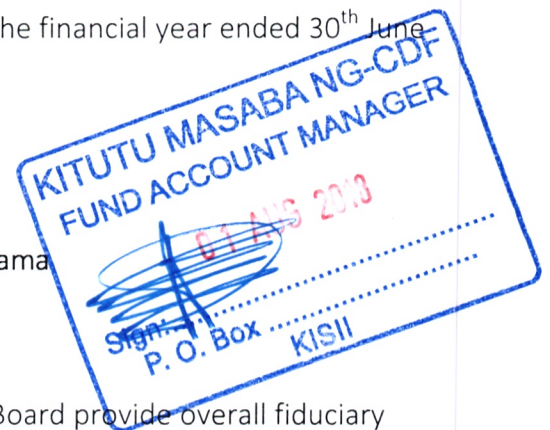
The KITUTU MASABA Constituency's day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- ii. NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Amos Apollo
3.	Accountant	RoselineMuthama



(d) Fiduciary Oversight Arrangements

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

- (e) KITUTU MASABANGCDF Headquarters**
NGCDF Office Building – Tombe Market
P.O Bo 931-40200
Kisii

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU
MASABA CONSTITUENCY**

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

(f) KITUTU MASABANGCDF Contacts

Telephone: (254) 0721489083
E-mail: kitutumasaba@ngcdf.go.ke
Website: www.kitutumasaba.go.ke

(g) KITUTU MASABANGCDF Bankers

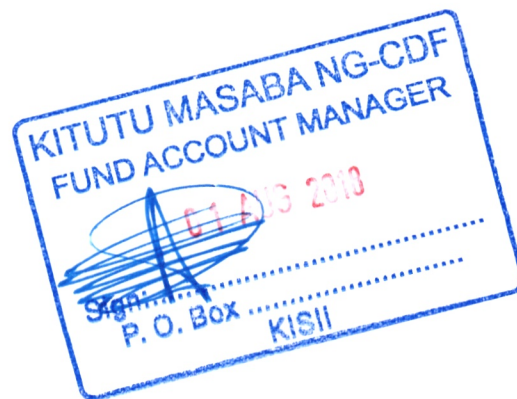
CO-OPERATIVE BANK KISII EAST BRANCH
P.O Box
KISII

(h) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU
MASABA CONSTITUENCY**

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

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

On behalf of the NGCDF committee of Kitutu Masaba, I wish to give a brief on our development programme for the financial year 2016/17.

Kitutu Masaba received a total of Kshs. 117,714,306.00 and spent Kshs. 153,757,062.00 this being with the balance for 2015/16FY AIE receipt of Kshs. 35,494,948.00 on various sectors i.e roads, bursary, schools, and emergency among others.

This therefore shows a reduction in the disbursement from the CDF Board compared with the previous year's allocation.

However the most improved sector is Bursary allocation which has covered almost 95% of the applicants and still needs more funding. However, in Nyamira and Kisii counties, our constituency in terms of bursary management, we are rated the best. The Roads projects are rated at 85% which because of the rains still needs more funding.


Third rated is Education infrastructure at 86% where many classrooms have been constructed, dormitories, laboratories and many renovations among others.

The committee noted that Emergency allocation is so important that more money needs to be reserved for the same hence CDF's Annual Allocations should be increased from 2.5% to even 5% to enable wider demands met.

Major Challenge. Distinction between the county government projects and the CDF projects which needs to be addressed.

Indeed am proud to be the chairman of this successful committee.

Thanks a lot.

Sign.....
CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU
MASABA CONSTITUENCY**

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

III. STATEMENT OF NGCDF 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 NGCDF shall prepare financial statements in respect of that NGCDF. 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.

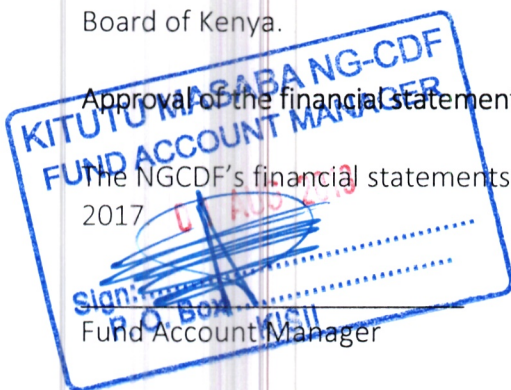
The Accounting Officer in charge of the KITUTU MASABA NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NGCDF; (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 NGCDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

