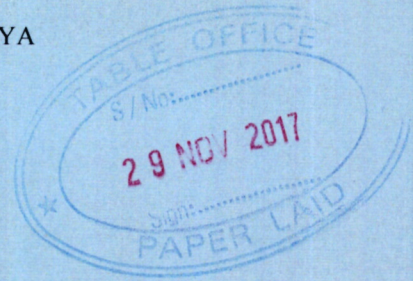
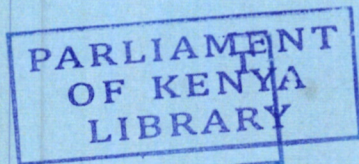


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

*Paper laid by
the Leader of the
Majority Party
Hon Aden Duale
on Wednesday
29/11/2017
IBM*

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**



NATIONAL GOVERNMENT-CONSTITUENCIES DEVELOPMENT FUND

NORTH IMENTI CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

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

KENYA NATIONAL AUDIT OFFICE
EMBU HUB

10 APR 2017
1978

Tel: 068 - 30260
P. O. BOX 113, EMBU

**National Government Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
For the year ended June 30, 2016**

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CONSTITUENCIES DEVELOPMENT FUND - NORTH IMENTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) was set up under the NG-CDFC Act, 2003, repealed by the NG-CDFC Act, 2013, and currently by NGCDF Act 2015.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

(b) Key Management

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

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- ii. National Government Constituency Development Fund Committee (NG-NG-CDFC)

(c) Fiduciary Management

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

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

(d) Fiduciary Oversight Arrangements

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

(e) NORTH IMENTI NG-CDF HEADQUARTERS

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

**National Government Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
For the year ended June 30, 2016**

(f) Entity Contacts

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

(g) Entity Bankers

Cooperative Bank of Kenya
Makutano Agency - Meru
01120075194800

(h) Independent Auditors

Auditor General
OFFICE OF THE AUDITOR GENERAL
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

**National Government Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
For the year ended June 30, 2016**

**II. FORWARD BY THE CHAIR PERSON NATIONAL GOVERNMENT
CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG-NG-CDFC)**

Budget performance

The constituency has received Kshs 134,089,415.50 out of which Kshs 47,987,116.5 was for financial year 2014/15 we have been able to collect Kshs 700,800 being rent for office space and Kshs 312,030 from heritage insurance for items stolen during the last financial year. The request for and AIE to spend the monies has been sent to head office. The NG-CDFC Office procurement process has started and the construction will resume in September 2016 and expected to be finished by the end of the current year. The last tranche for the last financial was received in July 2015.

Achievements for the NG-CDFC,

The Fund has been beneficial to the community especially with the issuance of bursaries to needy students in day and boarding secondary schools, this has helped the students to pursue this basic education, we were able to issue secondary schools bursaries totalling to Kshs 15,794,000 compared to Kshs 10,798,500 last financial year. While universities and colleges Kshs 11,386,000 compared to last year's Kshs 8,321,500, we have been able to build toilets, renovate and finish many classes in the constituency this has helped students to have conducive learning environment. We have started 5 youth resource centres in the constituency one in each of the wards these will help to have some place where they can have recreation activities and also be trained on computer and other hand work activities such as catering, carpentry, masonry among other skills these centres will be managed by the youths but will be under the care of the Ministry of Youth and Gender.

Emerging issues related to the NG-CDF,

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

Way forward

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

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

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



**National Government Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
For the year ended June 30, 2016**

III. STATEMENT OF CONSTITUENCY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a national government entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.


The Fund Account Manager in charge of the North Imenti *NG-CDF* is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 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 North Imenti *NG-CDF* accepts responsibility for the Constituency's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the North Imenti *NG-CDF* financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2016, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the North Imenti *NG-CDF* further confirms the completeness of the accounting records maintained for the Constituency, which have been relied upon in the preparation of the Constituency financial statements as well as the adequacy of the systems of internal financial control.

The Fund Account Manager in charge of the North Imenti *NG-CDF* confirms that the entity has complied fully with applicable Government Regulations and that the Constituency's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Fund Account Manager confirms that the Constituency's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The North Imenti *NG-CDF* financial statements were approved and signed on 28/08/2016


Mr A. Kiragu Mwangi
Fund Account Manager




Mrs Jane Kaimuri
NG-CDFC Chair Person

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NORTH IMENTI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund – North Imenti Constituency set out on pages 6 to 17, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

Management's Responsibility for the Financial Statements

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

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

*Report of the Auditor-General on the Financial Statements of National Government Constituencies
Development Fund – North Imenti Constituency for the year ended 30 June 2016*

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1.0 Bursary Funds

1.1 Non Acknowledgement of Bursary Funds

Note 7 of the Notes to the financial statements reflected bursaries totaling to Kshs.27,478,000 comprising of Kshs.15,639,500, Kshs.11,540,500 and Kshs.298,000 disbursed to secondary schools, tertiary institutions and special schools respectively as at 30 June 2016. However, only bursaries totaling to Kshs.10,616,000 (38.6%) were acknowledged by the beneficiaries through letters of acknowledgement or issue of official receipts leaving a balance of Kshs.16,862,000 (61.4%) unacknowledged by the beneficiary institutions.

