

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

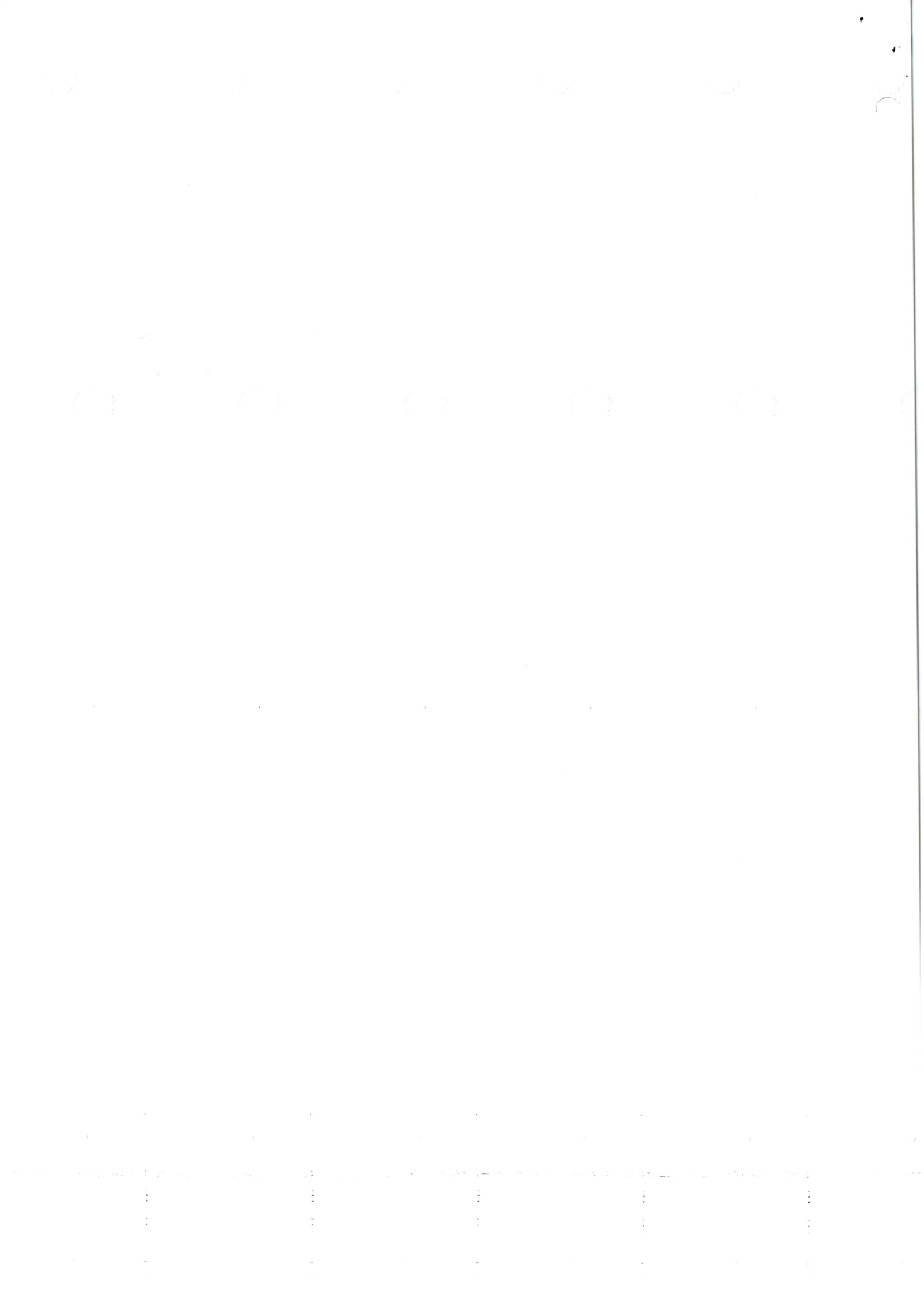
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND
GICHUGU CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2015**





CONSTITUENCY DEVELOPMENT FUND - GICHUGU CONSTITUENCY

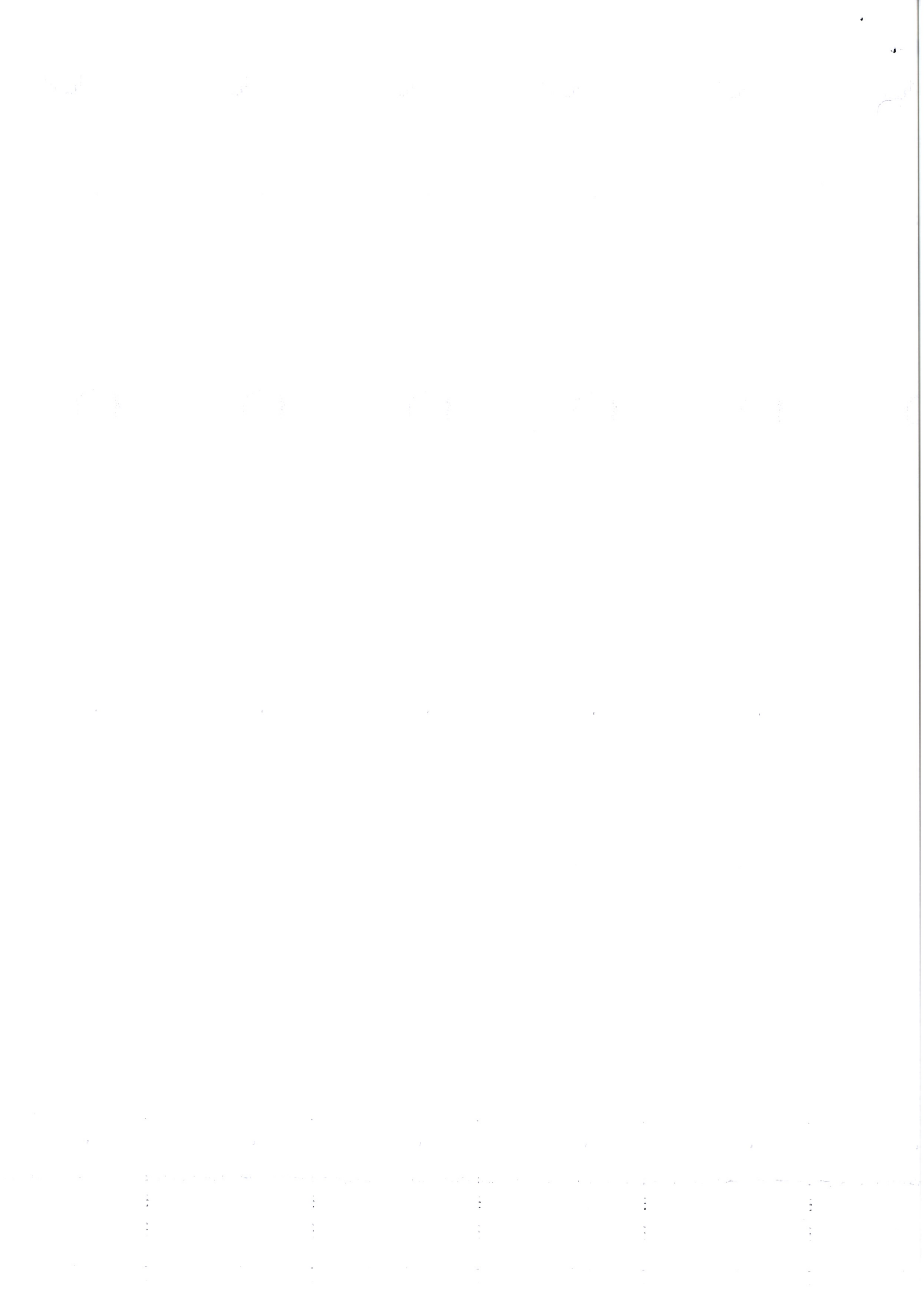
REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2015**