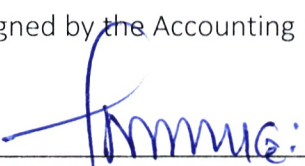
The Accounting Officer in charge of the KITUTU MASABANGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2017, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the KITUTU MASABANGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the KITUTU MASABANGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF'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 NGCDF'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's financial statements were approved and signed by the Accounting Officer on 2nd August, 2017




Chairman

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KITUTU MASABA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Kitutu Masaba Constituency set out on pages 5 to 23, which comprise the statement of assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Kitutu Masaba Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

Further, as required by Article 229(6) of the Constitution, except for the matters described in the Other Matter section of my report, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

Failure to Disclose Action on Prior-year Audit Issues

Contrary to the requirements of the reporting template issued by the Public Sector Accounting Standards Board, the financial statements for the year under review do not indicate the status and follow-up on audit issues reported in the previous year. As a result, it is not possible to confirm whether management has taken corrective action on the matters.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies

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

Development Fund – Kitutu Masaba 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.

Other Matter

1. Budgetary Control and Performance

The Fund's revenue was budgeted at Kshs.185,157,628 but actual receipts totaled Kshs.153,209,254 resulting in under-collection of Kshs.31,948,375 equivalent to 17% of budgeted revenue. In addition, the Fund in aggregate spent Kshs.152,757,062 against a budget of Kshs.185,157,628 representing an absorption rate of 82.5% as tabulated below:

Receipt/ Expenditure Item	Final Budget (Kshs) (a)	Actual Comparable Basis (Kshs) (b)	Budget Utilization Difference (Kshs) c = (b-a)	% Utilization d =c/a %
Receipts				
Transfers from CDF Board-AIEs' Received	185,157,628	153,209,254	31,948,375	82.75%
Other Receipts	-	-	-	-
Total Receipts	185,157,628	153,209,254	31,948,375	82.5%
Payments				
Compensation of Employees	2,834,400	1,573,983	1,260,417	55.53%
Use of Goods and Services	11,829,787	7,016,020	4,813,767	59.31%
Transfers to Other Government Units	76,718,847	52,520,689	24,198,158	68.46%
Other Grants and Transfers	93,774,595	91,646,370	2,128,225	97.73%
Total Payments	185,157,628	152,757,062	32,400,566	82.50%

2. Project Implementation

The Fund's approved plan for the year under review had provided for implementation of 72 projects valued at Kshs.74,525,860. However, as at 30 June 2017 implementation of 26 (twenty-six) projects valued at Kshs.13,700,000 had not started; 40 (forty) projects valued at Kshs.56,575,860 were ongoing; and only 6 (six) projects valued at Kshs.4,250,000 were complete:

Sector	Not Started		On-going		Complete	
	No	Value (Kshs)	No	Value (Kshs)	No	Value (Kshs)
Emergency	0		1	4,094,827	0	
Environment	0		1	1,637,931	0	
Sports	0		1	1,637,931	0	
Education	26	13,700,000	36	48,513,000	6	4,250,000
Security	0		1	692,171.98	0	
Total	26	13,700,000	40	56,575,860	6	4,250,000

The Fund, failed to execute all projects earmarked for the year and therefore service delivery to the constituents was constrained.

3. Unauthorized re-allocation of Funds

Included in transfers to other Government entities balance of Kshs.52,520,689 is Kshs.9,950,000 in respect of transfers to secondary schools which in turn includes Kshs.1,450,000 disbursed to Tombe Girls Secondary School for construction of a dormitory. However, physical verification done on 29 May 2018 indicated that, without the approval of the CDF Board, the school constructed four classrooms as opposed to the dormitory budgeted for.

Further, the project was not labelled to indicate that it was sponsored by the Fund. In addition, returns showing how the funds were utilized were not availed for audit verification.

Consequently, the propriety of the expenditure of Kshs.1,450,000 under transfers to secondary schools as at 30 June 2017 cannot be confirmed.

4. Implementation of Projects

The statement of receipts and payments reflects a balance of Kshs.52,520,689 in respect of transfers to other government units for the year ended 30 June 2017 as detailed in Note 4 to the financial statements. Included in the balance is expenditure amounting to Kshs.10,000,000 incurred under transfers to tertiary institutions and disbursed to Kitutu Masaba Technical College for construction works at the College co-funded with the Ministry of Education. However, the following unsatisfactory issues were noted in respect to the expenditure:

- i. The project was planned for completion in 52 weeks effective from the signing of the contract in February 2016. However, as at the time of audit in May 2018, the project had not been completed and there was no evidence showing that authority had been given to management to extend the project completion date. Further, the project was not labelled to show it was partly sponsored by NGCDF- Kitutu Masaba.
- ii. Evidence showing how the contractor was identified was not presented for audit.
- iii. The agreement for co-funding of the project with the Ministry of Education was not availed for audit examination.