Under the circumstances, it has not been possible to ascertain whether the bursaries amounting to Kshs.16,862,000 benefited the intended beneficiaries and were expended as appropriated, as at 30 June 2016.

1.2 Irregular Award to Boda Boda Riders

Note 7 of the Notes to the financial statements reflected bursaries of Kshs.11,540,500 disbursed to tertiary institutions which included Kshs.964,000 for Boda Boda riders as at 30 June 2016. The funds were disbursed to Mutuntu and Delite driving schools to offer 241 riders training. However, the award was contrary to Constituency Development Fund Board Circular of 13 September 2010 as the beneficiaries never applied for the bursaries and no vetting was done to establish whether the cases were needy. Further, the driving licenses submitted to the CDF office were 124 out of the expected 241 and it was not possible to establish whether the remaining 117 cases completed the course.

In the circumstances, it has not been possible to confirm the regularity of the Kshs.964,000 bursary awarded to Boda Boda riders and whether it was a proper charge to public funds as at 30 June 2016.

2.0 Unutilized Funds for Meru Muslim Primary School Project

Records made available showed that Kshs.1,200,000 was disbursed to Meru Muslim Primary School on 26 January 2016 vide cheque number 6764 for the construction of two classrooms. However, physical verification done on 23 January 2017, revealed that the construction of the two classrooms had not commenced almost one

year after the funds were disbursed. No documents were made available to show why the funds remained unutilized during a year instead of reallocating the same to other needy projects for the benefit of the constituents. Further, the custody and safety of the funds was not confirmed.

Under the circumstances, the residents of North Imenti Constituency did not receive value for money equivalent to Kshs.1,200,000.

3.0 Irregular Award of Tender for CDF Office Construction

Note 8 of the Notes to financial statements reflects Kshs.5,000,000 in respect to acquisition of assets (completion of the National Government Constituencies Development Fund offices-North Imenti) allocated and disbursed during the year under audit. However, the Project Management Committee (PMC) adopted restricted tendering instead of open tendering as stipulated by the Section 96(2) of the Public Procurement and Asset Disposal Act, 2015.

Further, during tender evaluation, the committee made correction on the tender document of the winning bidder from the submitted sum of Kshs.4,813,070 to Kshs.4,815,070 contrary to provisions of Section 82 of the Public Procurement and Asset Disposal Act, 2015 which prohibits any alterations or amendments whatsoever on the submitted tender sum by any person or entity.

In the circumstances, the award of the contract for the completion of the CDF Offices was irregular and it was not possible to ascertain whether the Fund got value for money equivalent to the Kshs.4,815,070 contract and expenditure.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – North Imenti Constituency as at 30 June 2016, 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.

Other Matter

1.0 Budget Control and Performance

The combined summary statement of appropriation reflects a final budget of Kshs.101,604,299. However, out of the Kshs.101,604,299 approved budget for the year, only Kshs.86,104,299 (84.75%) was disbursed during the year leading to a revenue shortfall of Kshs.15,500,000 (15.25%). In addition to the Kshs.101,604,299 approved budget for the year, the Fund had a cash balance of Kshs.3,381,319 brought forward from the 2014/2015 and a further Kshs.47,985,117 which was budgeted for in 2014/2015 but was released by the Board in 2015/2016. Therefore, the total budget available for the Fund during the year totaled to Kshs.152,970,735. However, out of the Kshs.152,970,735 total budget for the year only

Kshs.123,028,579 (80.43%) was spent during the year while Kshs.29,942,156 remained unutilized as at 30 June 2016 as shown below;

