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Paper laid
By Hon-A. Duake, MP
On Wed. 08.07.2015.
(Am) JMM

REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND
KAJIADO EAST CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2014

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON CONSTITUENCIES DEVELOPMENT FUND - KAJIADO EAST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Kajiado East Constituency set out on pages 4 to 13, which comprise the statement of financial assets and liabilities as at 30 June 2014, and the statement of receipts and payments, 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 8 of the Public Audit Act, 2003. 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 the 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 these financial statements to the Auditor-General in accordance with the provisions of Section 7 of the Public Audit Act, 2003.

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 9(1) of the Public Audit Act, 2003. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view 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 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's 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. Acquisition of Assets

The statement of receipts and payments reflects acquisition of assets figure of Kshs.4,937,272 for the year ended 30 June 2014. This figure includes the purchase of other office equipment of Kshs.165,000 which was not supported with any documentary evidence.

Consequently, the accuracy of the acquisition of assets figure of Kshs.4,937,272 for the year ended 30 June 2014 could not be confirmed.

2. Other Grants and Transfers

The statement of receipts and payments reflects other grants and transfers figure of Kshs.8,520,827 for the year ended 30 June 2014. This figure includes the cost of strategic planning of Kshs.1,000,000 which was not supported with any documentary evidence.

Consequently, the accuracy of the other grants transfer figure of Kshs.8,520,827 for the year ended 30 June 2014 could not be confirmed.

3. Late Disbursement of Funds

The statement of receipts and payments reflects total receipts of Kshs.35,409,585 from the Constituencies Development Fund Board. These amounts were received late in the year where the last tranche of Kshs.33,109,585 was released by the CDF Board on 28 February 2014, which left a period of four months to carry out budgeted projects. Late disbursement of funds affects the implementation of projects.

4. Inaccuracies in the Financial Statements

The following anomalies were noted in the financial statements under review:-

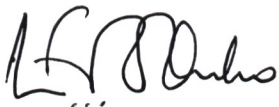
- i. The page numbers in the table of contents is incorrectly numbered.
- ii. Some pages in the financial statements are incorrectly numbered while others do not have page numbers.

- iii. The note numbers to the financial statements indicated in the statement of receipts and payments and those in the statement of financial assets and liabilities do not tally with the note numbers indicated in the notes.
- iv. The statement of receipts and payments incorrectly indicate that there were transfers from the Constituency Development Fund Board amounting to Kshs.35,409,585 during the financial year 2012/2013 which was not the case as there were no comparatives.
- v. Note number 6 was left out from the financial statements.
- vi. Most pages of the financial statements do not indicate the name of the fund at the headers and the kind of report and the financial year.
- vii. Some pages of the financial statements indicate that the figures are rounded to the nearest thousand of shillings whereas the figures used to prepare the accounts are not rounded off.
- viii. The financial statements do not include the statement of cash flows.

Under the circumstances, the accuracy of the financial statements for the year ended 30 June 2014 could not be confirmed.

Qualified Opinion

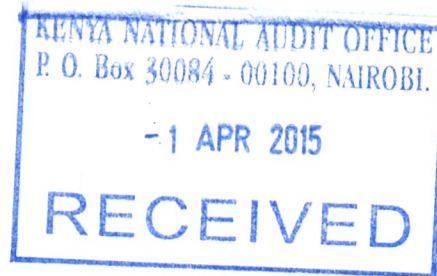
In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2014, and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards, and comply with the Constituency Development Fund Act, 2013 and the Public Audit Act, 2003.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

22 May 2015



REPUBLIC OF KENYA

CONSTITUENCIES DEVELOPMENT FUND

KAJIADO EAST CONSTITUENCY - 185

ALONG KITENGELA-NAMANANGA

P.O BOX 804-00242

Road-Kitengela Town

Mobile +254-723364685

KITENGELA-KAJIADO COUNTY

CONSTITUENCIES DEVELOPMENT FUND – KAJIADO EAST.

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014

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



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CONSTITUENCIES DEVELOPMENT FUND - KAJIADO EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The CDF Act 2013 aligns the Fund with the Constitution of Kenya 2010 and the Public Finance Management Act 2012 that lay emphasis on citizen participation in public finance management and decision making, transparency and accountability together with equity in public resource utilization. The overall management of the Fund is the responsibility of the Constituencies Development Fund Board.

