

REPUBLIC OF KENYA



PARLIAMENT  
OF KENYA  
LIBRARY

OFFICE OF THE AUDITOR GENERAL

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
CONSTITUENCIES DEVELOPMENT FUND -  
KANGEMA CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2015**



---

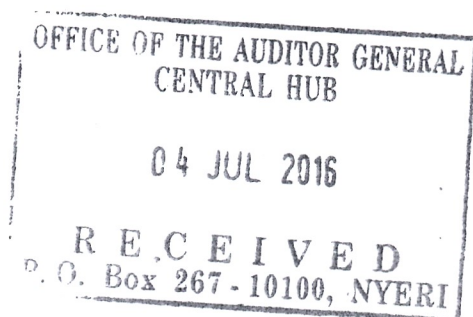
**CONSTITUENCY DEVELOPMENT FUND- KANGEMA CONSTITUENCY**

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

---

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT .....	1
II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC) .....	3
III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES .....	4
IV. STATEMENT OF RECEIPTS AND PAYMENTS .....	5
V. STATEMENT OF ASSETS.....	6
VI. STATEMENT OF CASHFLOW .....	7
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	8
VIII. SIGNIFICANT ACCOUNTING POLICIES.....	24
IX. NOTES TO THE FINANCIAL STATEMENTS.....	26

## 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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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*. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

### (b) Key Management

The *Nakuru Town 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 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	John Munyau
3.	Accountant	Pascal Amove
4.		

### (d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of CDF Board provide overall fiduciary oversight on the activities of Kangema Town 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) KANGEMA CDF Headquarters

P.O. Box 22  
Kangema CDF Office  
Kangema, KENYA

**CONSTITUENCY DEVELOPMENT FUND- KANGEMA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2015**

---

**(f) KANGEMA CDF Contacts**

Telephone: (254) 020 2042168

E-mail:kangemacdf.go.ke

**(g) KANGEMA CDF Bankers**

1. Equity Bank Kangema  
Private Bag  
Kangema

**(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

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

**FORWARD**

The CDF Kitty in Kangema has gone a long way in improving the standard of life for the residents of Kangema Constituency. This fund has seen many Students, who would otherwise not have managed to be in school, enroll and remain in school. We have disbursed about Ksh 15,000,000.00 (Fifteen Million) of Bursaries to needy students in the Universities, Secondary Schools and middle level Colleges. We have also disbursed over Ksh 12,000,000.00 (Twelve million) for construction and renovation of Chief's, Assistant Chief's offices and AP camps across all the wards in the Constituency. During the Financial year 2014/15 we disbursed a total of over Ksh 112,000,000.00 (One Hundred and Twelve million) to projects in various sectors.

Kangema Constituency faced major challenge in the absorption of funds due the long period of inactivity occasioned by the demise of the former Kangema MP and an election soon after the By-election. This is the reason we managed to disburse Ksh 117,981,422.54 out of Ksh 204,448,544.23 available in that. Out of this amount Ksh 45,991,329.50 is yet to be received from the CDF Board. As a committee, we are determined to increase our absorption rate to 100% this financial year

Sign.....

John Maina Mwangi

**CHAIRMAN CDFC**

**CONSTITUENCY DEVELOPMENT FUND- KANGEMA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2015**

---

**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 agency shall prepare financial statements in respect of that agency. 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 Kangema Constituency Development Fund is responsible for the preparation and presentation of the Kangema CDF financial statements, which give a true and fair view of the state of affairs of the Kangema CDF for and as at the end of the financial year (period) 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 Kangema 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 Kangema 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 Kangema 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.

\_\_\_\_\_  
Fund Account Manager

  
\_\_\_\_\_  
CDFC Chairman



## OFFICE OF THE AUDITOR-GENERAL

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

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund-Kangema Constituency, set out on pages 5 to 38, 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 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 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 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 accordance with Article 229 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 that 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 adverse audit opinion.

