

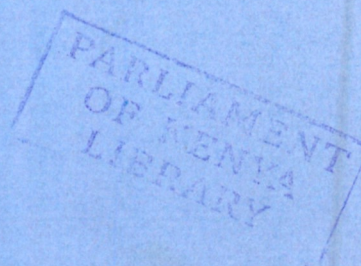
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 FEB 2018	DAY: TUESDAY
TABLED BY:	MAJORITY LEADER OF
CLERK-AT THE TABLE:	



**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
KISUMU CENTRAL**

**FOR THE YEAR ENDED  
30 JUNE 2017**





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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND  
KISUMU CENTRAL**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2017**

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



**Table of Content**

**Page**

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT .....1

II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY  
DEVELOPMENT FUND COMMITTEE (NG-CDFC).....3

III. STATEMENT OF CONSTITUENCY MANAGEMENT RESPONSIBILITIES .....4

V. STATEMENT OF ASSETS.....6

VI: STATEMENT OF CASHFLOW .....7

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT .....8

VIII. TRIAL BALANCE AS AT 30TH JUNE 2017 .....9

IX. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017.....10

X. NOTES TO THE FINANCIAL STATEMENTS .....12



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

**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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 (NG-CDF) Act, 2015. The National Government Constituencies Development Fund (NG-CDF) 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 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Henry S.J Opilo
3.	District Accountant	Lee Omanje

**(d) Entity Headquarters**

**Kisumu Town  
Tom Mboya Estate  
Behind Golden Elites Academy  
P.O. Box 1077,  
KISUMU- 40100**

**(e) Entity Contacts**

**Provide telephone number and email of the constituency CDF office**

Telephone: (+254)

E-mail: [cdfkisumucentral@cdf.go.ke](mailto:cdfkisumucentral@cdf.go.ke)



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

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**(f) Entity Bankers**

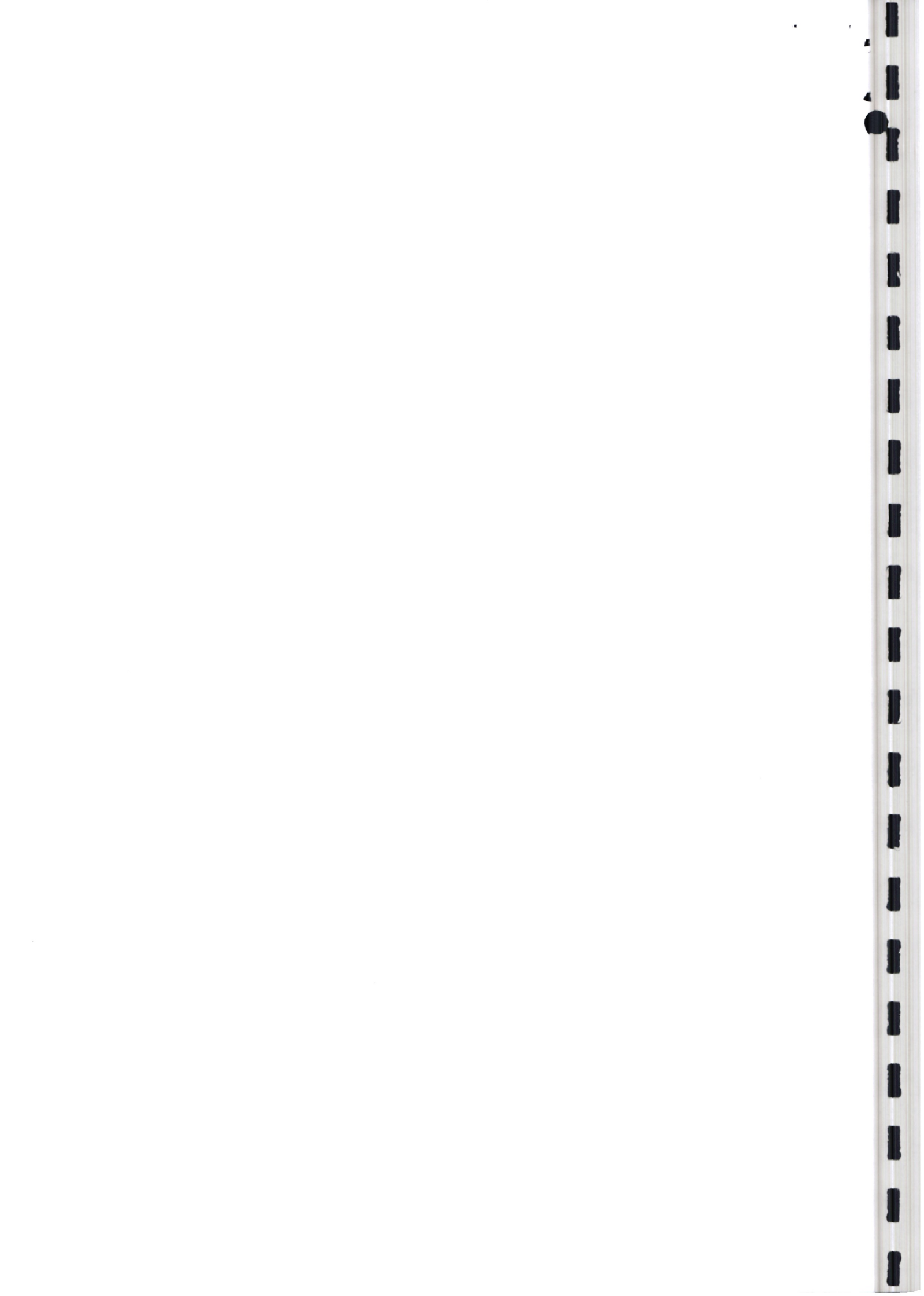
Co-operative bank of Kenya  
Kisumu East Branch  
7199- 40100  
Kisumu  
A/c No. 01141495135700