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Paul S. Nteiya
3.	District Accountant	Rose Ireri

(d) Fiduciary Oversight Arrangements

List the CDFC as gazetted

- 1 Deputy County Commissioner-Isinya District
- 2 Fund Account Manager-Ex - Officio
- 3 Geoffrey Lemako Ntapayia-Member
- 4 Richard Saitet-Member
- 5 Wilson Tayiai Mweka-Member
- 6 Regina Nduku Peter-Member
- 7 Sepeikan Lesinko Agnes-Member
- 8 Fredrick Kabare-Member
- 9 Agatha Nashipae-Member
- 10 Benjamin Oldukunyi Malit-Member



(e) Entity Headquarters

THE CONSTITUENCY OFFICE
P.O. Box 804-00242
KITENGELA

(f) Entity Contacts

Provide telephone number and email of the constituency CDF office

Telephone: (254) -723364685
E-mail: kajiadoeast@cdf.go.ke/pnteiya@cdf.go.ke
Website:

(g) Entity Bankers

Constituency CDF main banker (provide the bank, branch, account number and address)

1. Equity bank
Branch Kitengela
A/C NO 0700261666226

(h) Independent Auditors

Auditor General
Kenya National Audit Office
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



STATEMENT OF ENTITY 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 county government entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Fund Account Manager in charge of the *Kajiado east CDF* is responsible for the preparation and presentation of the *Constituencies* 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 (period) ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

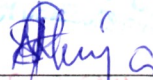
The Fund Account Manager in charge of the *Kajiado east CDF* accepts responsibility for the *entity's* financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the *Kajiado east CDF* financial statements give a true and fair view of the state of *Constituency's* transactions during the financial year ended June 30, 2014, and of the *Constituency's* financial position as at that date. The Fund Account Manager in charge of the *Kajiado east 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 *kajiado east* confirms that the entity has complied fully with applicable Government Regulations and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the 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 *entity's* financial statements were approved and signed on 09/09/2014.


Chairman - CDFC


Fund Account Manager



KAJIADO EAST CDF STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2013-2014	2012-2013
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	35,409,585.00	35,409,585.00
Proceeds from Sale of Assets	2	-	0
Other Receipts	3	-	xxx
TOTAL RECEIPTS		35,409,585.00	XXX
PAYMENTS			
Compensation of Employees	4	222,791	xxx
Use of goods and services	5	1,458,173.60	xxx
Committee meeting allowances	6	1,528,545.40	xxx
Transfers to Other Government Units	7	6,400,000.00	xxx
Other grants and transfers	8	8,520,827.00	xxx
Social Security Benefits	9	7,360.00	xxx
Acquisition of Assets	10	4,937,272.00	xxx
TOTAL PAYMENTS		23,074,969.00	xxx
SURPLUS/DEFICIT		12,334,616.00	xxx

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 09/09/2014 and signed by:


FUND ACCOUNT MANAGER
 DATE-9/9/2014
R.O. BARISSA - 00212
KITEGOLA


CHAIRMAN CDFC
R.O. BARISSA - 00212
KITEGOLA



KAJIADO EAST CDF STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2013-2014 Kshs	2012-2013 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12	12,334,616.00	0
Cash Balances (sale of tenders,hire of grader)	13	-	0
Outstanding Imprests	14	-	0
Cash Equivalents (eg sale of tender doc held in bankers cheque)	15	-	0
			0
TOTAL FINANCIAL ASSETS		12,334,616.00	0
REPRESENTED BY			
Fund balance b/fwd 1st July...	16	-	0
Surplus/Deficit for the year (from sum of receipt & expenditure		12,334,616.00	0
Prior year adjustments	17	-	0
NET LIABILITIES		12,334,616.00	0

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _09/09/ 2014 and signed by:


FUND ACCOUNT MANAGER
 DATE:


CDFC CHAIRMAN

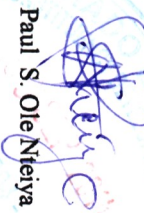



CONSTITUENCIES DEVELOPMENT FUND - KAJIADO EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

KAJIADO EAST CDF SUMMARY STATEMENT OF APPROPRIATION

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
Compensation of Employees	485,000.00	0	485,000.00	222,791.00	262,209.00	54
Use of goods and services	3,444,185.00	0	3,444,185.00	1,458,173.6	1,915,812.4	44
Committee Members Expenses	1,972,092.00	0	1,972,092.00	1,549,372.6	501,892.00	79
Transfers to Other Government Units	25,232,759.00	0	25,232,759.00	6,400,000.00	18,832,759.00	25.4
Other grants and transfers	24,564,466.00	0	24,564,466.00	8,520,827.00	17,043,639.00	31
Social Security Benefits	15,000.00	0	15,000.00	7,360.00	7640.00	49.1
Acquisition of Assets	14,505,668.00	0	14,505,668.00	4,937,272.00	9,508,396.00	34
Other Payments						
TOTALS	70,219,170.00		70,219,170.00	22,895,795.6	47,323,374.4	33