## **Basis for Adverse Opinion**

### **1. Accuracy of Receipts**

The statement of receipts and payments reflects receipts totalling to Kshs.126,456,386.50 while records from the CDF Board shows disbursement totalling to Kshs.136,419,179 were made to the CDF account during the year under review. The resultant difference of Kshs.9,962,792.50 has not been explained. Further, the summary statement of appropriation shows actual receipts totalling to Kshs.158,456,386.50 were recovered during the year. No reconciliation has been provided for the three (3) receipt balances.

In the circumstances, it has not been possible to confirm the accuracy of the receipts balance totalling to Kshs.126,456,386 reflected in the statement of receipts and payments for the year under review.

### **2. Bank Balances**

The statement of assets reflects bank balances amounting to Kshs.40,472,792.30 as at 30 June 2015. However, the CDF management did not prepare bank reconciliation statements for the month of March to June 2015 contrary to government financial regulations and procedures. In the circumstance, it has not been possible to confirm the accuracy of bank balance Kshs.40,472,792.30 as at 30 June 2015.

### **3. Unsupported Bursary payments**

Records maintained by the Kangema CDF office indicated that during the financial year the Constituency Development Fund Committee (CDFC) paid Kshs.15,230,000 to bursary applicants. Out of the total bursaries awarded to students in various institutions, receipt of beneficiaries of bursaries totalling to Kshs.4,815,403 was acknowledged through letters or receipt vouchers. Thus receipt of the balance of Kshs.10,414,597 was not acknowledged.

As a result, it was not possible to ascertain whether the acknowledged bursaries totalling to Kshs.10,414,597 reached the intended beneficiaries.

## **Adverse Opinion**

In my opinion, because of the significance of the matters discussed in the Basis of Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of Constituencies Development Fund - Kangema Constituency as at 30 June 2015, and of its financial performance cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012 and Constituencies Development Fund Act, 2013.

## **Other Matter**

### **1. Irregularities in Construction of Kangema Social Hall**

Tender No. CDF/KANG/01/2013-2014 for proposed construction of a social hall at Kangema was awarded at a contract sum of Kshs.39,557,108.96 to M/s Manyota company Limited of Nairobi County through national open tender. The winning bidder was the sixth lowest out of thirteen other bidders who responded. Tender evaluation minutes of 17 January 2014, indicate that nine bidders were declared non-responsive while the other four were subjected to financial evaluation.

The second lowest bidder, M/s Annembugus Co. Ltd, who quoted Kshs.34,266,165 for the tender and met all the conditions at the preliminary and technical evaluation stage, was disqualified due to lack of statement of litigation history by the bidder. However, this is considered insufficient ground to disqualify bidders. Had the tender committee considered and awarded the tender to the second lowest bidder, the CDF would have saved a total of Kshs.5,290,943.96 lost in the award of the contract to the second highest bidder. Manyoota Company Ltd who quoted Kshs.39,557,108. Consequently, the tender was not awarded to the most competitive bidder and value-for-money was realized from this procurement.

### **2. Professional Consultancy services**

Evaluation of records further revealed that the CDF management vide LSO No. 066584 dated 26 November 2013, engaged a private architect; M/s Linkage Consultant to provide design work and project supervision services on the proposed construction of a social hall. The consultancy fee was set at the rate of 7.5% of the project contract cost of Kshs.49,412,000 less 25% discount thus totalling Kshs.3,224,133 inclusive of 16% VAT. However, the services were single-sourced contrary to Section 74 of the Public Procurement and Disposal Act, 2005. It was also not explained why the CDF did not consult the line Ministry of Public Works to offer the same services as recommended in the CDF Act, 2013. In view of the irregularities, propriety and value-for-money expenditure amounting to Kshs.3,224,133 incurred on the consultancy of Kshs.3,224,133 could not be confirmed.

### 3. Irregular Payments to District Accountant

A review of expenditure records revealed that the District accountant was paid a total of Kshs.816,500 in respect of construction of the Kangema Social Hall. The sum comprised of Kshs.116,500 for design of three(3) water tanks and security of the social hall while the sum of Kshs.700,000 was to cater for emergency repairs on the building due to damages caused by rains. However, no records were provided for audit review and therefore the amount spent was not accounted for. Consequently, it has not been possible to confirm the propriety of this expenditure.