In the circumstances, the regularity of the expenditure of Kshs.10,000,000 incurred under transfers to other government entities as at 30 June 2017 cannot be confirmed.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management is aware of the intention to liquidate the Fund or cease its operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 (7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

19 November 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU
MASABA CONSTITUENCY**

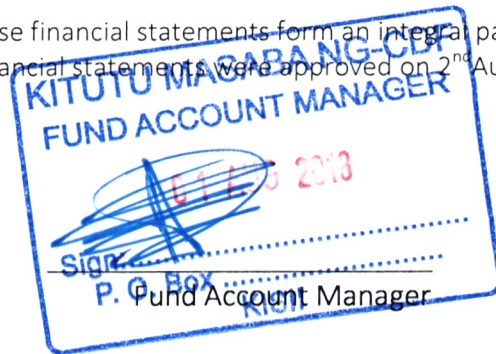
Reports and Financial Statements For the year ended June 30, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017	2015 – 2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	117,714,306.00	98,754,930.00
TOTAL RECEIPTS		117,714,306.00	98,754,930.00
PAYMENTS			
Compensation of employees	2	1,573,983.00	1,498,925.00
Use of goods and services	3	7,016,020.00	4,034,101.00
Transfers to Other Government Units	4	52,520,689.00	20,303,620.00
Other grants and transfers	5	91,646,370.00	55,402,871.00
TOTAL PAYMENTS		152,757,062.00	81,239,517.00
SURPLUS/DEFICIT		(35,042,756.00)	17,515,413.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUTU MASABANGCDF financial statements were approved on 2nd August, 2017 and signed by:


Chairman - NGCDFC



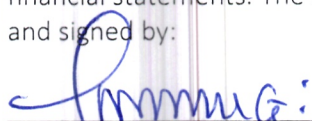
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU
MASABA CONSTITUENCY**

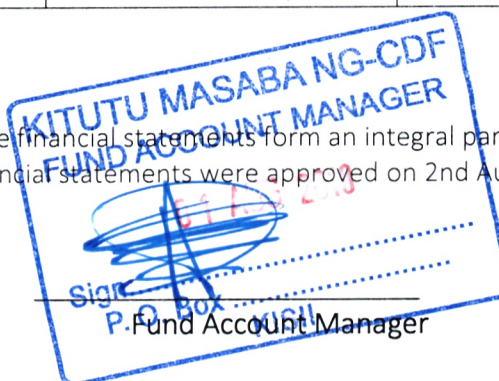
Reports and Financial Statements For the year ended June 30, 2017

STATEMENT OF FINANCIAL ASSETS

	Note	2016 – 2017	2015 – 2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	6	452,192.00	35,494,948.00
TOTAL FINANCIAL ASSETS		452,192.00	35,494,948.00
REPRESENTED BY			
Fund balance b/fwd 1st July 2016	7	35,494,948.00	17,979,535.00
Surplus/Deficit for the year	8	(35,042,756.00)	17,515,413.00
NET LIABILITIES		452,192.00	35,494,948.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUTU MASABANGCDF financial statements were approved on 2nd August, 2017 and signed by:


Chairman - NGCDFC

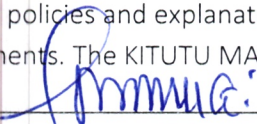

Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU
MASABA CONSTITUENCY**

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

V. STATEMENT OF CASHFLOW

Receipts for operating income		2016 - 2017	2015 - 2016
		Kshs.	Kshs.
Transfers from CDF Board	9	117,714,306.00	98,754,930.00
TOTAL RECEIPTS		117,714,306.00	98,754,930.00
Payments for operating expenses			
Compensation of Employees	10	1,573,983.00	1,498,925.00
Use of goods and services	11	7,016,020.00	4,034,101.00
Transfers to Other Government Units	12	52,520,689.00	20,303,620.00
Other grants and transfers	13	91,646,370.00	55,402,871.00
		152,757,062.00	81,239,517.00
Net cash flow from operating activities		(35,042,756.00)	17,515,413.00
NET INCREASE IN CASH AND CASH EQUIVALENT		(35,042,756.00)	17,515,413.00
Cash and cash equivalent at BEGINNING of the year	14	35,494,948.00	17,979,535.00
Cash and cash equivalent at END of the year		452,192.00	35,494,948.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUTU MASABANGCDF financial statements were approved on 2nd August, 2017 and signed by: 

Chairman NGCDFC

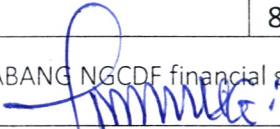


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -KITUTU MASABA CONSTITUENCY
Reports and Financial Statements For the year ended June 30, 2017

VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

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 %
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
RECEIPTS						
Transfers from CDF Board	81,896,551.19	103,261,077.00	185,157,628.00	153,209,254.00	31,948,375.00	82.75
TOTAL	81,896,551.19	103,261,077.00	185,157,628.00	153,209,254	31,948,375	82.75
PAYMENTS						
Compensation of Employees	2,084,400.00	750,000.00	2,834,400.00	1,573,983.00	1,260,417.00	55.53
Use of goods and services	5,286,289.59	6,543,496.91	11,829,787.00	7,016,020.00	4,813,767.00	59.31
Transfers to Other Government Units	41,894,827.59	34,824,019.51	76,718,847.00	52,520,689.00	24,198,158.00	68.46
Other grants and transfers	32,631,034.00	61,143,560.58	93,774,595	91,646,370.00	2,128,225.00	97.73
TOTAL	81,896,551.18	103,261,077.00	185,157,628.00	152,757,062.00	32,400,566.00	82.50

The KITUTU MASABANG NGCDF financial statements were approved on 2nd August, 2017 and signed by:



 Chairman

Fund Account Manager


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KITUTU
MASABA CONSTITUENCY**

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

VII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NGCDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Recognition of revenue and expenses

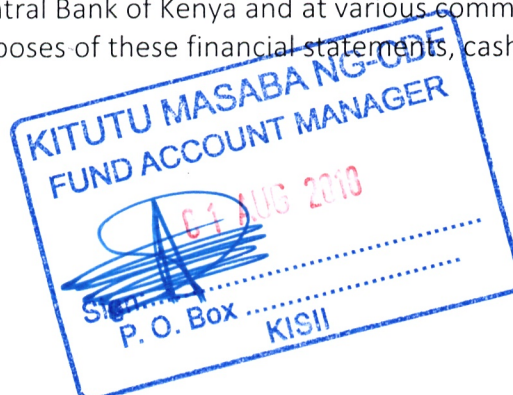
The NGCDF recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NGCDF. In addition, the NGCDF recognises all expenses when the event occurs and the related cash has actually been paid out by the NGCDF.

3. In-kind contributions

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

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
Reports and Financial Statements
For the year ended June 30th, 2017 (Kshs)

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the NGCDF at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NGCDF'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 NGCDF's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. Subsequent events

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



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
Reports and Financial Statements
For the year ended June 30th, 2017 (Kshs)

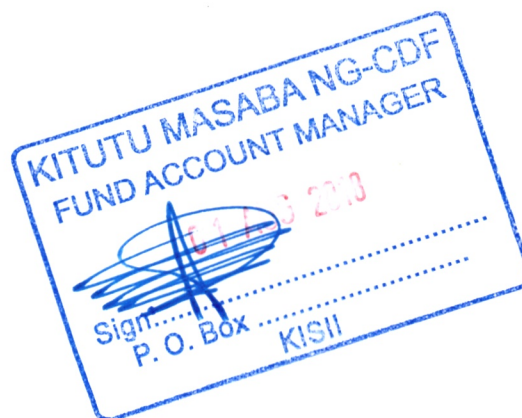
VIII. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

	AIE	2016-17 Kshs.	2015-16 Kshs.
Normal Allocation	A829627	4,094,727.00	31,754,929.50
	A825869	67,766,129.00	27,000,000.00
	A855689	36,853,449.00	10,000,000.00
	A839731	9,000,000.00	30,000,000.00
TOTAL		117,714,306.00	98,754,930.00

2. COMPENSATION OF EMPLOYEES

Description		2016 - 2017 Kshs	2015 - 2016 Kshs
Basic wages of contractual employees		1,573,983.00	1,498,925.00
Total		1,573,983.00	1,498,925.00




NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
Reports and Financial Statements
For the year ended June 30th, 2017 (Kshs)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

Description	2016 - 2017 Kshs	2015 - 2016 Kshs
Utilities, supplies and services	733,500.00	867,406.00
Other committee expenses	885,000.00	825,000.00
Committee allowance	2,265,000.00	1,512,000.00
Office and general supplies and services	15,000.00	30,000.00
Fuel ,oil & lubricants	550,000.00	600,000.00
Routine maintenance – vehicles and other transport equipment	728,448.00	199,695.00
Routine maintenance – other assets	1,839,072.00	-
Total	7,016,020.00	4,034,101.00

KITUTU MASABA NG-CDF
FUND ACCOUNT MANAGER

 Signature
 P. O. Box
 KISII

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
Reports and Financial Statements
For the year ended June 30th, 2017 (Kshs)