The entity financial statements were approved on 09/09/2014 and signed by:


 Paul S. Ole Nteiya
 Fund Account MANAGER
 DATE-9/9/2014


 Geoffrey L. Ntapayia
 CHAIRMAN CDFC
 Date-09/09/2014



1 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 (IPSSAS) 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 *entity* and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

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

b Recognition of revenue and expenses

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

c In-kind contributions

In-kind contributions are donations that are made to the *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *entity* includes such value in the statement of receipts and payments both as 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 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 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 Pending bills

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

f Receivables and payables

These relate to provisioning balances for the GAV and Exchequer accounts as required by the current Government Financial Regulations and Procedures. These provisioning balances do not have an impact on the receipts and payments and therefore do not contravene the principles on the cash based IPSAS.

g 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 *entity'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 *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

h Comparative figures

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

i 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, 2014.



KALIAO EAST CDF NOTES TO THE FINANCIAL STATEMENTS

2 TRANSFERS FROM CDF BOARD

Description	2013 - 2014 Kshs	2012 - 2013 Kshs
Normal Allocation		
AIE NO ... A711928	300,000.00	
AIE NOA709981	2,000,000.00	
A735859	33,109,585.00	
Conditional grants		
AIE NO ...	-	
AIE NO ...	-	
TOTAL	35,409,585.00	

3 COMPENSATION OF EMPLOYEES

2110201	Basic wages of contractual employees	2013 - 2014 Kshs 222,791
	Total	222,791

4 USE OF GOODS AND SERVICES

	2013 - 2014 Kshs	2012 - 2013 Kshs
2210100	Utilities, supplies and services/bank charges	150,000.00
2210200	Communication, supplies and services	75,000.00
2210300	Domestic travel and subsistence	100,000.00
2210500	Printing, advertising and information supplies & services	108,000.00
2210700	Training expenses	800,000.00
2210800	Hospitality supplies and services	65,000.00
2210900	Insurance costs	
2211100	Office and general supplies and services	80,173.60
2211300	Other operating expenses	80,000.00
2220100	Routine maintenance – vehicles and other transport equipment	

Total	1,458,173.60	
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5 CDFC EXPENSES

Description	2013 - 2014 Kshs	2012 - 2013 Kshs
2210802 Other committee expenses	590,200.00	
2210809 Committee allowance	938,345.4	
TOTAL	1,528,545.4	

7 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2013 - 2014 Kshs	2012 - 2013 Kshs
2630204 Transfers to primary schools	3,400,000.00	
2630205 Transfers to secondary schools	3,000,000.00	
TOTAL	6,400,000.00	

8 OTHER GRANTS AND OTHER PAYMENTS

	2013 - 2014 Kshs	2012 - 2013 Kshs
2640101 Bursary -Secondary	2,843,747.00	
2640102 Bursary -Tertiary	1,877,080.00	
2640508 Strategic plan	1,000,000.00	
2640509 Sports	1,000,000.00	
2640510 Environment	1,000,000.00	
2640200 Emergency Projects	800,000.00	
Total	8,520,827.00	

9 SOCIAL SECURITY BENEFITS

	2013 - 2014 Kshs	2012 - 2013 Kshs
2120101 Employer contribution to NSSF	7,360.00	
Total	7,360.00	

10 ACQUISITION OF ASSETS



<u>Non Financial Assets</u>	2013 - 2014	2012 - 2013
3110701 Purchase of Vehicles	Kshs 4,772,272.00	Kshs
3111009 Purchase of other office equipments	165,000.00	
Total	4,937,272.00	

11 Bank Balances (cash book bank balance)

Name of Bank, Account No. & currency	2013 - 2014	2012 - 2013
	Kshs	Kshs
EQUITY BANK-KITENGELA	12,334,616.00	
0700261666226		
Total KSH	12,334,616.00	