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

CONSTITUENCY DEVELOPMENT FUND – GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

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CONSTITUENCY DEVELOPMENT FUND- GICHUGU CONSTITUENCY
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I. KEY CONSTITUENCY 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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *Constituencies Development Fund*.

(b) Key Management

The *Gichugu 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 2015 and who had direct fiduciary responsibility were:

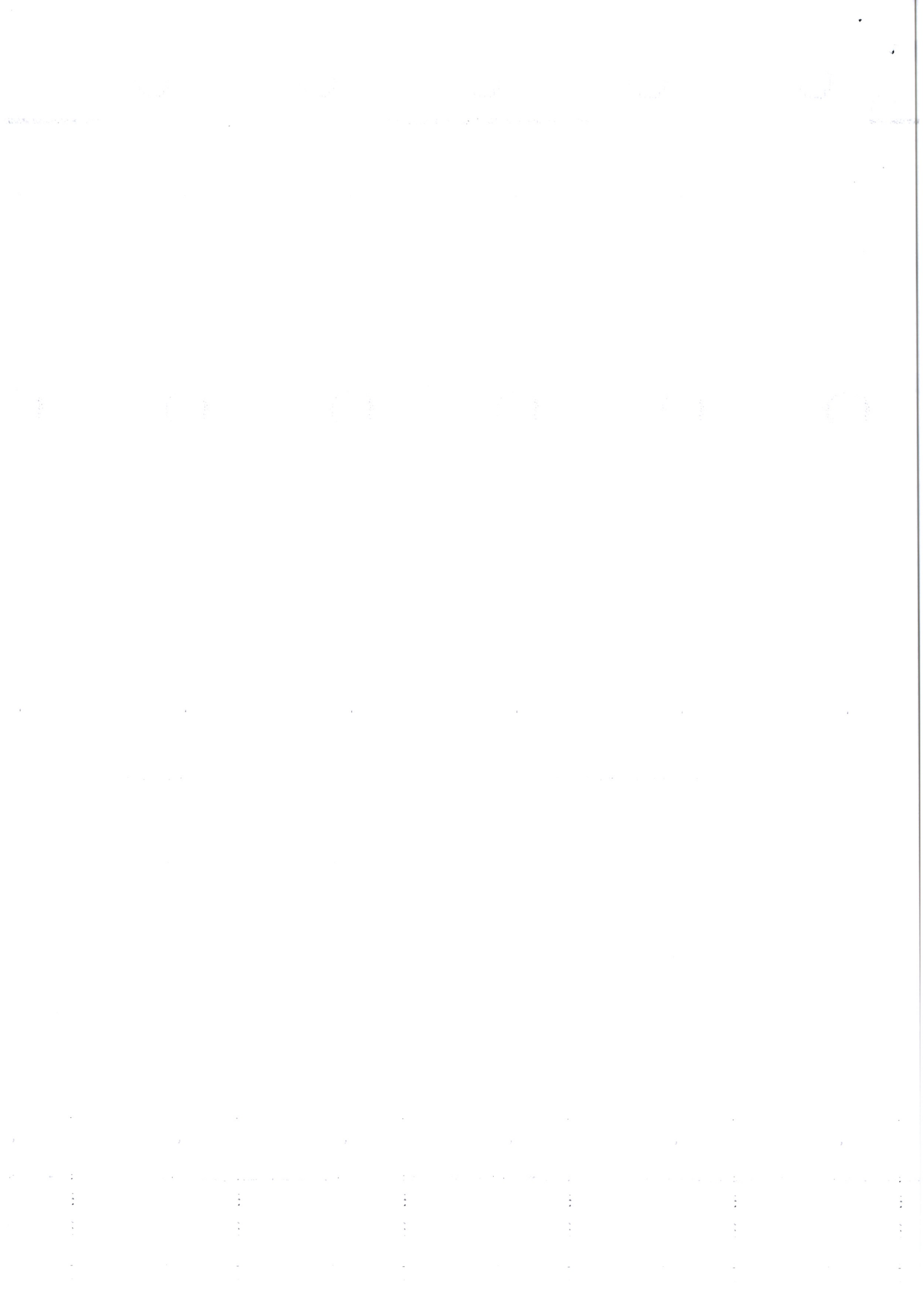
No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Job Tuta
3.	Accountant	John Nderi

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of CDF Board provide overall fiduciary oversight on the activities of Gichugu Constituency. The reports and recommendation of ARMC when adopted by the CDF Board are forwarded to the Constituency Development Fund Committee (CDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) GICHUGU CDF Headquarters

GUCHUGU CDF
P.O. Box
KIAYAGA



CONSTITUENCY DEVELOPMENT FUND- GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

(f) GICHUGU CDF Contacts

Telephone :(254)721617053
Email: gichugucdf@go.ke
Website:www.go.ke

(g) GICHUGU CDF Bankers

Equity bank - Kerugoya branch
P.O. Box
Kerugoya, Kenya

(h) Independent Auditors

Auditor General
Kenya National Audit Office
P.O. Box
Nyeri, Kenya

(i) Principal Legal Adviser

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

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CONSTITUENCY DEVELOPMENT FUND- GICHUGU CONSTITUENCY
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II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC)

[Put the forward note by the Chairman CDFC]

Include among others the following:

- Mention in summary the budget performance against actual amounts for current year based on economic classification and programmes,
- Detail key achievements for the CDF,
- List emerging issues related to the CDF,
- List the implementation challenges and recommended way forward.