**(g) Independent Auditors**

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

**(h) 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 – KISUMU  
CENTRAL CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2017**

**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY**

**DEVELOPMENT FUND COMMITTEE (NG-CDFC)**

It is my pleasure to present to you Kisumu Central NG-CDF’s annual report and financial statements for the financial year 2016/2017. In the year under review, we are pleased with our overall performance which aligns very well with our vision and also our proven track record of consistent delivery and value for money.

The actual amounts utilized by the constituency in its various expense items was 100% of its budget performance since funds were availed during the financial year.

**Key achievements for the Kisumu Central NG-CDF**

- By providing funds directly to each constituency for fighting poverty, NG-CDF assists in ironing out regional imbalances due to patronage.
- In the education sector, NG-CDF funding of infrastructure in schools has assisted in increasing student enrolment and provided conducive learning environments, and the NG-CDF bursary has helped retain students from low income families in schools.

**Implementation challenges and recommended way forward**

- Late disbursement of funds, lead to rise in project costs due to factors like inflation due to time value of money and also the public do not get the value of the funds in time, a good case is in late bursary awards, to remedy this, funds should be released by CDF Board in time.
- Frequent development forums and awareness forums should be held to intuit the public with information concerning the development initiatives, from various funding agencies and stakeholders and CDF, County Government and other development stakeholders plan together to avoid duplication of projects
- Lack of a simple but standardized practical curriculum for training PMC’s in order to enhance their capacity to implement the projects, hence a PMC training manual should be operationalized.

**Samson Oketh**                      **NG-CDFC Chairman**                      ..........                      .....31/9/2018.....

**Name**                                      **Designation**                                      **Sign.**                                      **Date**



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

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**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 Kisumu Central NG-CDF is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 2016. 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 Kisumu Central NG-CDF accepts responsibility for the Constituency's financial statements, which are 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 Kisumu Central NG-CDF financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2016, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the Kisumu Central 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 Kisumu Central 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 Kisumu Central NG-CDF financial statements were approved and signed on 1<sup>st</sup> August, 2017.

**Samson Oketh**

**Chairman – NGCDFC**

**Henry S. J. Opilo**

**Fund Account Manager**



# REPUBLIC OF KENYA

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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 – KISUMU CENTRAL CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

##### **Qualified Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Kisumu Central Constituency set out on pages 5 to 21, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation-recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

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

##### **Basis for Qualified Opinion**

###### **1. Transfer to Other Government Units**

The statement of receipts and payments indicates that transfers to other government units totaled Kshs.62,039,390 in the year ended 30 June 2017. Included in this amount were transfers to secondary schools of Kshs.54,019,103. This amount relates to transfers made to Hon. Ken Obura Secondary School. Over the years, the school has received a total of Kshs.69,019,103 for the construction of a three floors' school block. However, the bills of quantities for the project was not availed for audit review. Further, the school did not use open tender method to identify the contractor but instead had placed notices at the constituency offices for initiation of bidders. Further, the Project Management Committee expenditure returns were not availed for audit review. In the absence of competitive bidding process, we could not ascertain whether value for money was obtained for the project.

Consequently, the validity of Kshs.54,019,103 transferred to the school could not be confirmed.

## 2. Construction of Kibuye Market Toilets

The statement of receipts and payments indicates that other transfers and grants of Kshs.36,049,790 in the year ended 30 June 2017. Included in this amount was payment of Kshs.1,000,000 made to Kibuye market toilets Project Management Committee for construction of an 8 door public toilet. Physical verification of the project revealed that the toilets were not constructed as per the project proposal but instead the existing toilets at the market were rehabilitated by replacement of doors, floor tiling and painting of walls. Further, the expenditure returns showing the utilization of funds have not been availed for audit review. The project was also not labelled for identification as an NGCDF project.

Consequently, the validity of Kshs.1,000,000 used in the project 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 – Kisumu Central 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 Other Matter sections of my report, I have determined that there are no other key audit matters to communicate in my report.

### Other Matter

#### 1. Budget Performance

The Fund's approved budget for the year 2016/2017 amounted to Kshs.110,233,773 comprising of 2016/2017 allocation of Kshs.81,896,551 and balance brought forward from 2015/2016 of Kshs.28,337,221. The analysis of comparison of budget and actuals is as shown below:

Expenditure	Approved Budget Kshs	Actual Expenditure Kshs	Variance Kshs	% of Utilisation
Compensation of employees	2,611,713	2,298,306	313,407	88
Use of goods and services	8,853,804	9,629,317	(775,513)	108
Transfers to other government units	62,991,390	62,039,390	952,000	98

Other grants and transfers	35,776,866	36,049,790	(272,924)	101
<b>Total</b>	<b>110,233,773</b>	<b>110,016,803</b>	<b>216,969</b>	<b>99</b>

During the period, the Fund incurred an expenditure of Kshs.110,016,803 representing 99% of the approved budget resulting in under expenditure of Kshs.216,969 which is represented by the cash and cash equivalents balance.

