

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

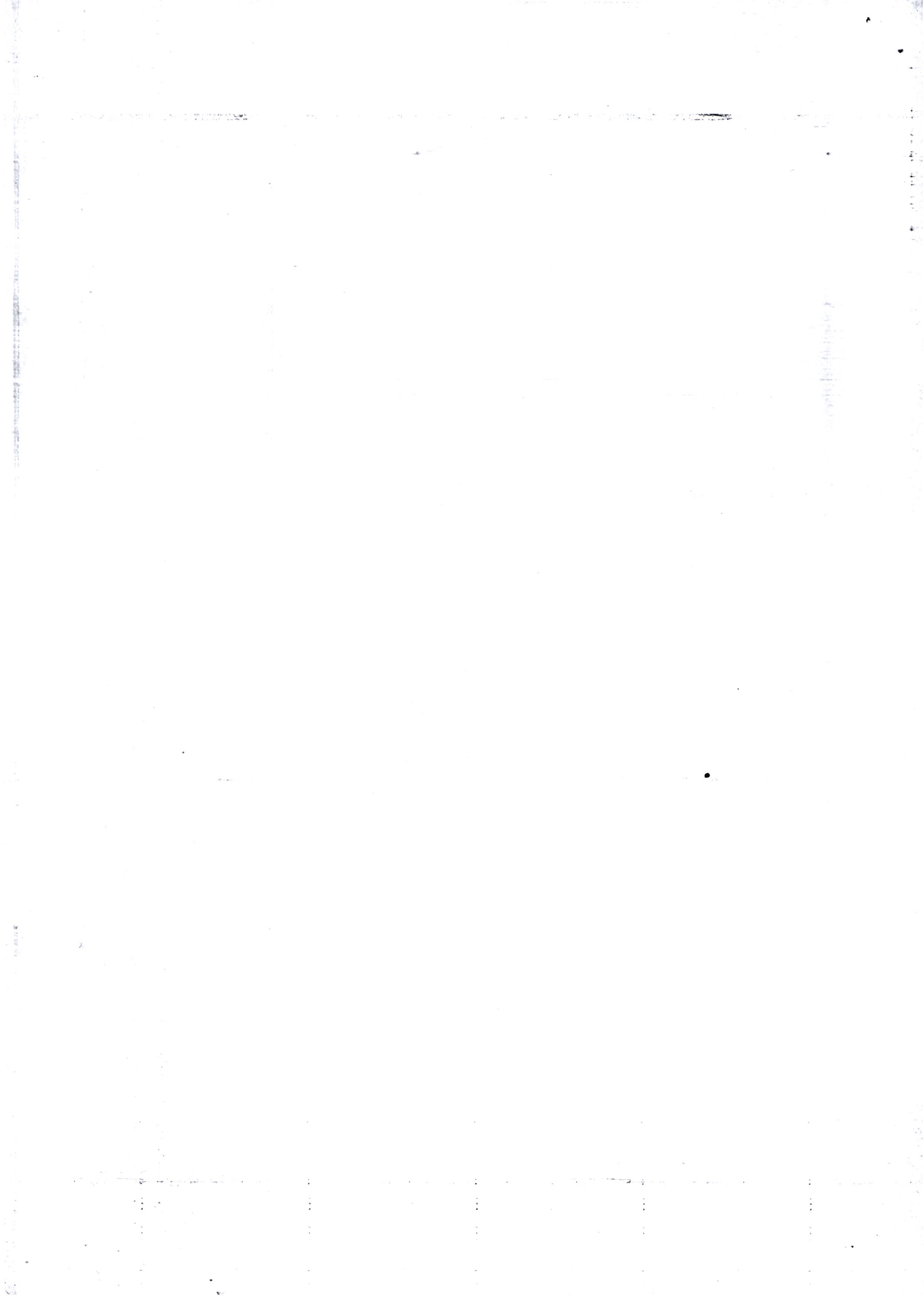
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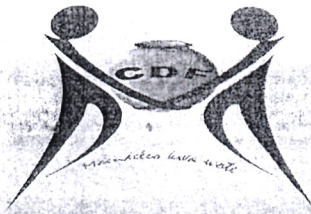
THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND
NAROK EAST CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2015**





CONSTITUENCIES DEVELOPMENT FUND

BOARD SECRETARIAT

Harambee Plaza
10th Floor
Junction of Haille Sellasie Avenue & Uhuru Highway
E mail: cdf@wananchi.com
NAIROBI

Visit Our Website
<http://www.cdf.go.ke>

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NAIROBI

CDF BOARD/AUDITOR GENERAL/2015/180

SEPTEMBER 29, 2015

Mr. Edward Ouko, CBS
The Auditor General
P.O Box 30084 - 00100
NAIROBI

Dear Sir

RE: **CONSTITUENCIES DEVELOPMENT FUND FINANCIAL STATEMENTS FOR
2014/2015 FINANCIAL YEAR**

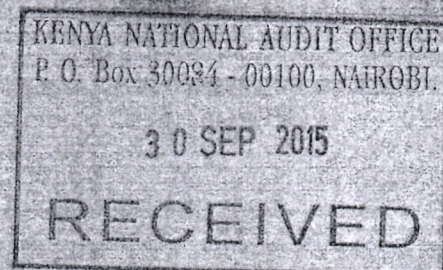
Pursuant to the Constituencies Development Fund (CDF) Act, 2013 Section 44 (4), we wish to submit 2014/2015 Annual Accounts of Narok East Constituency for your necessary action in accordance with CDF Act Section 45 (4).