Sign 

CHAIRMAN CDFC

CONSTITUENCY DEVELOPMENT FUND- GICHUGU CONSTITUENCY

Reports and Financial Statements

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

The Accounting Officer in charge of the Gichugu CDF is responsible for the preparation and presentation of the CDF's financial statements, which give a true and fair view of the state of affairs of the CDF for and as at the end of the financial year (2014-2015) ended on June 30, 2015. 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 CDF; (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 CDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Gichugu CDF accepts responsibility for the CDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the CDF's financial statements give a true and fair view of the state of CDF's transactions during the financial year ended June 30, 2015, and of the CDF's financial position as at that date. The Accounting Officer charge of the Gichugu CDF further confirms the completeness of the accounting records maintained for the CDF, which have been relied upon in the preparation of the CDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Gichugu CDF confirms that the CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the CDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the CDF'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 CDF's financial statements were approved and signed by the Accounting Officer on _____ 2015.

Principal Secretary

Principal Accounts Controller

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON CONSTITUENCIES DEVELOPMENT FUND - GICHUGU CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Gichugu Constituency set out on pages 6 to 22, which comprise the statement of financial assets as at 30 June 2015, 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 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 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 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 of the Public Audit Act, 2003 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 (ISSAIs). 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 Constituencies Development Fund - Gichugu Constituency for the year ended 30 June 2015

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

1.0 Bursary

1.1 Unsupported Bursary Awards

The statement of receipts and payments reflects other grants and payments balance of Kshs.61,907,825.62 which includes bursary payments totaling to Kshs.9,436,700. However, schedules of bursary payments made during the year total to Kshs.10,486,200, resulting in unexplained difference of Kshs.1,049,500. Further, bursary awards totaling to Kshs.6,978,200 were not supported by acknowledgement receipts from the beneficiary institutions. In the circumstances, it has not been possible to confirm the accuracy of the bursaries balance and whether the payments reached the intended beneficiaries.

1.2 Wasteful Expenditure

Review of bursary records maintained by Gichugu CDF revealed that bursary - related costs totaling to Kshs.2,516,000 were paid as facilitation allowances to sub-location bursary vetting committees and officers who delivered bursary cheques to various schools. The allowances paid represent about 24% of the total amount disbursed amounting to Kshs.10,486,200. The payments were uneconomical since the money could have been used to fund more deserving students. Consequently, the expenditure could not be confirmed as a proper charge to public funds.

2.0 Unsupported Expenditure on Gichugu CDF Roads and Bridges Project

Included in other grants and payments balance of Kshs.61,907,825.62 in the statement of receipts and payments is a sum of Kshs.10,706,853 incurred on road projects, out of which Kshs.7,489,053 was disbursed to the Project Management committee (PMC) for the grading, opening of various access roads, bridges and bush clearing. However, no documentary evidence including procurement documents, expenditure returns, bills of quantities and joint measurement committee reports were made available for audit verification. Consequently, the propriety and value-for-money of the expenditure of Kshs.7,489,053 could not be confirmed.

3.0 Doubtful Expenditure from Emergency Reserve Fund

Note 8 to the financial statements reflects expenditure of Kshs.18,908,802 on emergency projects. Included in this balance, is a sum of Kshs.1,600,000 incurred in

respect of National Youth Service projects which was irregularly charged to the vote. Records maintained by the CDF office indicate that the CDFC, at its meeting held on 8 June 2015 approved the allocation of Kshs.1,600,000 from the emergency vote to construction of a kitchen, bathrooms, toilets and fencing to accommodate NYS personnel who were sent to Kianyaga under the National Youth Service (NYS) Program. However, no written request was made by the Ministry of Devolution and planning or National Youth Service requesting for financial support and therefore the basis of designating the expenditure as an emergency could not be confirmed. Further, it was not explained why the allocation was necessary given that NYS projects are funded wholly by the National Government.

4.0 Un-procedural Procurement of Conferencing Service

Included in use of goods and services expenditure balance of Kshs.1,817,845.04 reflected in the statement of receipts and payments is a sum of Kshs.1,350,000 paid to M/s Emyreal Conferencing Company by cash instead of cheque written in the name of the Company. Further, no procurement documents were made available to show the procedure used in identifying the service provider. Similarly, consultancy fees amounting to Kshs.300,000 and a further Kshs.96,000 facilitation fees were paid to an individual through cash instead of cheque drawn in the name of the consultant. The facilitation fee was irregular considering that consultancy fees paid to cater for the service. In addition, the dates for the conference were not indicated on the payment schedule thus raising doubts whether the event actually took place.

Consequently, the propriety and value-for-money on the expenditure could not be confirmed.

5.0 Unaccounted for Cash Withdrawal

Review of cash book and cheque counter foils revealed that during the year under review, the Fund Account Manager encashed cheques over-the-counter totaling Kshs.22,047,986 to pay for various office expenses. However, out of the cash received, a sum of Kshs.9,446,490 was neither supported by imprest warrants nor payment vouchers and therefore remained unaccounted for as at the time of the audit. Further, the management did not explain why imprest warrants were not prepared to compel the officer concerned to account for the funds. In the absence of verifiable expenditure documents, it has not been possible to confirm if the cash withdrawals were used for the intended purposes.

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 Constituencies Development Fund- Gichugu Constituency as at 30 June 2015, 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 Constituencies Development Act, 2013.

Other Matter

1.0 Overall Budget Analysis

Review of summary statement of appropriation revealed 88% and 80% overall budget utilization on receipts and expenditure respectively as detailed below:

Item	Budget Kshs.	Actual Kshs.	Difference Kshs.	Actual as % of Budget
Receipts	126,050,716.00	110,445,854.07	15,604,861.93	88%
Expenditure	126,050,716.00	101,008,883.35	25,041,832.65	80%

As the table shows, actual receipts totaled to Kshs.110,445,854 against Kshs.126,050,716 budgeted resulting in a shortfall of Kshs.15,604,862 that was not disbursed by the CDF Board. Further, the CDF incurred under-expenditure of Kshs.9,436,970.70 or 8.5%. However, no explanation was provided for the under-expenditure.

1.1 Budget Performance and Project Implementation

Review of the statement of appropriation revealed 62% and 94% budget utilization of transfers to other government entities and other grants respectively as shown below:

Project category	No Budgeted	No completed	Not started	Ongoing	Budget Kshs.	Actual Kshs.	Actual as % of Budget
Transfers to other government entities	30	21	8	1	50,501,449	31,083,650	62
Other grants and transfers	46	12	34	0	66,044,011	61,907,826	94
Total	76	33	42	1	116,545,460	92,991,476	80

- (i) As the table shows, the CDF had budgeted to implement thirty (30) projects under the transfers to other government units. However, only 21 projects were completed, eight (8) projects were ongoing and implementation of one (1) project had not started as at the end of the year.
- (ii) Similarly, the CDFC had allocated Kshs.66,044,010.95 to 46 projects under the other grants and transfers. However, only 12 projects were completed while 34 projects were ongoing as at the time of the audit. No explanation was provided for the low absorption of development funds which adversely affected service delivery to the residents of Gichugu.