### **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 continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund's or to cease operations, or have no realistic alternative but to do so.

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 (7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and 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**

**22 January 2019**

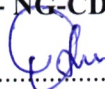
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KISUMU  
CENTRAL CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2017**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2017**

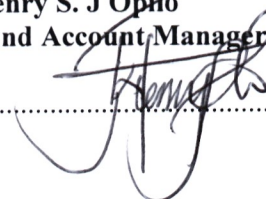
	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	86,294,696	112,933,961
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>86,294,696</b>	<b>112,933,961</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,298,306	2,224,040
Use of goods and services	5	9,629,317	9,163,390
Transfers to Other Government Units	6	62,039,390	39,472,962
Other grants and transfers	7	36,049,790	56,095,779
Acquisition of Assets	8		-
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>110,016,803</b>	<b>106,956,171</b>
<b>SURPLUS/DEFICIT</b>		<b>(23,722,107)</b>	<b>5,977,790</b>

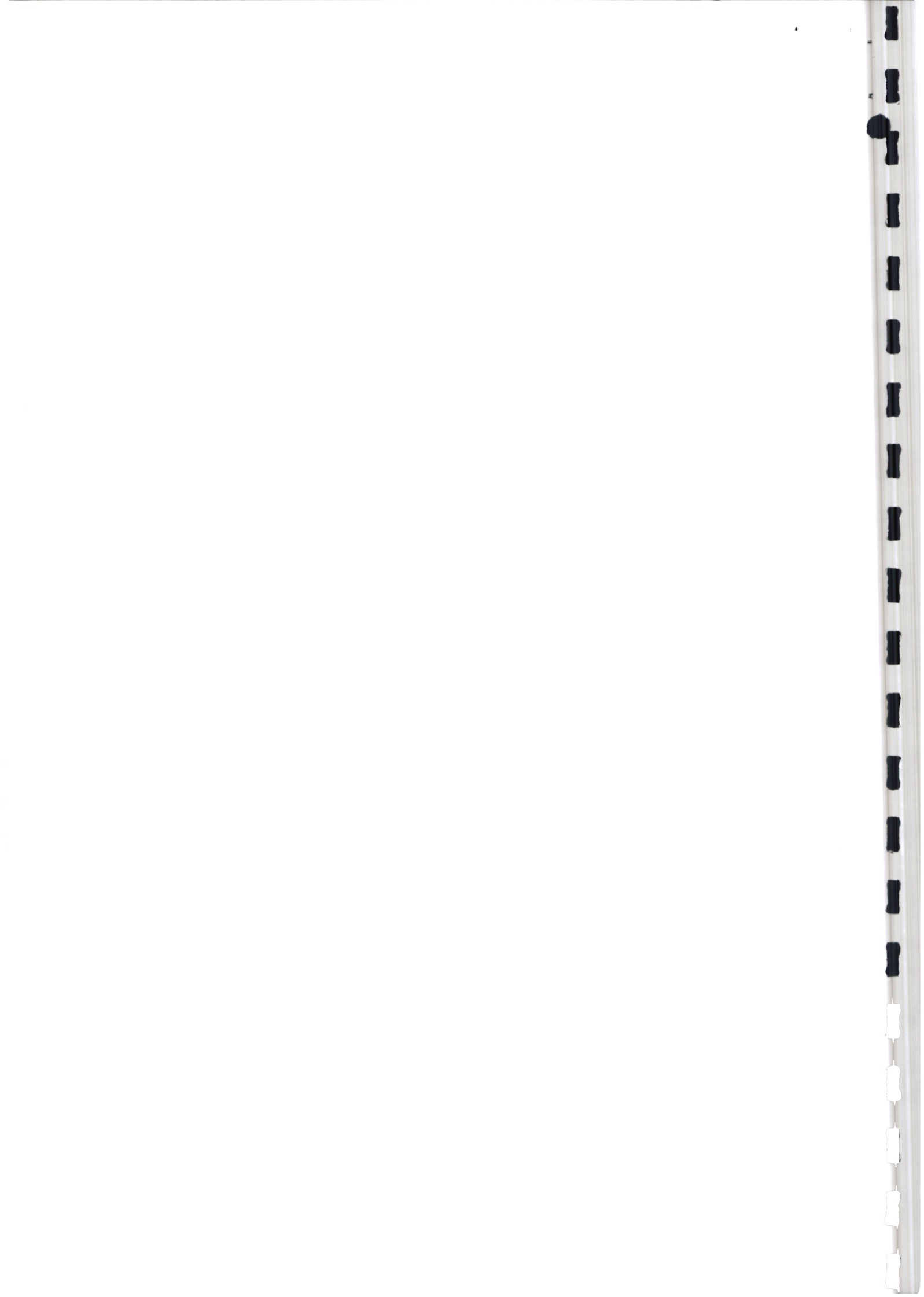
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kisumu Central NG-CDF financial statements were approved on 1<sup>st</sup> August 2017 and signed by:

**Samson Oketh**  
Chairman: - NG-CDFC



**Henry S. J Opito**  
Fund Account Manager





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

**V. STATEMENT OF ASSETS**

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	16,970	22,989,077
Cash Balances (cash at hand)	10B		
Outstanding Imprests	11	200,000	950,000
<b>TOTAL FINANCIAL ASSETS</b>		216,970	23,939,077
<b>REPRESENTED BY</b>			
Retention	12		
Fund balance b/fwd 1st July...	13	23,939,077	17,961,287
Surplus/Deficit for the year		(23,722,107)	5,977,790
Prior year adjustments	14		-
<b>NET LIABILITIES</b>		216,970	23,939,077