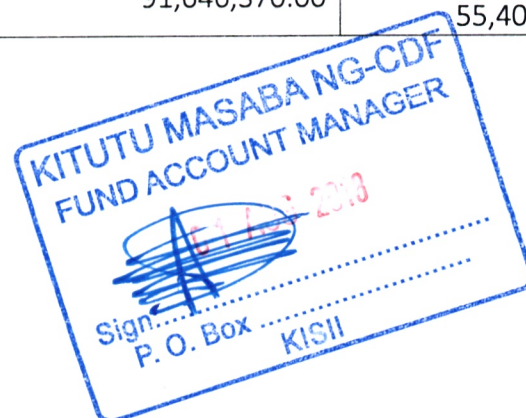
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to primary schools	31,450,000.00	12,082,931.00
Transfers to secondary schools	9,950,000.00	5,500,000.00
Transfers to Tertiary Institutions	10,000,000.00	-
Transfers to Health institutions	1,120,689.00	2,720,689.00
TOTAL	52,520,689.00	20,303,620.00

5. OTHER GRANTS AND OTHER PAYMENTS

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary -Tertiary	32,029,000.00	33,478,000.00
water		1,150,000.00
Agriculture		150,000.00
Electricity projects	1,800,000.00	-
Security	500,000.00	1,300,000.00
Roads	51,912,370.00	6,360,517.00
Sports	1,500,000.00	698,960.00
Environment		2,540,394.00
Emergency Projects	3,905,000.00	9,725,000.00
Total	91,646,370.00	55,402,871.00



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
Reports and Financial Statements
For the year ended June 30th, 2017 (Kshs)

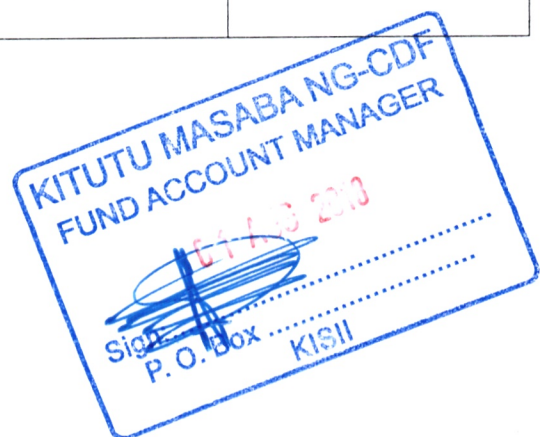
NOTES TO THE FINANCIAL STATEMENTS (Continued)

6: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 – 2017	2015 – 2016
	Kshs	Kshs
CO-OPERATIVE BANK KISII EAST BRANCH A/C NO 01141477003400	452,191.65	35,494,948.00
TOTALS	452,191.65	35,494,948.00

7. BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bank accounts	35,494,948.00	17,979,535.00
Total	35,494,948.00	17,979,535.00



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
Reports and Financial Statements
For the year ended June 30th, 2017 (Kshs)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. OTHER IMPORTANT DISCLOSURES

8.1: PENDING STAFF PAYABLES (See Annex 2)

	2016- 2017 Kshs	2015-2016 Kshs
Others (NGCDFC Staff Gratuity)	2,021,042.52	xxx
	2,021,042.52	xxx

8.2 Pending disbursement from the Board

	2016-2017 Kshs	2015-2016 Kshs
Pending disbursement	31,948,375.00	67,766,129.00
	31,948,375.00	67,766,129.00



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
Reports and Financial Statements
For the year ended June 30th, 2017 (Kshs)

ANNEX 1. 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.

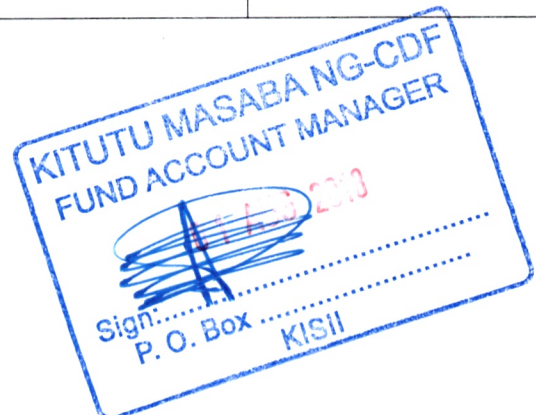
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
CDF/2015/2016/(1)	Inaccuracies in financial statements	Some incorrect entries identified that were corrected	Amos Apollo- Fund Account Manager	Resolved	1 week
CDF/2015/2016/(2)	Implementation of projects	Delays in funds disbursement from the NGCDF Board	CDF Board	Resolved	1 month