### 4. Overall Budget Analysis

#### 4.1 Budgetary Performance

Review of the statement of budget appropriation revealed 78% and 58% overall budget utilization on receipts and expenditure respectively, as follows:

Item	Budget Kshs	Actual Kshs	Difference-(Under) Kshs	Actual as % of Budget
Receipts	204,454,215	158,456,386	45,997,829	78%
Expenditure	204,448,544	117,981,422	86,467,122	58%

The tabulation reflects actual receipts totalling to Kshs.158,456,386 against budgeted sum of Kshs.204,454,215 resulting in a shortfall of Kshs.45,997,829. However, actual receipts for the year under review were understated by Kshs.9,962,792.50 which discrepancy was not explained. Further, the CDF incurred expenditure totalling to Kshs.117,981,422 (equal but to 58% absorption rate) against the approved budget Kshs.204,448,544. The low utilization of funds constrained service delivery to the residents of Kangema.

#### 4.2 Budgetary Control and project implementation

Review of the statement of appropriation revealed that the CDF attained 59% budget utilization on project implementation as shown below:

Project category	Budget Kshs	Actual Kshs	% level of implementation	No. of projects completed	Ongoing projects	No. of projects not started
Transfer to other Government units	56,768,560	36,182,141	64	6	8	12
Other grants and transfers	91,739,178	35,577,802	39	2	9	4
Acquisition of assets	41,145,158	39,645,158	96	2	1	
<b>Total</b>	<b>189,652,896</b>	<b>111,405,101</b>	<b>59</b>	<b>10</b>	<b>18</b>	<b>16</b>

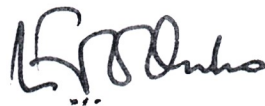
*Constituencies Development Fund - Kangema Constituency – Reports and Financial statements for the year ended 30 June 2015*

- i. The CDF had budgeted to implement projects worth Kshs.189,652,896 during the financial year under review. However, actual expenditure on projects totalled to Kshs.111,405,101 including a sum of Kshs.31,432,759 in respect of projects proposed and budgeted for 2013/2014 rolled over to 2014/2015. The low utilization of the budget was attributed to delay in disbursement of funds by the CDF Board.
- ii. The analysis also shows that ten (10) projects were completed in the financial year under review, while eighteen (18) projects were ongoing and sixteen (16) had not been implemented as at the time of this audit.
- iii. As at 30 June 2015, projects worth Kshs.191,272,386.45 proposed in previous financial years between 2007/2008 to 2014/2015) were rated as on-going. In addition projects with total budget allocation totalling to Kshs.30,594,729 had not been implemented. These projects appear to have stalled and may never be completed to serve their intended purposes.

#### **5. Unsupported Grants to Michuki Youth Polytechnic**

The Kangema CDFC disbursed a sum of Kshs.500,000 to the Michuki youth Polytechnic PMC for construction of a workshop. The project was said to have been implemented through a labour-based contract. However, expenditure returns and procurement documents were not made available for audit review to account for the funds. Further, a site visit to the polytechnic revealed that the size of the workshop and work done were not commensurate to the amount disbursed to the PMC. Consequently, the propriety of the expenditure totalling to Kshs.500,000 could not be confirmed.

My opinion has not been qualified in respect of these matters.



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

**Nairobi**


**15 November 2016**

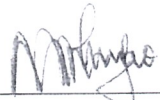
**CONSTITUENCY DEVELOPMENT FUND- KANGEMA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>RECEIPTS</b>			
Transfers from Other Government Entities	1	126,456,386.50	72,909,882.00
Proceeds from Sale of Assets	2	0.00	0.00
Other Receipts	3	0.00	0.00
<b>TOTAL RECEIPTS</b>		<b>126,456,386.50</b>	<b>72,909,882.00</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	1,210,074.75	915,498.00
Use of goods and services	5	1,868,646.25	3,407,505.41
Committee Expenses	6	3,480,000.00	2,990,534.00
Transfers to Other Government Units	7	36,182,941.00	26,130,236.79
Other grants and transfers	8	35,577,802.12	20,776,313.25
Social Security Benefits	9	16,800.00	4,800.00
Acquisition of Assets	10	39,645,156.42	2,971,293.00
Other Payments	11	0.00	0.00
<b>TOTAL PAYMENTS</b>		<b>117,984,420.54</b>	<b>57,196,180.55</b>
<b>SURPLUS/DEFICIT</b>		<b>8,474,963.96</b>	<b>15,713,701.55</b>