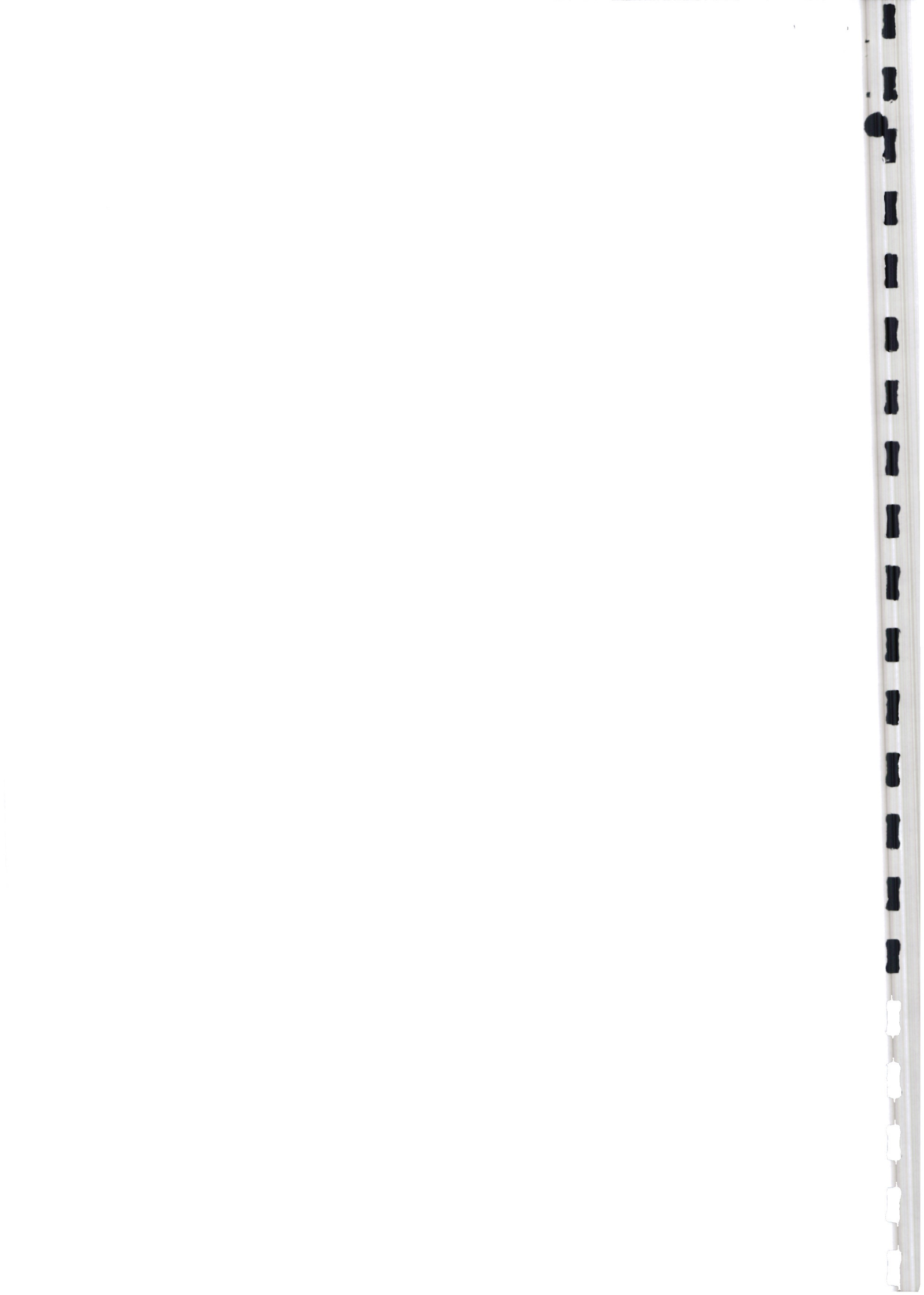
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kisumu Central NG-CDF financial statements were approved on 1<sup>st</sup> August, 2017 and signed by:

**Samson Oketh**  
Chairman - CDFC



**Henry S. J Opilo**  
Fund Account Manager





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - KISUMU  
CENTRAL CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016**

**VI: STATEMENT OF CASHFLOW**

<b>Receipts for operating income</b>		<b>2016 - 2017</b>	<b>2015 - 2016</b>
Transfers from CDF Board	1	86,294,696	112,933,961
		<b>86,294,696</b>	<b>112,933,961</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,298,306	2,224,040
Use of goods and services	5	9,629,317	9,163,390
Transfers to Other Government Units	6	62,039,390	39,472,962
Other grants and transfers	7	36,049,790	56,095,779
		<b>110,016,803</b>	<b>106,956,171</b>
<b>Adjusted for:</b>			
Adjustments during the year	14		-
<b>Net cash flow from operating activities</b>		<b>(23,722,107)</b>	<b>5,977,790</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	9	-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(23,722,107)</b>	<b>5,977,790</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>13</b>	<b>23,939,077</b>	<b>17,961,287</b>
<b>Cash and cash equivalent at END of the year</b>		<b>216,970</b>	<b>23,939,077</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kisumu Central NG-CDF financial statements were approved on 1<sup>st</sup> August, 2017 and signed by:

**Samson Oketh**

**Chairman: - NG-CDFC**

**Henry S. J Opilo**

**Fund Account Manager**



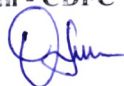
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KISUMU  
CENTRAL CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2017**

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

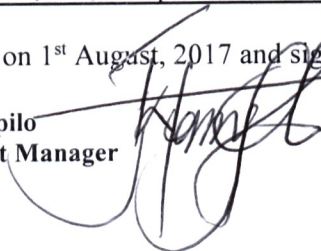
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% Utilis
	a	b	c=a+b	d	e=c-d	f=d/c
<b>RECEIPTS</b>						
Transfers from CDF Board	81,896,552	28,337,221	110,233,773	110,233,773	0	100
Proceeds from Sale of Assets	0	-		-	-	
Other Receipts	0		-		-	
<b>TOTAL RECEIPTS</b>	<b>81,896,552</b>	<b>28,337,221</b>	<b>110,233,773</b>	<b>110,233,773</b>	<b>0</b>	<b>100</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,611,713		2,611,713	2,298,306	313,407	88%
Use of goods and services	8,853,804		8,853,804	9,629,317	(775,513)	108%
Transfers to Other Government Units	48,318,103	14,673,287	62,991,390	62,039,390	952,000	98%
Other grants and transfers	22,112,931	13,663,935	35,776,866	36,049,790	(272,924)	101%
Acquisition of Assets			-	-	-	
Other Payments			-		-	
<b>TOTAL</b>	<b>81,896,551</b>	<b>28,337,221</b>	<b>110,233,773</b>	<b>110,016,803</b>	<b>216,969</b>	<b>100</b>

The Kisumu Central CDF financial statements were approved on 1<sup>st</sup> August, 2017 and signed by:

Samson Oketh  
Chairman - CDFC



Henry S. J Opilo  
Fund Account Manager





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

**VIII. TRIAL BALANCE AS AT 30TH JUNE 2017**

		DR	CR
<b>Cash and Cash equivalents</b>			
	Bank Balances	216,970	
<b>Payments</b>			
	Compensation of Employees	2,298,306	
	Use of goods and services	9,629,317	
	Transfers to Other Government Units	62,039,390	
	Other grants and transfers	36,049,790	
	Acquisition of Assets	-	
	Other Payments	-	
<b>Receipts</b>			
	Transfers from the Board		86,294,696
	Proceeds from sale of assets		-
	Others receipts		-
<b>Fund Balance b/f</b>			23,939,077
<b>TOTAL</b>		<b>110,233,773</b>	<b>110,233,773</b>

The Kisumu Central NG-CDFC financial statements were approved on 1<sup>st</sup> August 2017 and signed by:

**Samson Oketh**

  
**Chairman – NG-CDFC**

  
**Henry S. J. Opilo**

**Fund Account Manager**



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

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**IX. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017**

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

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

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

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

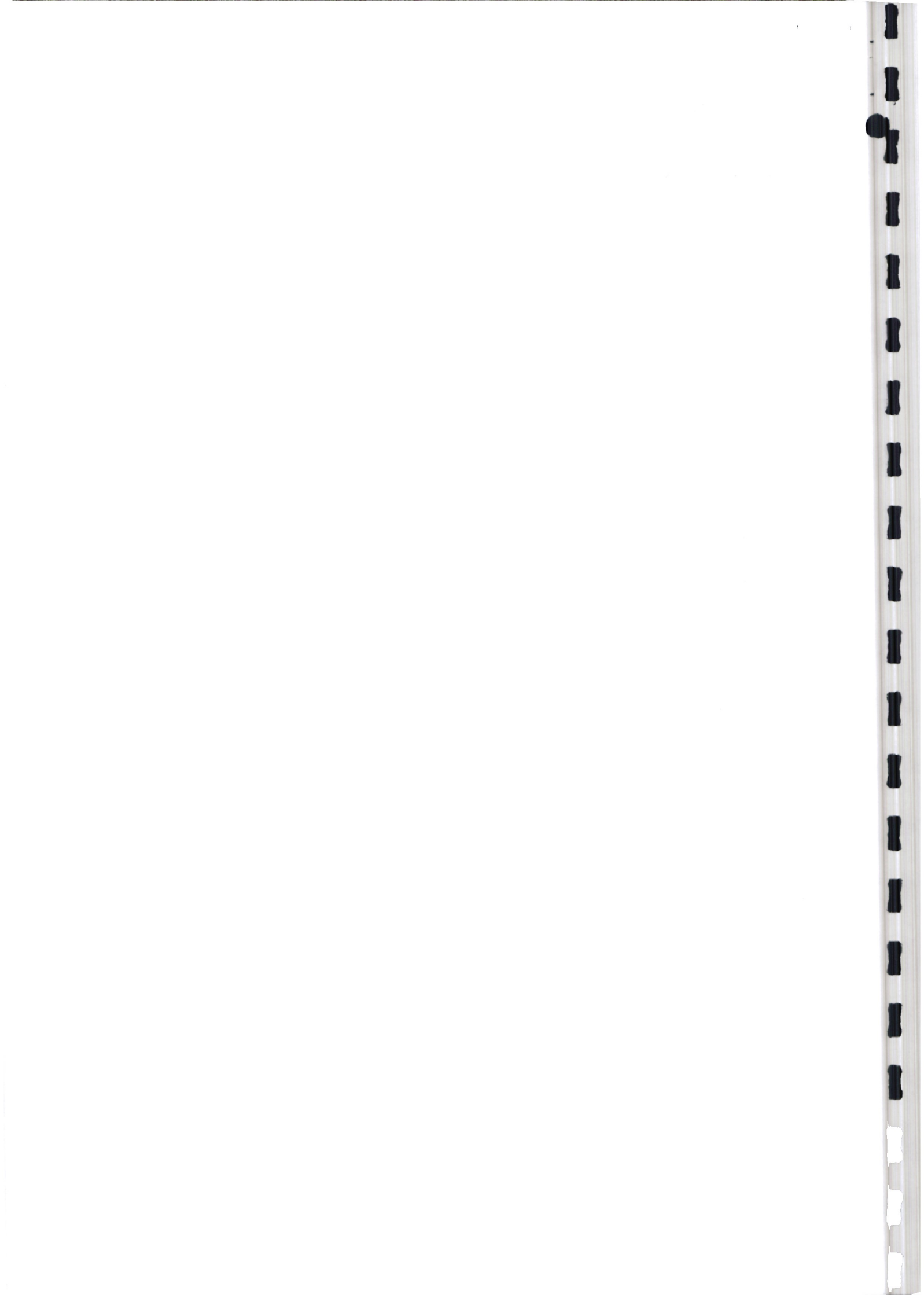
The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Constituency.