2.0 Irregularities in Rehabilitation of CCM Kariru Primary School Access Road

Included in other grants and payments expenditure balance of Kshs.61,907,825.62 for the year ended 30 June 2015 is an expenditure amounting to Kshs.1,698,992 incurred on rehabilitation of CCM Kariru Primary School access road. Records made available for audit however, revealed that the Fund Account Manager through single sourcing, procured murram from M/s Jomwa Construction Company Limited at a sum of Kshs.700,000 which was paid in cash. Further, the CDFC later issued request for quotations for the repair of the same CCM Kariru Primary School access road, and after evaluation, the tender was awarded to M/s Markmatt General Supplier and Construction at a cost Kshs.998,992. It was not explained why the road was repaired through imprest allocation and at the same time through the contract awarded to Markmatt General Supplier and Construction Company. The expenditure constitutes loss of public funds. In addition, the following irregularities were noted:

- i. There was no bill of quantity to support the purchase of murram for Kshs.700,000 through the cash imprest;
- ii. Invoices and delivery notes for the purchase of murram were not signed and CDF official did not acknowledge receipt of murram on the delivery note;
- iii. There was no evidence that the murram was verified to be of the proper quantity and quality by the inspection and acceptance committee.

Consequently, the propriety and value for money on the expenditure of Kshs.1,698,992 incurred on this project could not be confirmed.

3.0 Failure to Comply with Procurement Laws

3.1 Irregular use of Request for Quotations Instead of Restricted Tendering Method

Examination of records indicated that Gichugu CDF procured goods and services valued Kshs.11,923,535 for various projects by floating three (3) quotations instead of ten (10) contrary to Section 174 of the Public Procurement and Disposal Act 2005. The value of works and services for the projects exceeded the maximum threshold of Kshs.500,000 indicated prescribed under Class C Matrix of the First Schedule of the Public procurement and Disposal Regulations, 2013. The preferred method should have been restricted tendering method. Consequently, it has not been possible to confirm whether the CDF got value-for-money on the procurement expenditure totaling to Kshs.11,923,523 .

3.2 Gichionjo-Mbiri-Kianyaga Road and Training of Motorcycle Operators

Records made available for audit indicated that the CDFC awarded a contract for grading and gravelling of Gichionjo-Mbiri-Kianyaga road at a cost of Kshs.6,998,976 and training service for motor cycle operators at a cost of Kshs.2,750,000 through request for quotations method. It was however noted that the contract cost for the road and training service exceeded the maximum threshold of Kshs.4,000,000 and

Kshs.2,000,000 respectively for request for quotations stipulated in the First Schedule of the Public Procurement and Regulations, 2013. The national open tender method should have been used instead. No justification was provided for non-compliance with the procurement law.

Further, a tender for the training of the motor cycle operators was split into two (2) quotations and awarded to the same consultant at a sum of Kshs.2,000,000 and Kshs.750,000 contrary to Section 30 (1) of the Public Procurement and Disposal Act, 2005. No reason was provided for splitting the Tender.

Consequently, it has not been possible to confirm whether value for money was achieved on the procurement.

My opinion is not qualified in respect of these matters.



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

Nairobi

21 November 2016

CONSTITUENCY DEVELOPMENT FUND- GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-2015 Kshs	2013-2014 Kshs
RECEIPTS			
Transfers from Other Government Entities	1	110,445,854.07	68,333,158.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		110,445,854.07	68,333,158.00
PAYMENTS			
Compensation of Employees	4	1,493,944.00	880,904.00
Use of goods and services	5	3,394,263.73	6,919,697.00
Committee Expenses	6	2,500,000.00	4,398,500.00
Transfers to Other Government Units	7	31,083,650.00	19,343,234.00
Other grants and transfers	8	61,907,825.62	26,317,076.00
Social Security Benefits	9	29,200.00	20,880.00
Acquisition of Assets	10	600,000.00	1,000,000.00
Other Payments	11	-	-
TOTAL PAYMENTS		101,008,883.35	58,880,291.00
SURPLUS/DEFICIT		9,436,970.72	9,452,867.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The GICHUGU CDF financial statements were approved on _____ 2015 and signed by:



Chairman - CDFC



Fund Account Manager

CONSTITUENCY DEVELOPMENT FUND- GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

V. STATEMENT OF ASSETS

	Note	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	12A	25,041,832.92	15,604,862.20
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	12C	-	-
		<hr/>	<hr/>
TOTAL FINANCIAL ASSETS		25,041,832.92	15,604,862.20
<hr/> <hr/>			
REPRESENTED BY			
Fund balance b/fwd	13	15,604,862.20	-
Surplus/Deficit for the year		9,436,970.72	9,452,867.00
Prior year adjustments	14	-	6,151,995.20
NET FINANCIAL POSSITION		<hr/> 25,041,832.92 <hr/>	<hr/> 15,604,862.20 <hr/>

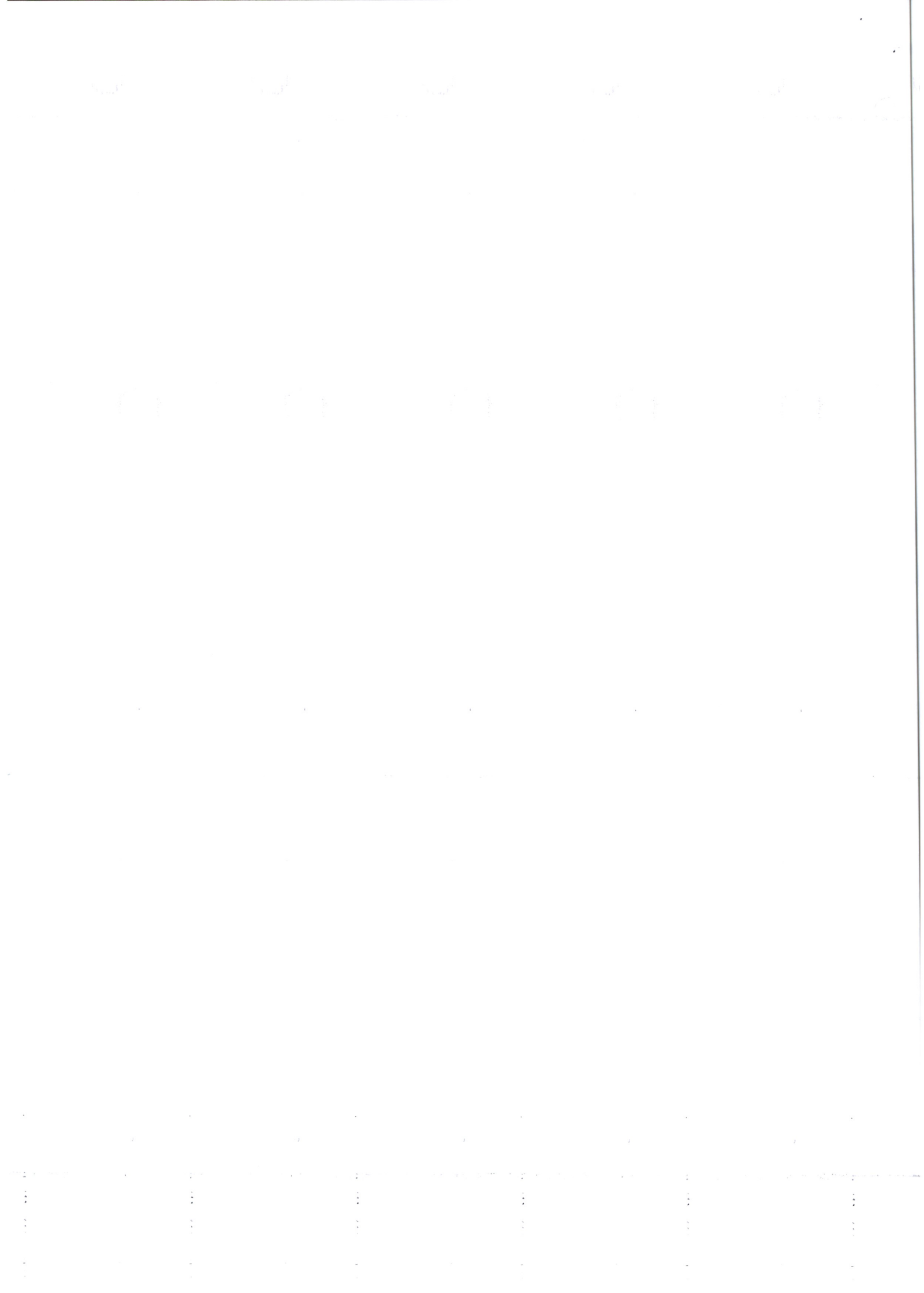
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Chairman - CDFC