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

  
**Chairman - CDFC**

  
**Fund Account Manager**

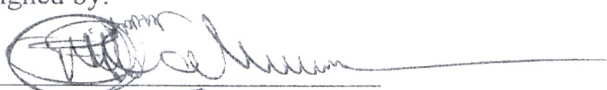
**CONSTITUENCY DEVELOPMENT FUND- KANGEMA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

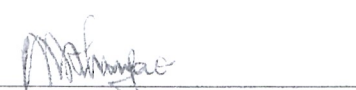
---

**V. STATEMENT OF ASSETS**

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances (as per cash book)	12A	40,472,792.30	31,997,828.23
Cash Balances (cash at hand)	12B	0.00	0.00
Outstanding Imprests	12C	0.00	0.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>40,472,792.30</b>	<b>31,997,828.23</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	13	31,997,828.23	16,284,126.68
Surplus/Deficit for the year		8,474,963.96	15,713,701.55
Prior year adjustments	14	0.00	0.00
<b>NET FINANCIAL POSITION</b>		<b>40,472,792.30</b>	<b>31,997,828.23</b>

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

  
 Chairman CDFC

  
 Fund Account Manager


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

**VI. STATEMENT OF CASHFLOW**

		<b>2014 - 2015</b>	<b>2013 - 2014</b>
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	126,456,386.50	72,909,882
Other Receipts	3	0.00	0.00
 <b>Payments for operating expenses</b>			
Compensation of Employees	4	(1,21,074.75)	(915,498.00)
Use of goods and services	5	(1,868,646.25)	(3,407,505.41)
Committee Expenses	6	(3,480,000.00)	(2,990,534.00)
Transfers to Other Government Units	7	(36,182,941.00)	(26,130,236.79)
Other grants and transfers	8	(35,577,802.12)	(20,776,313.25)
Social Security Benefits	9	(16,800)	(4,800.00)
Other Payments	11	(0.00)	(0.00)
 <b>Adjusted for:</b>			
Adjustments during the year		0.00	0.00
 <b>Net cash flow from operating activities</b>		<b>48,120,122.38</b>	<b>18,684,994.55</b>
 <b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	0.00	0.00
Acquisition of Assets	10	(39,645,158.42)	(2,971,293.00)
<b>Net cash flows from Investing Activities</b>			<b>15,713,701.55</b>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>8,474,963.96</b>	
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>13</b>	<b>31,997,828.23</b>	<b>16,284,126.68</b>
<b>Cash and cash equivalent at END of the year</b>	<b>12</b>	<b>40,472,792.30</b>	<b>31,997,828.23</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kangema 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 %
<b>RECEIPTS</b>						
Transfers from CDF Board	91,982,659.00	112,462,885.23	204,454,214.73	126,456,386.50	77,989,157.73	62
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
<b>PAYMENTS</b>						
Compensation of Employees	1,080,000.00	1,210,074.75	2,290,074.75	1,210,074.75	1,080,000.00	53
Use of goods and services	3,264,668.14	1,884,390.85	5,149,058.99	1,868,646.25	3,280,412.74	36
Committee Expenses	3,755,334.07	3,481,180.00	7,236,514.07	3,480,000.00	3,756,514.07	48
Transfers to Other Government Units	20,585,619.03	36,182,941.00	56,768,560.03	36,182,941.00	20,585,619.03	64
Other grants and transfers	61,677,037.76	30,059,140.21	91,739,177.97	35,577,802.12	56,161,375.85	39
Social Security Benefits	120,000.00	-	120,000.00	16,800.00	103,200.00	14
Acquisition of Assets	1,500,000.00	39,645,158.42	41,145,158.42	39,645,158.42	1,500,000.00	96
Other Payments	-	-	-	-	-	-
<b>TOTALS</b>	<b>91,982,659.00</b>	<b>112,462,885.23</b>	<b>204,448,544.23</b>	<b>117,981,422.54</b>	<b>86,467,121.69</b>	

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

The Absorption rate was low in some votes such as Goods and services, Committee expenses, other grants and transfers because by the close of the financial year 2014/15 we had just received our first half of our total allocation for the year and we had not started spending the Funds.