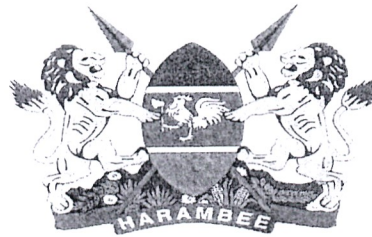
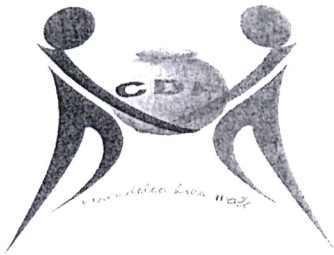
Yours faithfully

YUSUF MBUNO
Ag. CHIEF EXECUTIVE OFFICER

Copy to:

Eng. Peter O. Mangiti
Principal Secretary, Planning
Ministry of Devolution and Planning
P.O Box 30005 - 00100
NAIROBI.





CONSTITUENCY DEVELOPMENT FUND- NAROK EAST 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)

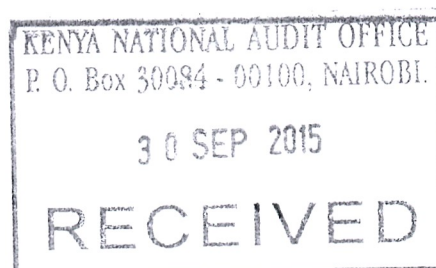


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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(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 Narok East 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	Eric Muange
3.	Accountant	John Gakumo
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of CDF Board provide overall fiduciary oversight on the activities of Narok East 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) NAROK EAST CDF Headquarters

P.O. Box 6642-00100
CDF Building/House/Plaza
Mau Narok Nakuru Road
Narok, KENYA

(f) NAROK EAST CDF Contacts

Telephone: (254) 0722405245
E-mail: narokEast@cdf.go.ke
Website: www.go.ke

(g) NAROK EAST CDF Bankers

Equity Bank of Kenya
Narok Branch
P.O. Box -020500
Narok, Kenya

(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)

I am pleased to report that despite the many challenges faced by the management of Constituency Development Fund, Narok East Constituency Development Fund has recorded impressive performance during the 2013/2014 financial year.

The CDFC directed most of its resource in education sector, bursaries both in tertiary institutions and secondary schools. Roads sector also benefited with the fund during this financial year.

At the beginning of the financial year 2014/2015 25% of the allocation had not been spent due to National Management Board delay in releasing the funds.

During this financial year Narok East CDFC has been in a position to decongest a number of schools with construction of extra classrooms, sustaining the children in school especially the girl child by construction of dormitories..

Despite all these achievement's CDFC faces challenges which among includes Non-cooperation by county government technical personnel, and provide personnel, besides political rivalries that exist between the CDFC and the County Government. Geographical expansiveness of Narok East has also been a challenge as it has financial implications on the project as in remote areas has not been endowed with access road thereby making it difficult for constructors to access these places with materials especially during rainy seasons. Delay of by National Management Board to release the funds on time has also greatly affected implementation of funds on time. With limited resources' allocated to emergency vote visas frequent floods in Narok has made Narok East CDFC to watch the situation helplessly

The recent rulling by court of appeal on legality of existence of CDFC has also greatly affected the performance CDF.

It is my hope that the CDF will continue with the developments that has witnessed before, during and after my tenure in office

Sign



CHAIRMAN CDFC

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 Narok East 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 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 Narok East Constituency 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 Narok East 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 Narok East Constituency confirms that the CDF has complied fully with applicable Government Regulations 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 8/9 2015.


CHAIRMAN CDFC


FAM



OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund-Narok East Constituency set out on pages 5 to 30, which comprise the statement of financial assets and liabilities 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation 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 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 of the Constitution. The audit was conducted in accordance with the 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 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 management, as well as evaluating the overall presentation of the financial statements.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1.0 Statement of Receipts and Payments

The statement of receipts and payments reflects total receipts of Kshs.97,203,728 received from Constituencies Development Fund Board during the year. However, these balance does not agree with the balance of Kshs.112,457,812 reported in the statement of summary of appropriation at page 8 resulting in an unexplained and difference of Kshs.15,254,084.

Consequently, it has been not possible to confirm the actual amount received from the CDF Board.