Fund Account Manager



CONSTITUENCY DEVELOPMENT FUND- GICHUGU CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

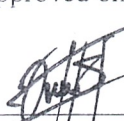
VI. STATEMENT OF CASHFLOW

Receipts for operating income	□	2014 – 2015	2013 – 2014
Transfers from CDF Board	1	110,445,854.07	68,333,158.00
Other Receipts	3	-	-
Payments for operating expenses			
Compensation of Employees	4	1,493,944.00	880,904.00
Use of goods and services	5	3,394,263.73	6,919,697.00
Committee Expenses	6	2,500,000.00	4,398,500.00
Transfers to Other Government Units	7	31,083,650.00	19,343,234.00
Other grants and transfers	8	61,907,825.62	26,317,076.00
Social Security Benefits	9	29,200.00	20,880.00
Other Payments	11	-	-
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		10,036,970.72	10,452,867.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	600,000.00	1,000,000.00
Net cash flows from Investing Activities		(600,000.00)	(1,000,000.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		9,436,970.72	9,452,867.00
Cash and cash equivalent at BEGINNING of the year	15	15,604,862.20	6,151,995.20
Cash and cash equivalent at END of the year	16	25,041,832.92	15,604,862.20

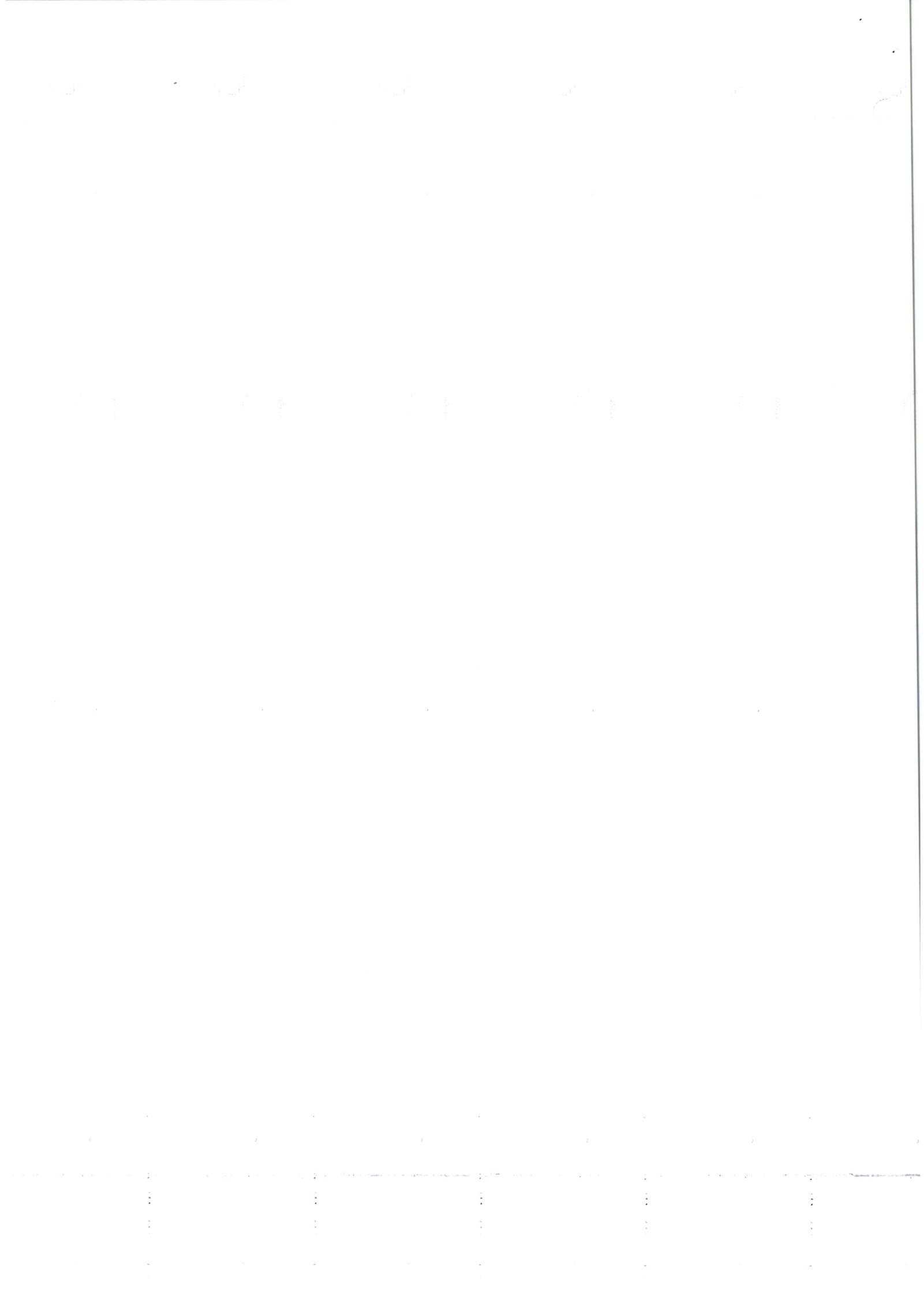
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The GICHUGU CDF financial statements were approved on _____ 2015 and signed by:



Chairman CDFC



Fund Account Manager



Reports and Financial Statements
For the year ended June 30, 2015

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	95,823,468.00	30,227,248.07	126,050,716.07	110,445,854.07	15,604,862.00	87.60%
Proceeds from Sale of Assets						
Other Receipts						
PAYMENTS						
Compensation of Employees	1,430,000.00	63,944.00	1,493,944.00	1,493,944.00	-	100.00%
Use of goods and services	4,314,112.12		4,314,112.12	3,394,263.73	919,848.39	79%
Committee Expenses	2,868,000.00		2,868,000.00	2,500,000.00	368,000.00	87.17%
Transfers to Other Government Units	42,997,731.00	7,503,718.00	50,501,449.00	31,083,650.00	19,417,799.00	61.55%
Other grants and transfers	43,401,624.88	22,642,386.07	66,044,010.95	61,907,825.62	4,136,185.33	93.7%
Social Security Benefits	12,000.00	17,200.00	29,200.00	29,200.00	-	100.00%
Acquisition of Assets	800,000.00		800,000.00	600,000.00	200,000.00	75.00%
Other Payments						
TOTALS	95,823,468.00	30,227,248.07	126,050,716.07	101,008,883.35	25,041,832.72	

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

(b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

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- ii. Xxxx
- iii. Xxxx
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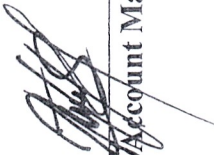
**Reports and Financial Statements
For the year ended June 30, 2015**

v. Xxxx

The GICHUGU CDF financial statements were approved on _____ 2015 and signed by:



Chairman CDF



Fund Account Manager

**Reports and Financial Statements
For the year ended June 30, 2015**

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VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

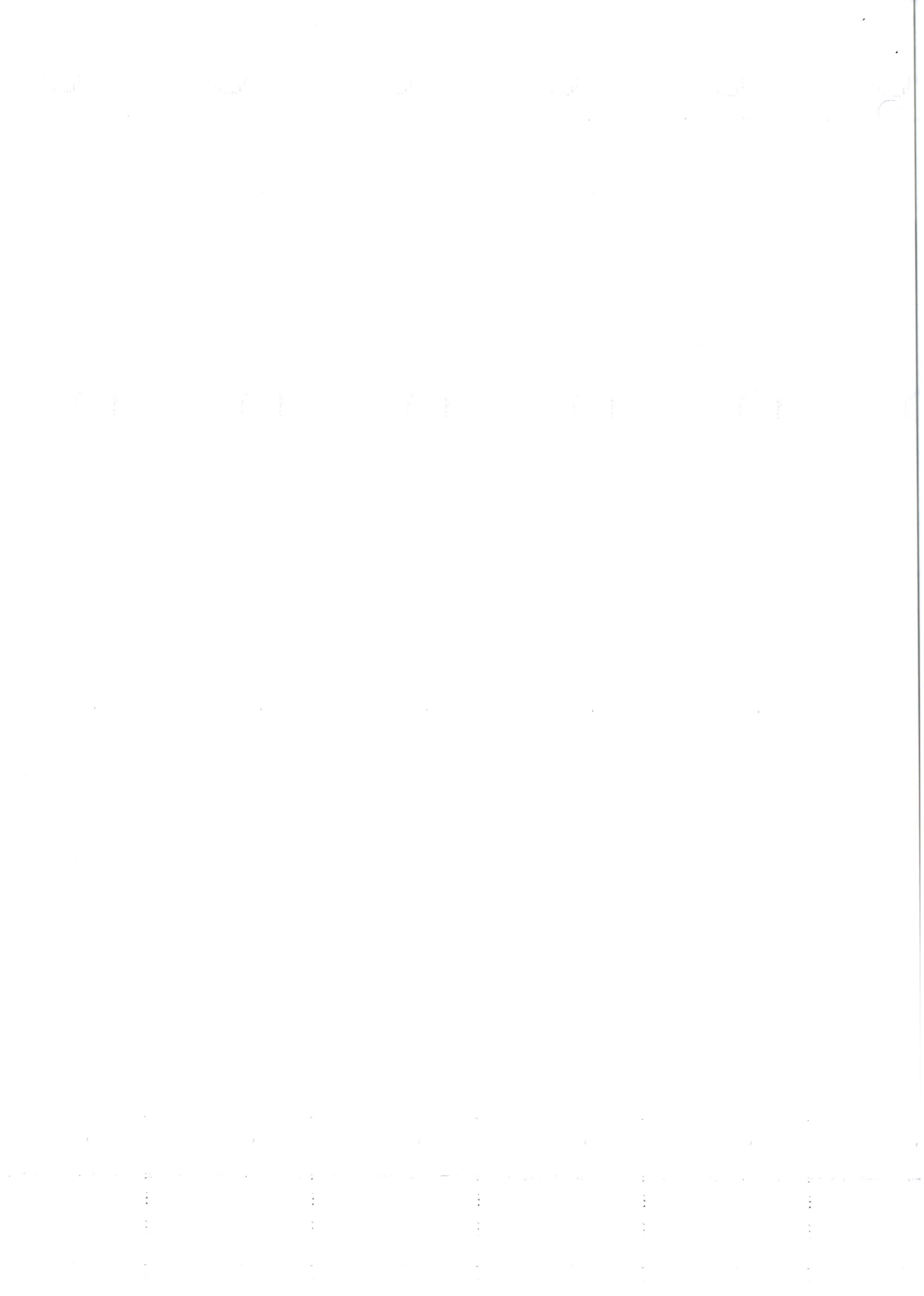
The *CDF* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *CDF*. In addition, the *CDF* recognises all expenses when the event occurs and the related cash has actually been paid out by the *CDF*.

3. In-kind contributions

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

4. Cash and cash equivalents

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



CONSTITUENCIES DEVELOPMENT FUND – GICHUGU CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

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

6. Budget

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

7. Comparative figures

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

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2015.