**CONSTITUENCIES DEVELOPMENT FUND – KANGEMA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2015**

The KANGEMA 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**

---

## 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 –KANGEMA 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.

IX. NOTES TO THE FINANCIAL STATEMENTS

1.1.1.1.1.1.1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2014 - 2015	2013 - 2014
		Kshs	Kshs
CDF Board			
AIE NO	A750075	41,679,104.00	
AIE NO	A759654	38,785,953.00	
AIE NO	A797188	14,000,000.00	
AIE NO	A796024	31,997,329.50	
AIE NO	A654480		33,543,606.00
AIE NO	A 711508		13,508,974.00
AIE NO	A 711508		2,000,000.00
AIE NO	A735569		23,857,302.00
	<b>126,456,386.50</b>		<b>72,909,882.00</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**1.1.1.1.1.1.2 COMPENSATION OF EMPLOYEES**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees	1,210,074.75	915,498.00
<b>Total</b>	<b>1,210,074.75</b>	<b>915,498.00</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**1.1.1.1.1.1.3 USE OF GOODS AND SERVICES**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	790,691.00	260,831.00
Communication, supplies and services	402,433.25	6,960.00
Printing, advertising and information supplies & services	260,458.00	-
Training expenses	-	967,750.00
Insurance costs	-	269,416.00
Fuel, Oil & Lubricants	300,000.00	230,000.00
Other operating expenses	30,015.00	131,231.15
Routine maintenance – vehicles and other transport equipment	60,549.00	317,977.26
Routine maintenance – other assets	24,500.00	1,223,340.00
<b>Total</b>	<b>1,868,646.25</b>	<b>3,407,505.41</b>

**1.1.1.1.1.1.4 COMMITTEE EXPENSES**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee allowances	3,480,000.00	2,990,534.00
<b>Total</b>	<b>3,480,000.00</b>	<b>2,990,534.00</b>

**CONSTITUENCIES DEVELOPMENT FUND –KANGEMA 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 TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to primary schools	8,718,833.00	18,813,398.79
Transfers to secondary schools	16,861,349.00	-
Transfers to tertiary institutions	2,820,000.00	-
Transfers to health institutions	7,782,759.00	7,316,838.00
<b>TOTAL</b>	<b>36,182,141.00</b>	<b>26,130,236.79</b>

**1.1.1.1.1.1.6 OTHER GRANTS AND OTHER PAYMENTS**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary – secondary schools	9,093,000.00	13,248,000.00
Bursary – tertiary institutions	6,277,000.00	-
Mock & CAT	370,000.00	-
Water projects	2,000,000.00	-
Security projects	12,535,360.00	2,220,536.50
Sports projects	1,905,065.00	1,587,150.00
Environment projects	-	235,500.00
Emergency projects	3,397,377.12	3,485,126.75
<b>Total</b>	<b>35,577,802.12</b>	<b>20,776,313.25</b>

**1.1.1.1.1.1.7 SOCIAL SECURITY BENEFITS**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Employer contribution to NSSF	16,800.00	4,800.00
<b>Total</b>	<b>16,800.00</b>	<b>4,800.00</b>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.8 ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2014 - 2015 Kshs	2013 - 2014 Kshs
Construction of Buildings	34,185,064.45	-
Purchase of Vehicles and Other Transport Equipment	584,171.00	2,971,293.00
Purchase of Office Furniture and General Equipment	3,500,598.97	-
Purchase of ICT Equipment, Software and Other ICT Assets	1,375,324.00	-
<b>Total</b>	<b>39,645,158.42</b>	<b>2,971,293.00</b>