ANNEX 2– SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2016/17
Land	-	-
Buildings and structures	27,500,000	27,500,000.00
Transport equipment	8,728,843	8,728,843
Office equipment, furniture and fittings	1,444,440	1,444,440
ICT Equipment, Software and Other ICT Assets	85,000	85,000
Total	36,758,283	36,758,283

Prepared by:

AMOS APOLLO
Fund Account Manager
KITUTU MASABA



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
Reports and Financial Statements
For the year ended June 30th, 2017 (Kshs)

ANNEX 3 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	a	B	C	d=a-c		
Supply of services						
1. Jassy Motors and Auto Garage	47,010		0	47,010.00	0	Repairs and General service to NGCDFC Vehicle.
2. Sarman Group (K) Limited	200,000		0	200,000.00	0	Supply of Bulk fuels
3.						
Sub-Total	247,010.00			247,010.00		
Grand Total	247,010.00			247,010.00		





NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA CONSTITUENCY

Reports and Financial Statements For the year ended June 30, 2017 (Kshs)

ANNEX 4 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	B	c	d=a-c		
Others (NG CDFC STAFF GRATUITY)							
1. MALACK ONSONGO	ACCOUNTS ASSISTANT	421,996.80	5Years	0	421,996.80	0	Due Payment of gratuity for 5 years.
2. DENNIS ONYIEGO	CLERICAL OFFICER	355,695.24	5Years	0	355,695.24	0	Due Payment of gratuity for 5 year
3. KENNEDY OMARI	DRIVER	355,695.24	5Years	0	355,695.24	0	Due Payment of gratuity for 5 year
4. NANCY BOCHABERI NYANDEGE	RECORDS MANAGEMENT OFFICER	355,695.24	5Years	0	355,695.24	0	Due Payment of gratuity for 5 year
5. EVANS MORAGORI MOSE	SECURITY OFFICER	265,980.00	5 Years	0	265,980.00	0	Due Payment of gratuity for 5 year
6. NYAUNDI ONDIEKI	SECURITY OFFICER	265,980.00	5 Years	0	265,980.00	0	Due Payment of gratuity for 5 year
Sub-Total		2,021,042.52			2,021,042.52		
Grand Total		2,021,042.52			2,021,042.52		

**KITUTU MASABA NG-CDF
FUND ACCOUNT MANAGER**

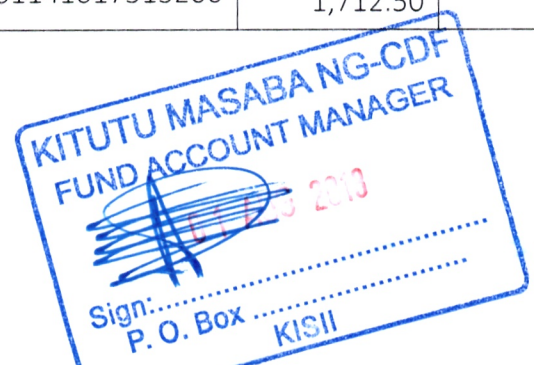
 Sign:
 P. O. Box
 KISII

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA CONSTITUENCY

Reports and Financial Statements For the year ended JUNE 30 2017 (Kshs)

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

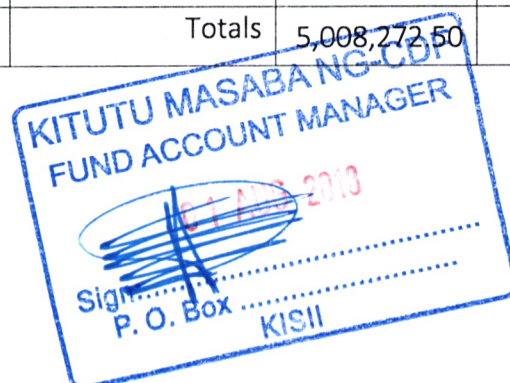
PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Nyaisa SDA Primary school	CO-OP BANK KISII	01141476272600	1,462.50	-
Mochenwa DEB Primary school	""	01141477370700	1,425.00	-
Kiomoso ELCK Primary school	""	01141476699300	37,281.00	-
St. Theresa's Gekano Girls Sec. school	""	01141476590600	325.00	-
Nyaikuro Secondary school	""	01141476607300	3,862.50	-
Biticha DOK Primary school	""	01141476759100	1,515.00	-
Nyaisa SDA Boarding Primary school	""	01141476708900	105.00	-
Nyambogo SDA primary school	""	01141476803800	199,325.00	-
Riamoni DEB Primary school	""	01141476818100	2,025.00	-
Nyabiosi DOK Primary school	""	01141477929600	2,376.50	-
Borabu Primary school	""	01141476051100	2,105.00	-
Nyamakairo DEB primary school	""	01141477953100	1,077.50	-
Ogango SDA Mixed secondary school	""	01141477952700	1,085.50	-
Kuja DOK primary School	""	01141476145100	1,375.00	-
Morako secondary school	""	01141477927800	742.50	-
Kiogutwa SDA primary school	""	01141476145800	3,075.00	-
Nyakongo DOK primary school	""	01141477926300	1,062.50	-
Mokwerero secondary school	""	01141297341500	132.50	-
Kiogutwa Adventist Mixed Boarding Primary school	""	01141297224100	450.00	-
Bonyunyu DOK Primary school	""	01141017522700	2,575.00	-
St. Don Bosco secondary school	""	01141477931600	962.50	-
Rigoma DEB Primary school	""	01141477217900	2,325.00	-
Nyaibasa Mixed secondary school	""	01141477217800	199,075.00	-
Moitunya SDA primary school	""	01141017515200	1,712.50	-