**b) Recognition of revenue and expenses**

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

**c) In-kind contributions**

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



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

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**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, 2017.



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

**X. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

<b>GFS CODES</b>	<b>Description</b>		<b>2016 - 2017</b>	<b>2015 -2016</b>
			<b>Kshs</b>	<b>Kshs</b>
<b>1330407</b>	Normal Allocation	AIE NO. A		19,924,926.00
		AIE NO. A820676		20,000,000.00
		AIE NO. A820893		27,000,000.00
		AIE NO. A825600		46,009,035.00
		AIE NO. A 829617	4,094,827.60	
		AIE NO. A 839604	36,853,449.00	
		AIE NO. A 855644	1,898,144.00	
		AIE NO. A 855642	2,500,000.00	
		AIE NO. A 855699	40,948,275.10	
	<b>TOTAL</b>		<b>86,294,695.70</b>	<b>112,933,961.00</b>



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

**2. COMPENSATION OF EMPLOYEES**

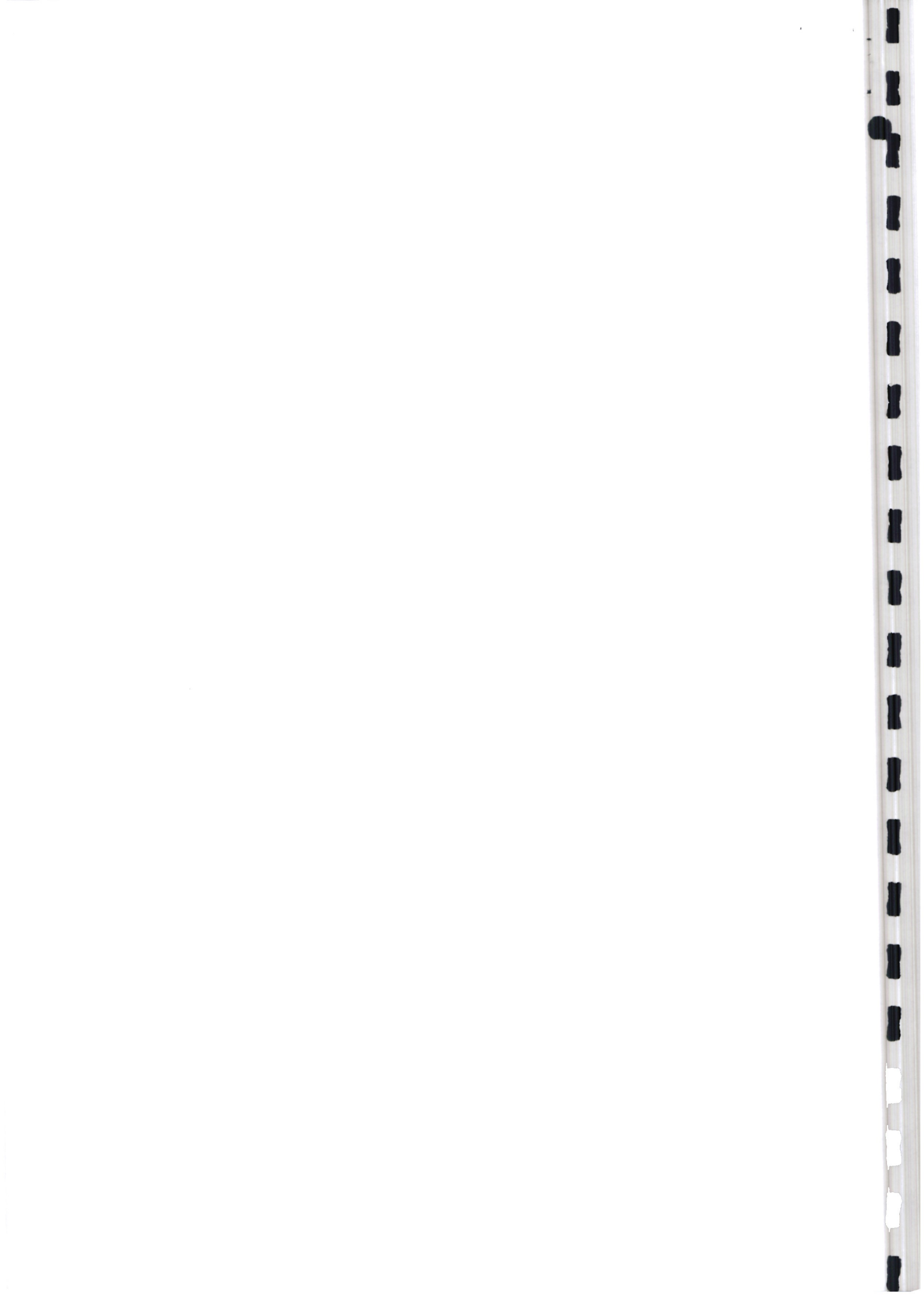
<b>2110000</b>	<b>Description</b>	<b>2016 - 2017</b>	<b>2015 - 2016</b>
		<b>Kshs</b>	<b>Kshs</b>
2110201	Basic wages of contractual employees	2,210,586.00	2,055,320.00
2110202	Basic wages of casual labour		
	<b>Personal allowances paid as part of salary</b>		
2110301	House allowance		
2110314	Transport allowance		
2110320	Leave allowance		
2110326	Other personnel payments		
2120101	Employer contribution to NSSF	87,720.00	168,720.00
2710120	Gratuity-contractual employees		
	<b>TOTAL</b>	<b>2,298,306.00</b>	<b>2,224,040.00</b>