**CONSTITUENCIES DEVELOPMENT FUND –KANGEMA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2015**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

---

**12A: Bank Accounts (cash book bank balance)**

<b>Name of Bank, Account No. &amp; currency</b>	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
<i>Equity Bank Kangema, A/c No. 0030294329608</i>	40,472,792.30	31,997,828.23
<b>Total</b>	<b>40,472,792.30</b>	<b>31,997,828.23</b>



**CONSTITUENCIES DEVELOPMENT FUND –KANGEMA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2015**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

---

**13. BALANCES BROUGHT FORWARD**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	31,997,828.23	-
<b>Total</b>	<b>31,997,828.23</b>	<b>-</b>

---

---

15. OTHER IMPORTANT DISCLOSURES

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities	20,585,619.03	36,182,941.00
Amounts due to other grants and other	51,680,037.76	30,059,140.21
Others	5,540,821.09	46,220,804.02
	<u>77,806,477.88</u>	<u>112,462,885.23</u>

**NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs'000)**

---

*NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)*

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs'000)

**ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
<b>Amounts due to other Government entities</b>							
1. Primary School Projects	Infrastructure	10,587,931.00		Nil	10,587,931.00	8,718,833.00	To Disburse
2. Secondary School Projects	Infrastructure	4,047,688.03		Nil	4,047,688.03	16,861,349.00	To Disburse
3. Tertiary Institution Projects	Infrastructure	2,850,000.00			2,850,000.00	2,820,000.00	To Disburse
4. Health Projects		3,100,000.00			3,100,000.00	7,782,759.00	To Disburse
	<b>Sub-Total</b>	<b>20,585,619.03</b>			<b>20,585,619.03</b>	<b>36,182,141.00</b>	
<b>Amounts due to other grants and other transfers</b>							
5. Auditor's Fee	Payment	500,000.00		Nil	500,000.00	-	To Disburse
6. Bursary	Awards	20,000,000.00		10,000,000.00	10,000,000.00	15,740,000.00	To Disburse
7. Security	Infrastructure	10,350,000.00		Nil	10,350,000.00	12,535,360.00	To Disburse
8. Sports	Tournaments	1,714,889.38			1,714,889.38	1,905,065.00	To Disburse
9. Environment	Infrastructure	1,714,889.38			1,714,889.38	-	To Disburse
10. Market Sheds	Infrastructure	500,000.00			500,000.00	-	To Disburse
11. Acquisition of Assets	Infrastructure	20,000,000.00			20,000,000.00	39,645,158.42	To Disburse
12. CDF Office Equipment	Infrastructure	1,500,000.00			1,500,000.00	-	To Disburse
13. Emergency	Emergency	5,400,259.00			5,400,259.00	3,397,377.12	To Disburse
	<b>Sub-Total</b>	<b>61,680,037.76</b>			<b>61,680,037.76</b>	<b>35,577,802.12</b>	
<b>Others (specify)</b>							
14. Admin & Recurrent	Expenses	5,144,668.14		2,176,181.12	2,968,487.02	3,095,521.00	To Disburse
15. M & E	Expenses	2,572,334.07		2,000,000.00	572,334.07	3,480,000.00	To Disburse
16. Strategic Plan	Development	2,000,000.00		Nil	2,000,000.00	-	To Disburse

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs'000)

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
	Sub-Total	9,717,002.21			5,540,821.09	6,575,521.00	
	Grand Total	91,982,659.00			77,806,477.88	117,984,420.54	



NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)  
 Reports and Financial Statements  
 For the year ended June 30, 2014 (Kshs'000)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2014/15	Historical Cost (Kshs) 2013/14
Buildings and structures	39,185,064.45	5,000,000.00
Transport equipment	6,526,757.00	5,942,586.00
Office equipment, furniture and fittings	3,729,998.97	
ICT Equipment, Software and Other ICT Assets	1,465,340.00	90,016.00
<b>Total</b>	<b>50,457,160.42</b>	<b>11,032,602.00</b>