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA CONSTITUENCY

Reports and Financial Statements For the year ended JUNE 30 2017 (Kshs)

Botana DOK primary school	""	01141477217700	68,444.00	-
Nyaguku primary school	""	01141017514900	24,675.00	-
Riomanga secondary school	""	01141476960500	499,325.00	-
Mokwerero DEB Primary school	""	01141017514700	462.50	-
Bocharia DEB primary school	""	01141477202900	192,640.00	-
Bocharia PAG Mixed secondary school	""	01141360578000	3,325.00	-
Nyangena DOK Primary school	""	01141017514400	1,415.00	-
Nyagancha Primary school	""	01141017514300	3,395.00	-
Mokorongosi DOK primary school	""	01141017513900	1,875.00	-
Nyamwanga DOK primary school	""	01141019343100	999,462.50	-
Nyaigesha DOK Primary school	""	01141477893100	1,062.50	-
St. Mary's Ekerubo High School	""	01141474369000	225.00	-
Kiomakondo Mixed secondary school	""	01141477286700	4,368.00	-
Riomanga primary school	""	01141476960500	2,945.00	-
Nyankoba SDA primary school	""	01141476960200	1,325.00	-
Riabagaka DEB primary school	""	01141476716500	1,325.00	-
Tombe Girls High school	""	01141476935100	1,449,325.00	-
Ritibo DEB Primary school	""	01141476877900	1,175.00	-
Motembe Primary school	""	01141476960400	18,775.00	-
Kegogi DOK primary school	""		206,645.00	
Bigogo DOK primary school	""		211,325.00	
St. Yuvinalis Nyamakoroto Sec. school	""		117,425.00	
St. Albert Girango sec. school	""		499,325.00	
Nyaikuro DEB primary school	""		00.00	
Riomoro DOK primary school	""		231,725.00	
Miriri DEB primary school	""		00.00	
Nyariacho Mixed sec. school	""		00.00	
Mosobeti DOK primary school	""		00.00	
		Totals	5,008,272.50	

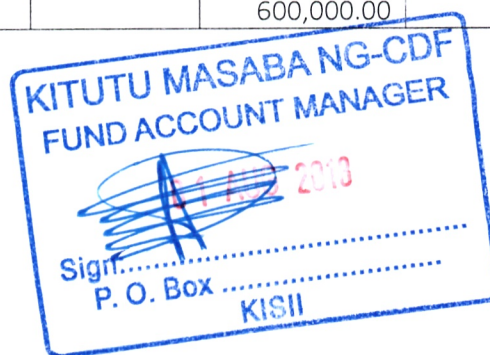


NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA CONSTITUENCY

Reports and Financial Statements For the year ended JUNE 30 2017 (Kshs)