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

**3. USE OF GOODS AND SERVICES**

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
2210100	Utilities, supplies and services	3,869,732.00	2,599,390.00
2210101	Electricity		
2210104	Office rent	300,000.00	360,000.00
2210200	Communication, supplies and services	35,380.00	
2210300	Domestic travel and subsistence		
2210500	Printing, advertising and information supplies & services	104,000.00	
2210800	Hospitality supplies and services		
2210802	Other committee expenses		
2210809	Committee allowance	4,035,000.00	5,760,000.00
2210900	Insurance costs		
2211100	Office and general supplies and services		
2211200	Fuel ,oil & lubricants	550,000.00	
2211300	Other operating expenses		
2211313	Security Operations		444,000.00
2220100	Routine maintenance – vehicles and other transport equipment	120,000.00	
2220200	Routine maintenance – other assets	615,205.00	
	<b>TOTAL</b>	<b>9,629,317.00</b>	<b>9,163,390.00</b>



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

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

	<b>Description</b>	<b>2016 - 2017</b>	<b>2015 - 2016</b>
		<b>Kshs</b>	<b>Kshs</b>
2630204	Transfers to Primary schools	8,020,287.00	7,304,894.00
2630205	Transfers to Secondary schools	54,019,103.00	29,068,068.00
2630207	Transfers to Health institutions		3,100,000.00
	<b>TOTAL</b>	<b>62,039,390.00</b>	<b>39,472,962.00</b>



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

**5. OTHER GRANTS AND TRANSFERS**

	<b>Description</b>		<b>2016 - 2017</b>	<b>2015 - 2016</b>
			<b>Kshs</b>	<b>Kshs</b>
2640101	Bursary -Secondary		18,670,942.00	14,453,700.00
2640102	Bursary -Tertiary		4,232,545.00	9,294,000.00
2640104	Bursary-Special schools			4,556,000.00
2640504	Water		1,000,000.00	
2640506	Electricity			319,370.00
2640507	Security			3,665,737.00
2640508	Roads and Bridges		8,870,183.00	12,208,265.00
2640509	Sports			
2640510	Environment			
2640511	Provincial Administration			
2640512	Cultural Projects		600,000.00	11,598,707.00
2640200	Emergency Projects		2,676,120.00	
	<b>TOTAL</b>		<b>36,049,790.00</b>	<b>56,095,779.00</b>



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

**6. AQUISITION OF ASSETS**

<b>Non Financial Assets</b>	<b>2016 - 2017</b>	<b>2015 - 2016</b>
	<b>Kshs</b>	<b>Kshs</b>
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		
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>-</b>	<b>-</b>

Assets were not acquired in the year under review.



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

**7A. BANK BALANCE (CASHBOOK BANK BALANCE)**

Name of Bank, Account No. & currency	Account Number	2016 - 2017	2015 - 2016
		Kshs (30/6/2017)	Kshs (30/6/2016)
Cooperative Bank Kisumu East Branch A/C No. 01141495135700	A/C No.01141495135700	16,970	22,989,077

**7B OUTSTANDING IMPRESTS**

Name of Officer or Institution	Amount Taken	Amount Surrendered	Balance
	Kshs	Kshs	Kshs
Henry S. J. Opilo	200,000	0	200,000
<b>Total</b>			<b>200,000</b>

**8. BALANCE BROUGHT FORWARD**

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Fund balance b/f	23,939,077	17,961,287
Surplus/ Deficit for the year	(23,722,107)	5,977,790
Prior year adjustment		
<b>TOTAL</b>	<b>216,970</b>	<b>23,939,077</b>



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

**ANNEX 1 - 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		
<b>Amounts due to other Government entities</b>							
None						0	
<b>Sub-Total</b>							
<b>Amounts due to other grants and other transfers</b>							
None						0	
<b>Sub-Total</b>							
<b>Grand Total</b>							