CONSTITUENCIES DEVELOPMENT FUND – GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

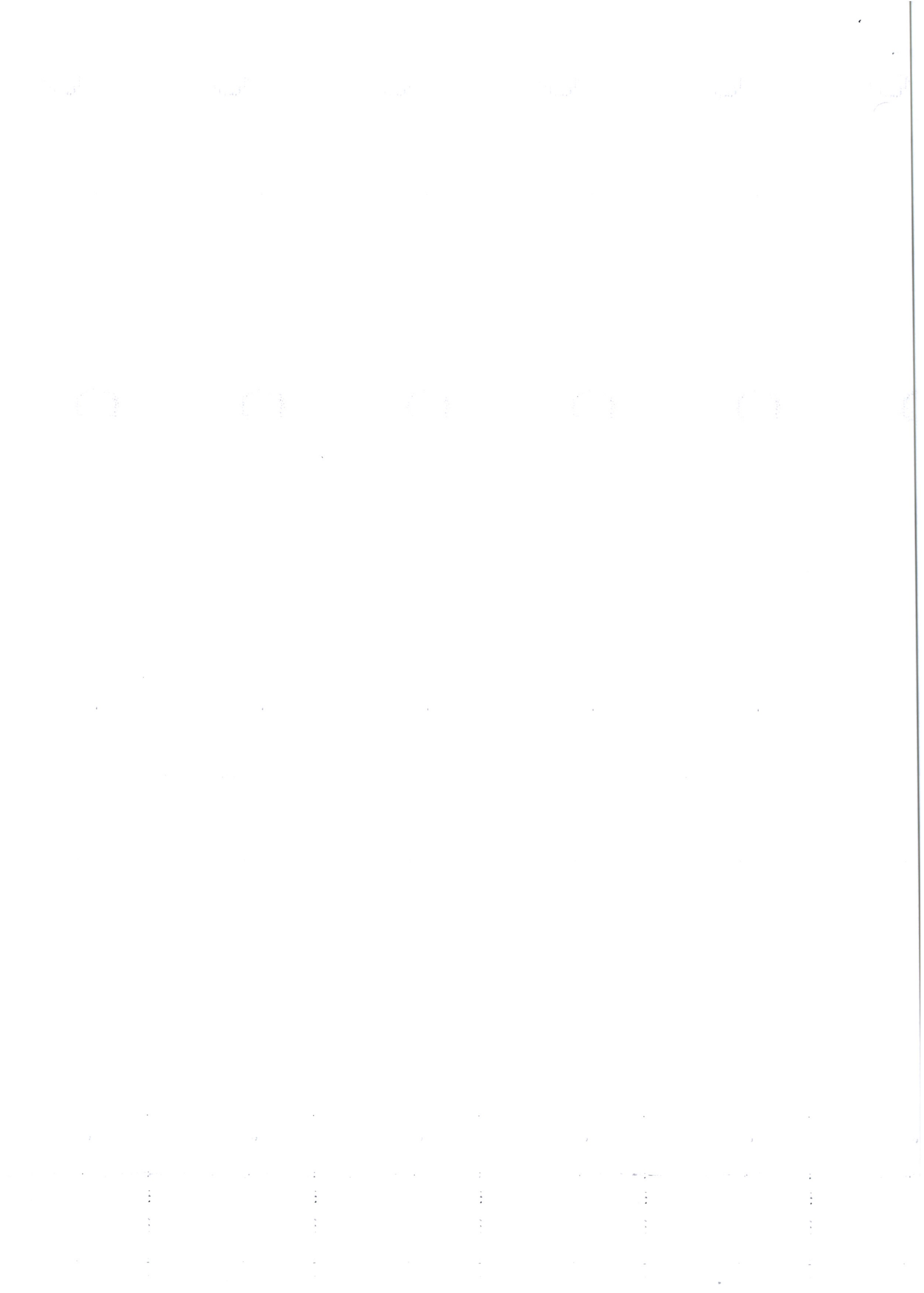
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.1.3 OTHER RECEIPTS

	2014 - 2015 Kshs	2013 - 2014 Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	-	-

1.1.1.1.1.1.1.4 COMPENSATION OF EMPLOYEES

	2014 - 2015 Kshs	2013 - 2014 Kshs
Basic wages of contractual employees	1,493,944.00	880,904.00
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Other personnel payments	-	-
Total	1,493,944.00	880,904.00



CONSTITUENCIES DEVELOPMENT FUND – GICHUGU CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.5 USE OF GOODS AND SERVICES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Utilities, supplies and services	57,900.00	263,800.00
Communication, supplies and services	336,418.00	300,000.00
Domestic travel and subsistence	-	500,000.00
Printing, advertising and information supplies & services	212,115.00	600,000.00
Rentals of produced assets	-	-
Training expenses	1,817,845.04	2,583,430.00
Hospitality supplies and services	789,974.69	400,000.00
Insurance costs	29,260.00	12,000.00
Specialized materials and services	-	-
Office and general supplies and services	-	400,000.00
Other operating expenses	47,600.00	831,538.00
Routine maintenance – vehicles and other transport equipment	103,151.00	920,349.00
Routine maintenance – other assets	-	-
Total	3,394,263.73	6,919,697.00

1.1.1.1.1.1.6 COMMITTEE EXPENSES

	2014 -2015	2013 - 2014
	Kshs	Kshs
Committee allowances	1,300,000.00	183,000.00
Other committee expenses	1,200,000.00	4,215,500.00
Total	2,500,000.00	4,398,500.00



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CONSTITUENCIES DEVELOPMENT FUND – GICHUGU CONSTITUENCY**Reports and Financial Statements**

For the year ended June 30, 2015

*NOTES TO THE FINANCIAL STATEMENTS (Continued)***1.1.1.1.1.1.7 TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	5,873,900.00	3,760,000.00
Transfers to secondary schools (see attached list)	18,999,750.00	14,436,234.00
Transfers to tertiary institutions (see attached list)	6,210,000.00	797,000.00
Transfers to health institutions (see attached list)	-	350,000.00
TOTAL	31,083,650.00	19,343,234.00

1.1.1.1.1.1.8 OTHER GRANTS AND OTHER PAYMENTS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bursary – secondary schools (see attached list)	7,936,200.00	6,302,000.00
Bursary – tertiary institutions (see attached list)	1,468,500.00	4,200,000.00
Bursary – special schools (see attached list)	32,000.00	638,000.00
Mock & CAT (see attached list)	-	-
Water projects (see attached list)	4,522,386.07	7,116,944.00
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	8,814,657.00	2,412,606.00
Security projects (see attached list)	-	-
Roads projects (see attached list)	10,706,853.55	700,000.00
Sports projects (see attached list)	-	1,309,000.00
Environment projects (see attached list)	9,518,427.00	2,433,256.00
Emergency projects (see attached list)	18,908,802.00	1,205,270.00
Total	61,907,825.62	26,317,076.00

1.1.1.1.1.1.9 SOCIAL SECURITY BENEFITS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Employer contribution to NSSF	29,200.00	20,880.00
Total	29,200.00	20,880.00

CONSTITUENCIES DEVELOPMENT FUND – GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.10 ACQUISITION OF ASSETS

Non Financial Assets

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	1,329,256.00
Purchase of Vehicles and Other Transport Equipment	-	1,000,000.00
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
	600,000.00	
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	600,000.00	2,329,256.00

CONSTITUENCIES DEVELOPMENT FUND – GICHUGU CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.11 OTHER PAYMENTS

Specify	2014 - 2015 Kshs	2013 - 2014 Kshs
	-	-

12A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2014 - 2015 Kshs	2013 - 2014 Kshs
<i>Equity Bank, Kerugoya Branch A/C no.</i>	25,041,832.92	15,604,862.20
Total	25,041,832.92	15,604,862.20