Revenue Expense Item	Original Budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual on Comparable Basis Kshs	Variance Kshs	Performance %
RECEIPTS						
Cash Balance B/F	-	3,381,319	3,381,319	3,381,319	-	
Transfers from CDF Board	101,604,299	47,985,117	149,589,416	134,089,416	15,500,000	89.6
Other Receipts	-	-	-	1,012,830	(1,012,830)	
Total Receipts	101,604,299	51,366,436	152,970,735	138,483,565	14,487,170	
PAYMENTS						
Compensation of Employees	2,285,280	1,900,000	4,185,280	1,370,628	2,814,652	33
Use of Goods and Services	1,885,039	2,756,411	4,641,450	1,140,222	3,501,228	25
Committee Expenses	4,450,000	3,700,000	8,150,000	2,573,600	5,576,400	32
Transfers to Other Government Units	49,450,000	13,400,000	62,850,000	54,050,000	8,800,000	86
Other Grants and Transfers	42,524,380	18,410,025	60,934,405	58,884,529	2,049,876	97
Social Security Benefits	9,600	-	9,600	9,600	-	100
Acquisition of Assets	1,000,000	11,200,000	12,200,000	5,000,000	7,200,000	41
Total Payments	101,604,299	51,366,436	152,970,735	123,028,579	29,942,156	

Further, other receipts totaling Kshs.1,012,830 comprised of Kshs.700,800 realized from lease of rental offices and Kshs.312,030 from compensations from Heritage Insurance Company Limited had not been budgeted for as Appropriation-in-Aid (AID) as AIA. The residents of North Imenti Constituency did not therefore, get promised and expected services equivalent to the Kshs.15,500,000 revenue shortfall and the Kshs.29,942,156 unutilized funds as at 30 June 2016.

2.0 Project Implementation and Management

The approved budget for development projects was apportioned among various sectors within the constituency namely primary schools ,secondary schools, water projects, sports, environment, security, roads and bridges and emergency services.


Review of the project implementation status report revealed that 115 projects were planned but only 69 projects were completed, 3 had not started and 43 were ongoing as follows;

Sector	Project Status	Amount Allocated (Kshs)	Amount Disbursed (Kshs)	No. of projects
Education	Completed	20,250,000	20,250,000	44

	Ongoing	14,200,000	14,200,000	29
	Not started	-	-	-
	Sub Total	34,450,000	34,450,000	73
Water	Completed	3,700,000	3,700,000	15
	Ongoing	300,000	300,000	1
	Not started	-	-	-
	Sub Total	4,000,000	4,000,000	16
Security	Completed	1,000,000	1,000,000	2
	Ongoing	3,000,000	3,000,000	7
	Not started	400,000	400,000	1
	Sub Total	4,400,000	4,400,000	10
Roads Bridges	Completed	2,240,000	2,240,000	8
	Ongoing	600,000	600,000	3
	Not started	1,000,000	1,000,000	2
	Sub Total	3,840,000	3,840,000	13
Environment	Completed	-	-	-
	Ongoing	1,200,000	1,200,000	1
	Not started	-	-	-
	Sub Total	1,200,000	1,200,000	1
Sports	Completed	-	-	-
	Ongoing	1,916,733	1,916,733	1
	Not started	-	-	-
	Sub Total	1,916,733	1,916,733	1
Emergency	Completed	-	-	-
	Ongoing	5,767,647	5,767,647	1
	Not started	-	-	-
	Sub Total	5,767,647	5,767,647	1
	Grand Total	55,574,380	55,574,380	115

From the analysis, out of the 115 projects, 3 projects with an approved budget of Kshs.1,400,000 had not started even though the whole allocation had been disbursed for the 3 projects as at 30 June 2016.

In the circumstance, it has not been possible to ascertain that the Fund would implement all projects as budgeted.



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

Nairobi

23 October 2017

**National Government Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
For the year ended June 30, 2016**

I. STATEMENT OF RECEIPTS AND PAYMENTS

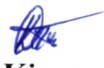
I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016	2014-2015
		Kshs	Kshs
RECEIPTS			
balance B/D		3,521,479	9,420,917
Transfers from CDF board-AIEs' Received	1	134,089,416	88,350,310
Proceeds from Sale of Assets	2		
Other Receipts	3	1,012,830	140,160-
TOTAL RECEIPTS		138,483,564	97,911,387
PAYMENTS			
Compensation of employees	2	1,370,628	1,154,987
Use of goods and services	3	1,140,222	1,945,216
Committee Expenses	4	2,573,600	2,549,000
Transfers to Other Government Units	5	54,050,000	46,570,660
Other grants and transfers	6	58,884,529	40,509,795
Social Security Benefits	7	9,600	9,600
Acquisition of Assets	8	5,000,000	1,650,650
Other Payments	11	-	-
TOTAL PAYMENTS		123,028,579	94,389,909
BALANCE C/D		15,454,985	3,521,479

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The North Imenti CDF financial statements were approved on 28/08/2016 and signed by:


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





Mr. A. Kiragu Mwangi
Fund Account Manager

**National Government Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
For the year ended June 30, 2016**

II. STATEMENT OF FINANCIAL ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	9A	15,044,985	3,521,479
Cash Balances (cash at hand)	9B	410,000	-
Subtotal		15,454,985	3,521,479
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		15,454,985	3,521,479
REPRESENTED BY			
Fund balance b/fwd 1st July...	13		
Surplus/Deficit for the year		15,454,985	3,521,479
Prior year adjustments	14	-	-
NET LIABILITIES		15,454,985	3,521,479

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The North Imenti NG-CDFC financial statements were approved on **28/08/2016** and signed by:


Mrs. Jane Kaimuri
Chairperson - NG-CDFC





Mr. A. Kiragu Mwangi
Fund Account Manager

**National Government Constituencies Development Fund – North Imenti Constituency
Reports and Financial Statements
For the year ended June 30, 2016**

STATEMENT OF CASH FLOW

		2015 - 2016	2014 - 2015
Receipts for operating income			
Transfers from CDF Board	1	134,089,416	88,350,310
Other Receipts	3	1,012,830	140,160
		135,102,246	88,490,470
Payments for operating expenses			
Compensation of Employees	2	1,370,628	1,154,987
Use of goods and services	3	1,140,222	1,945,216
Committee Expenses	4	2,573,600	2,549,000
Transfers to Other Government Units	5	54,050,000	46,570,660
Other grants and transfers	6	58,884,529	40,509,795
Social Security Benefits	7	9,600	9,600
		118,028,579	92,739,259
Adjusted for:			
Adjustments during the year		0 -	0 -
Net cash flow from operating activities		17,073,667	(4,248,789)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	(5,000,000)	(1,650,650)
Net cash flows from Investing Activities		(5,000,000)	(1,650,650)
NET INCREASE IN CASH AND CASH EQUIVALENT		12,073,667	(5,899,439)
Cash and cash equivalent at BEGINNING of the year	10	3,521,479	9,420,918
Cash and cash equivalent at END of the year		15,454,985	3,521,479

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The North Imenti NG-CDFC financial statements were approved on 28/08/2016 and signed by:


Mrs. Jane Kaimuri
Chair Person - NG-CDFC




Mr. A. Kiragu Mwangi
Fund Account Manager

CONSTITUENCIES DEVELOPMENT FUND - NORTH IMENTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

V: SUMMARY STATEMENT OF APPROPRIATION

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	101,604,299	47,985,117	149,589,416	134,089,416	15,500,000	89.63830432
Other Receipts			0	1,012,830	-1,012,830	#DIV/0!
balance B/F		3,381,319	3,381,319			
SUBTOTALS	101,604,299	51,366,435	152,970,734	135,102,246	14,487,170	
PAYMENTS					0	
Compensation of Employees	2,285,280	1,900,000	4,185,280	1,370,628	2,814,652	33
Use of goods and services	1,885,039	2,756,411	4,641,450	1,140,222	3,501,228	25
Committee Expenses	4,450,000	3,700,000	8,150,000	2,573,600	5,576,400	32
Transfers to Other Government Units	49,450,000	13,400,000	62,850,000	54,050,000	8,800,000	86
Other grants and transfers	42,524,380	18,410,025	60,934,405	58,884,529	2,049,876	97
Social Security Benefits	9,600		9,600	9,600	0	100
Acquisition of Assets	1,000,000	11,200,000	12,200,000	5,000,000	7,200,000	41
TOTALS	101,604,299	51,366,436	152,970,735	123,028,579	29,942,156	80

The North Imenti NG-CDFC financial statements were approved on **28/08/2016** and signed by:

JK
Mrs. Jane Kaimuri
 Chair Person - NG-CDFC



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

VI. SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance and basis of preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Constituency.

The accounting policies adopted have been consistently applied to all the years presented.

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

b) Recognition of revenue and expenses

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

c) In-kind contributions

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

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various

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commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

e) Receivables and payables

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

f) Budget

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

g) Comparative figures

This is the first year the Constituency is preparing financial statements and hence we do not have comparative figures.

h) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

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I. NOTES TO THE FINANCIAL STATEMENTS

**GFS
CODES**

1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
1330407 Normal Allocation		
AIE NO...	47,985,117.	40,365,163.
AIE NO.....	50,000,000.	23,992,558.
AIE NO.....	36,104,299.	23,992,589.
1330408 Conditional grants		
AIE NO...	-	
1330409 Receipt from other Constituency		
	-	
TOTAL	134,089,417.	88,350,310.