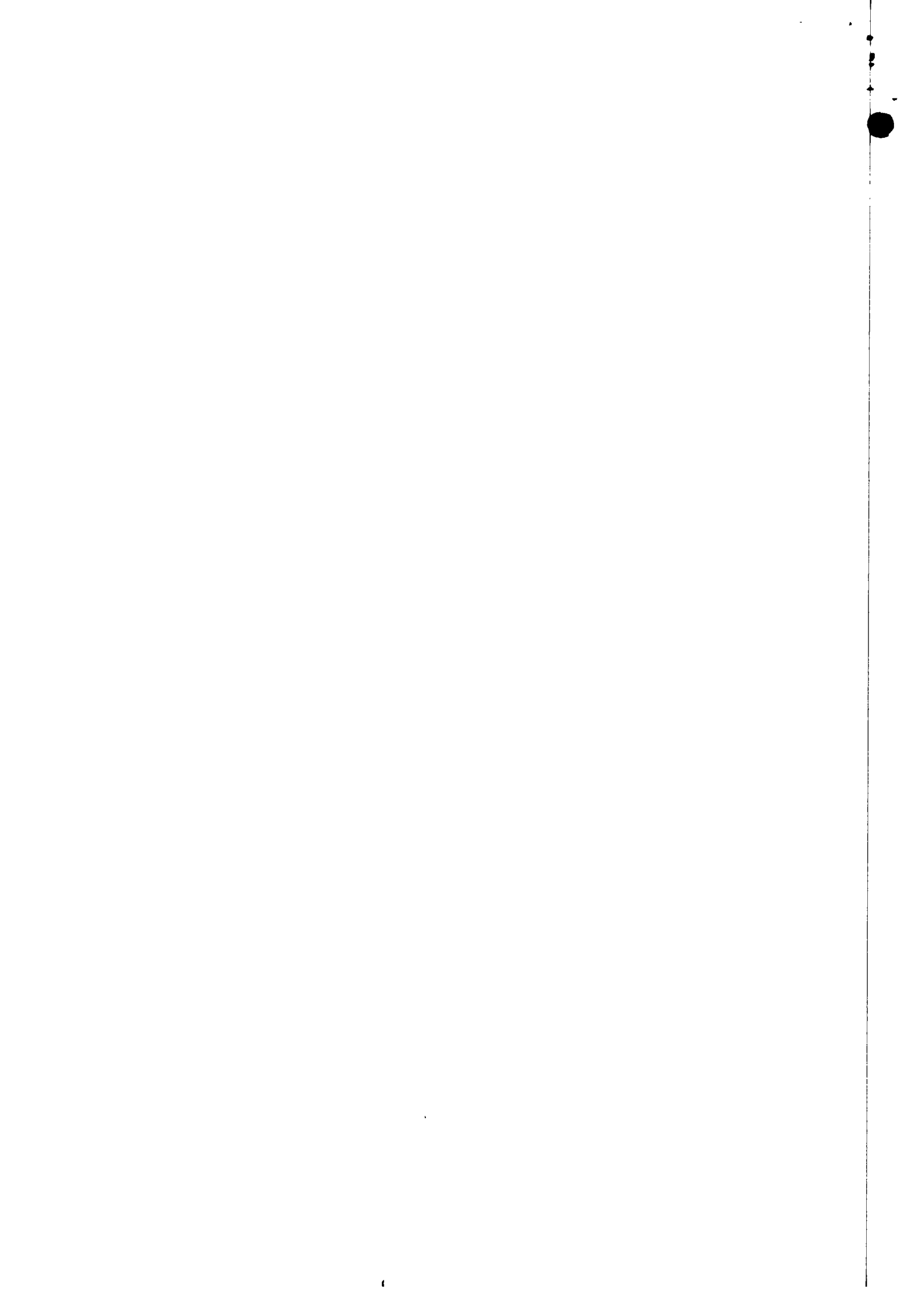
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KISUMU  
 CENTRAL CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2017

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land		
Buildings and structures	0	0
Transport equipment	7,730,103	7,730,103
Office equipment, furniture and fittings		
ICT Equipment, Software and Other ICT Assets	844,208	844,208
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
<b>Total</b>	<b>8,574,311</b>	<b>8,574,311</b>

ANNEX 3 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
St. Paul's Kanyakwar Primary School	ABC Bank	004239001000113	582	0
Highway Primary School	ABC Bank	004239001000115	1037	0
Central Primary School	ABC Bank	004239001000112	1120	
Muslim Primary School	ABC Bank	004239001000110	46843	0
<b>Total</b>			<b>49582</b>	<b>0</b>



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

**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

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Land		
Buildings and structures	0	0
Transport equipment	7,730,103	7,730,103
Office equipment, furniture and fittings		
ICT Equipment, Software and Other ICT Assets	844,208	844,208
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
<b>Total</b>	<b>8,574,311</b>	<b>8,574,311</b>

**ANNEX 3 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2017**

<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance 2016/17</b>	<b>Bank Balance 2015/16</b>
St. Paul's Kanyakwar Primary School	ABC Bank	004239001000113	582	0
Highway Primary School	ABC Bank	004239001000115	1037	0
Central Primary School	ABC Bank	004239001000112	1120	
Muslim Primary School	ABC Bank	004239001000110	46843	0
<b>Total</b>			<b>49582</b>	<b>0</b>