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CONSTITUENCIES DEVELOPMENT FUND – GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

IX. NOTES TO THE FINANCIAL STATEMENTS

1.1.1.1.1.1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
CDF Board		
AIE NO...A750295	33,589,199.50	34,743,958.50
AIE NO...A796679	25,955,867.00	33,589,199.50
AIE NO...A796989	21,955,867.00	
AIE NO...A797109	1,400,000.00	
AIE No.	3,589,053.57	-
	23,955,867.00	
(other constituency e.g, parent constituency)	-	
TOTAL	110,445,854.07	68,333,158.00

1.1.1.1.1.1.2 PROCEEDS FROM SALE OF ASSETS

	2014 – 2015	2013 – 2014
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Total	-	-

CONSTITUENCIES DEVELOPMENT FUND – GICHUGU CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12B: CASH IN HAND

	2014 - 2015 Kshs	2013 – 2014 Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-

[Provide cash count certificates for each]

12C: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
Total				-

[Include an annex of the list is longer than 1 page.]

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CONSTITUENCIES DEVELOPMENT FUND – GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	15,604,862.20	6,151,995.20
Cash in hand	-	-
Imprest	-	-
Total	15,604,862.20	6,151,995.20

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Bank accounts	6,151,995.20	-
Cash in hand	-	-
Imprest	-	-
Total	6,151,995.20	-

CONSTITUENCIES DEVELOPMENT FUND – GICHUGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

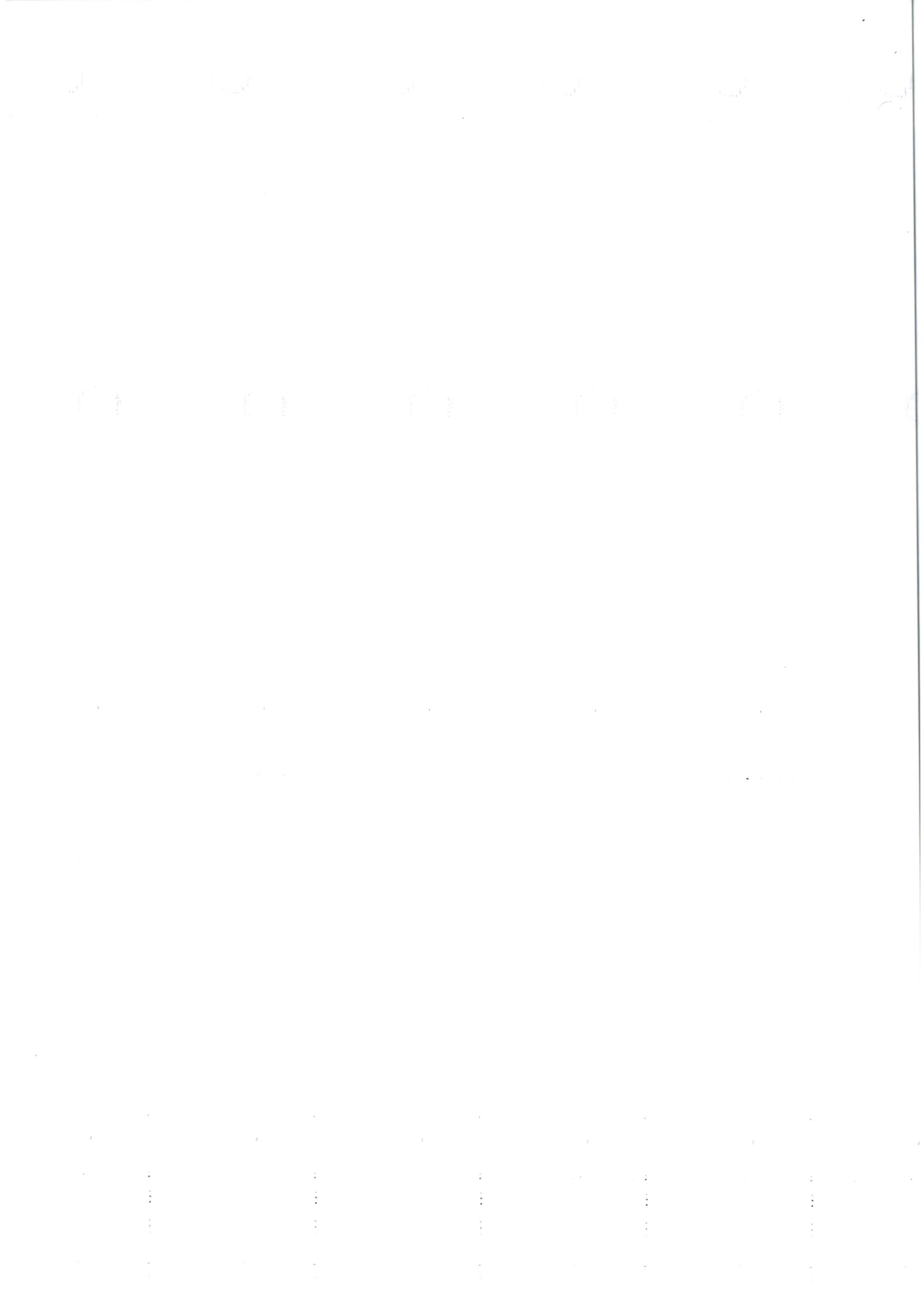
	2014 – 2015 Kshs	2013 – 2014 Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (<i>specify</i>)	-	-
	-	-

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	-	-
Amounts due to other grants and other transfers (see attached list)	-	-
Others (<i>specify</i>)	-	-
	-	-



NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs'000)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

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NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs'000)

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		A	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
	Sub-Total						
Middle Management							
4.							
5.							
6.							
	Sub-Total						
Unionisable Employees							
7.							
8.							
9.							
	Sub-Total						
Others (specify)							
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	Sub-Total						
	Grand Total						

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NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs'000)

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount A	Date Payable Contracted b	Amount Paid To-Date c	Outstanding Balance 2015 d=a-c	Outstanding Balance 2014	Comments
Amounts due to other Government entities							
1.							
2.							
3.							
	Sub-Total						
Amounts due to other grants and other transfers							
4.							
5.							
6.							
	Sub-Total						
	Sub-Total						
Others (specify)							
7.							
8.							
9.							
	Sub-Total						
	Grand Total						

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NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
 Reports and Financial Statements
 For the year ended June 30, 2015 (Kshs'000)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2014/15	Historical Cost (Kshs) 2013/14
Land		
Buildings and structures		
Transport equipment	4,994,637.99	4,994,637.99
Office equipment, furniture and fittings	918,000.00	318,000.00
ICT Equipment, Software and Other ICT Assets	182,000.00	98,500.00
Other Machinery and Equipment	56,300.00	48,800.00
Heritage and cultural assets		
Intangible assets		
Total	5,550,937.99	5,459,937.99

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