ANNEX 6 - ANALYSIS OF OTHER PENDING PAYABLES


Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
MANGA DISTRICT HOSPITAL		1,120,689.75		0	1,120,689.75		Funds held NGCC Board
NYANGENA SUB-DISTRICT HOSPITAL		1,120,689.75		0	1,120,689.75		""
ESANI SUB DISTRICT HOSPITAL		1,120,689.75		0	1,120,689.75		""
ENTANDA PRIMARY		300,000.00		0	300,000.00		""
KIOGUTWA SDA PRIMARY SCHOOL		250,000.00		0	250,000.00		""
KARANTINI PRIMARY SCHOOL		500,000.00		0	500,000.00		""
NYAGUKU SECONDARY SCHOOL		500,000.00		0	500,000.00		""
RIANGWENYI WATER SPRING		40,000.00		0	40,000.00		""
RIAMATING'A WATER SPRING		50,000.00		0	50,000.00		""
RIAMAYIEKA WATER SPRING		40,000.00		0	40,000.00		""
RIANYABWANGA WATER SPRING		40,000.00		0	40,000.00		""
GETACHO WATER SPRING		40,000.00		0	40,000.00		""
NYAKONGO WATER SPRING		40,000.00		0	40,000.00		""
NYAMARE SDA PRIMARY SCHOOL		500,000.00		0	500,000.00		Funds held NGCC Board
BIGOGO DEB PRIMARY SCHOOL		400,000.00		0	400,000.00		""
NYAMACHEMANGE PRIMARY SCHOOL		600,000.00		0	600,000.00		""
NYAMBASO PRIMARY SCHOOL		600,000.00		0	600,000.00		""



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
CONSTITUENCY**

Reports and Financial Statements For the year ended JUNE 30 2017 (Kshs)


Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
ENGERA DEB PRIMARY SCHOOL		500,000.00		0	500,000.00		""
OGANGO PRIMARY SCHOOL		500,000.00		0	500,000.00		""
GESURE ELCK PRIMARY SCHOOL		500,000.00		0	500,000.00		""
NYAMBARIA DEB PRIMARY SCHOOL		400,000.00		0	400,000.00		""
GEKE PRIMARY SCHOOL		500,000.00		0	500,000.00		""
RIONG'UTI PRIMARY SCHOOL		600,000.00		0	600,000.00		""
BOGWENDO PAG PRIMARY SCHOOL		500,000.00		0	500,000.00		""
RIANYABWANGA DEB PRIMARY SCHOOL		600,000.00		0	600,000.00		""
BITUNDUGUSU PRIMARY SCHOOL		500,000.00		0	500,000.00		""
ESANI DEB PRIMARY SCHOOL		600,000.00		0	600,000.00		""
MATANGI DOK PRIMARY SCHOOL		500,000.00		0	500,000.00		""
NYABIGEGE DOK PRIMARY SCHOOL		700,000.00		0	700,000.00		""
IKONGE PRIMARY SCHOOL		800,000.00		0	800,000.00		""
TOMBE SDA PRIMARY SCHOOL		800,000.00		0	800,000.00		""
IRIANYI PRIMARY SCHOOL		400,000.00		0	400,000.00		""
KIENDEGE PRIMARY SCHOOL		400,000.00		0	400,000.00		""
KIOGUTWA SDA PRIMARY SCHOOL		500,000.00		0	500,000.00		""
NYAMAKAIRO PRIMARY SCHOOL		500,000.00		0	500,000.00		""
KENYERERE PAG PRIMARY SCHOOL		300,000.00		0	300,000.00		""
TOMBE MIXED SECONDARY SCHOOL		1,200,000.00		0	1,200,000.00		""
KIENDEGE PAG SECONDARY SCHOOL		500,000.00		0	500,000.00		""
ST. DENNIS ERONGE SECONDARY SCHOOL		750,000.00		0	750,000.00		""


**KITUTU MASABA NG-CDF
FUND ACCOUNT MANAGER**
 01 JUN 2018
 Sign.....
 P. O. Box
 KISH

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
CONSTITUENCY**

Reports and Financial Statements For the year ended JUNE 30 2017 (Kshs)

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
MONG'ONI SECONDARY SCHOOL		500,000.00		0	500,000.00		""
ST. FRANCIS NYATIEKO SECONDARY SCHOOL		500,000.00		0	500,000.00		""
ST. ANATOLE NYANCHONORI SECONDARY SCHOOL		500,000.00		0	500,000.00		""
KERONGETA SECONDARY SCHOOL		500,000.00		0	500,000.00		""
KENYERERE PAG SECONDARY SCHOOL		500,000.00		0	500,000.00		""
	Sub-Total	22,312,069.25			22,312,069.25		
	Others						
	SPORTS 2015/2016	1,695,322.58			1,695,322.58		""
	SPORTS 2016/2017	1,637,931.00			1,637,931.00		""
	NGCDFC STAFF GRATUITY	2,021,042.52			2,021,042.52		""
	EMERGENCY	1,500,000.00			1,500,000.00		""
	M&E	1,600,000.00			1,600,000.00		""
	OFFICE ADMN.	1,181,909.84			1,181,909.84		""
	Sub-Total	9,636,205.94			9,636,205.94		
	Grand Total	31,948,275.19			31,948,275.19		

**KITUTU MASABA NG-CDF
FUND ACCOUNT MANAGER**

 Sign:
 P. O. Box
 KISII