3 OTHER RECEIPTS

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
1400000		
1410405 Rents	700,800.	140,160
1450207 Other Receipts (insurance cover)	312,030.	-
Total	1,012,830.	140,160

4 COMPENSATION OF EMPLOYEES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
2110000		
2110201 Basic wages of contractual employees	1,025,028.	1,097,387.
2110301 House allowance	153,600.	25,600.
2110314 Transport allowance	192,000.	32,000.
Total	1,370,628.	1,154,987.

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5 USE OF GOODS AND SERVICES

2200000	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
2210100	Utilities, supplies and services	620,415.	477,130.
2210101	Electricity	27,847.	48,281.
2210102	water	17,330.	14,905.
2210700	Training expenses	-	671,500.
2210900	Insurance costs	-	47,040.
2211200	Fuel ,oil & lubricants	-	250,000.
2211300	Other operating expenses(cleaning	11,600.	10,200.
2211313	security operations	463,030.	325,380.
2220200	Routine maintenance – other assets		100,780.
	Total	1,140,222.00	1,945,216.40

5(b) COMMITTEE EXPENSES

2210800	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
2210802	Other committee expenses	50,000.	64,000.
2210809	Committee allowance	2,523,600.	2,485,000.
	TOTAL	2,573,600.	2,549,000.

6 TRANSFER TO OTHER GOVERNMENT ENTITIES

2630200	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
2630204	Transfers to primary schools	28,350,000.	18,687,931.
2630205	Transfers to secondary schools	17,500,000.	13,500,000.
2630206	Transfers to Tertiary institutions	8,200,000.	8,500,000.
2630207	Transfers to Health institutions	-	5,882,729.
	TOTAL	54,050,000.	46,570,660.00

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7 OTHER GRANTS AND OTHER PAYMENTS

2640000	Description	2015 - 2016 Kshs	2014 - 2015 Kshs
2640101	Bursary -Secondary	15,639,500.	10,798,500.
2640102	Bursary -Tertiary	11,540,500.	8,321,500.
2640104	Bursary-Special schools	298,000.	155,500.
2640504	water	7,404,000.	9,800,000.
2640505	Agriculture (food security)		200,000.
2640507	Security	5,500,000.	2,704,845.
2640508	Roads	5,525,280.	1,921,300.
2640509	Sports	2,347,850.	1,488,150.
2640510	Environment	1,989,399.	1,500,000.
2640200	Emergency Projects (specify)	8,640,000.	3,620,000.
	Total	58,884,529.	40,509,795.

SOCIAL SECURITY BENEFITS

2120000	Description	2015 - 2016 Kshs	2014 - 2015 Kshs
2120101	Employer contribution to NSSF	9,600	9,600
	Total	9,600	9,600

8 ACQUISITION OF ASSETS

3100000	<u>Non Financial Assets</u>	2015 - 2016 Kshs	2014 - 2015 Kshs
3110202	Construction of Buildings	5,000,000	1,177,450
3111002	Purchase of computers ,printers and other IT equipments		473,200
	Total	5,000,000.00	1,650,650.00

10B: CASH IN HAND)

	2015 - 2016 Kshs (30/6/2015)	2014 - 2015 Kshs (30/6/2015)
cash office	410,000	-
Total	410,000	

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**13 BALANCES BROUGHT
FORWARD**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
	(1/7/2015)	(1/7/2014)
Bank accounts	3,381,319	8,577,918
Imprest		843,000
Rent income	140,160	
Total	3,521,479	9,420,918

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14 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Cash and cash book balances	Stale cheques were reversed	SCA/FAM	Resolved	
2.1	No attendance register to support payment	The payment registers introduced	FAM	Resolved	
2.2	Un accounted bursary funds	Request the institutions to be issuing the receipts	FAM	resolved	
3	Abandoned school project Meru Muslim Secondary.t	The school still has a case in the court and hence more funds cannot be allocated until their case is resolved	FAM/PMC	Not resolved	
4	Idle project – Kathurine market	The market has been built and its operational	FAM/PMC	Resolved	
5 Other matters	a) Budgetary performance	The funds were received latter in the following financial year and distributed the projects.	SCA/FAM	resolved	
	b) Project execution and management	The funds for the projects that had not commenced had been released towards the end of the financial year hence the projects not having been stated. These projects have since started and completed	FAM/PMC	resolved	


Mrs. Jane Kaimuri
Chair Person - NG-CDFC




Mr. A. Kiragu Mwangi
Fund Account Manager

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ANNEX 1– SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land		
Buildings and structures	26,966,688	21,966,688
Transport equipment		
Office equipment, furniture and fittings	344,958	344,958
ICT Equipment, Software and Other ICT Assets	536,610	848,640
Total	27,848,286	23,160,286