2.0 Bank and Cash Balances

The statement of assets and liabilities as at 30 June 2015 reflects cash and bank balance of Kshs.6,212,304 for bank account number 0360261237642 held at Equity Bank of Kenya, Narok branch. However, the balance differs from the reconciled cash book balance of Kshs.11,362,762.55 resulting in an unexplained difference of Kshs.5,150,458.55. Further, the bank reconciliation statement reported a bank balance of Kshs.27,563,538.45 which has not been supported by a bank certificate or bank statement. In the circumstances, the accuracy and validity of the reported cash and bank balance of Kshs.6,212,304 as at 30 June 2015 could not be confirmed.

3.0 Outstanding Balances in the Bank Reconciliation Statement

3.1 Payments in Cashbook not Recorded in the Bank Statement

The bank reconciliation statement for the month of June 2015 reflects payments in cash book not recorded in bank statement of Kshs.21,058,124.30. Included in this amount are cheques totaling Kshs.5,580,079.15 which not presented to the bank more than six (6) months after they were drawn. No reason have been provided why the cheques were noted in the cash book.

3.2 Payments in Bank Statement not yet Recorded in the Cashbook

The bank reconciliation statement for the month of June 2015 reflects payments totaling Kshs.4,862,082.40 in bank statement not yet recorded in cash book. No reason has been provided for failure to record the payments in the cash book. In addition, no

records have been presented to show goods and services were paid for directly through the bank.

The bank reconciliation statement reported receipts in cashbook not yet recorded in bank statement totaling to Kshs.18,000 and receipts totaling to Kshs.23,000 in bank statement not totalling recorded in the cash book. In the circumstance, the cashbook has not been maintained accurately during the year.

4.0 Transfers to Other Government Units

The statement of receipts and payments for the year ended 30 June 2015 reflects transfers to other government units totalling to Kshs.74,975,190. However, only Kshs.55,691,531 of the transfers were supported with schedules. The reminder totaling to Kshs.19,283,659 was not supported. In addition, no returns were presented for audit review to confirm how the funds transferred were utilized.

Further, no records were presented to confirm whether projects undertaken with these funds were completed and certificates of completion issued. Similarly, no records have been presented to confirm how the contractors who undertook the projects were, selected.

Consequently, the propriety of the expenditure totalling Kshs.74,975,190 transferred to other government units during the year could not be authenticated.

5.0 Other Grants and Transfers

The statement of receipts and payments for the year ended 30 June 2015 reported other grants and transfers of Kshs.24,091,550. However, supporting schedules provided for audit review revealed a total of Kshs.21,456,550 resulting in an unexplained difference of Kshs.2,635,000. In the circumstance, the other grants and transfers totaling to Kshs.2,635,000 could not be confirmed.

6.0 Unsupported Bursary Expenses

The statement of receipts and payments for the year ended 30 June 2015 reported other grants and payments totaling to Kshs.24,091,550. Included in the balance are bursaries to secondary and tertiary institutions totaling Kshs.11,845,000 and Kshs.8,025,000 respectively. However, the level of studies for the beneficiaries was not indicated and there were no acknowledgements from the learning institutions confirming receipt of funds for the beneficiary students. In the circumstance, it was not possible to ascertain that the funds were received by the institutions and used for the intended purpose.

7.0 Use of Goods and Services

The statement of receipts and payments for the year ended 30 June 2015 reported expenditure on use of goods and services to value to Kshs.2,533,218. Verification of payment vouchers revealed that expenditure totaling Kshs.668,702 was spent on purchase of fuel. However, records confirming fuel drawn and recording of fuel in the

respective motor vehicle work tickets. In the circumstance, it was not possible to confirm that the fuel worth Kshs.668,702 was drawn out of this balance by CDF.

8.0 Committee Expenses

The statement of receipts and payments for the year ended 30 June 2015 reported committee expenses totaling to Kshs.2,236,000. However, payment vouchers presented for audit totaled to Kshs.6,237,600 resulting in an unexplained difference of Kshs.4,001,600. In addition, the summary statement of appropriation reflected a budget of Kshs.4,089,118 for committee expenses against actual verified expenditure of Kshs.6,237,600 resulting in over-expenditure amounting Kshs.2,148,482 which was not authorized by the CDF Board. In the circumstance, the committee expenses were not chargeable to public funds.

9.0 Compensation of Employees

The statement of receipts and payments for the year ended 30 June 2015 reported compensation of employee's expenditure totalling Kshs.1,616,400. However, verification of gross pay revealed a total of Kshs.796,278 resulting in an unexplained and unreconciled difference of Kshs.820,122. In addition, payrolls for the months of July and August 2014 were not presented for audit review. Further, the monthly salaries paid differed with those indicated in staff letters of appointment. The salaries rose and fell in the course of the year but no explanations were made. In the circumstances, the accuracy of the expenditure could not be confirmed.

10.0 Gravelling and Grading of Suswa Nkoriento Road

Verification of road projects revealed that the Kenya Electricity Generating Company (Ken-Gen) was paid Kshs.1,000,000 for gravelling and grading of Suswa-Nkoriento road during the period under review. However the project management committee (PMC) was not involved in the implementation of the project.

In addition, no procurement documents were not presented for audit review to show how the electricity generating company was, selected and awarded the contact to gravel and repair the road in the absence of tender invitation, evaluation and award records.

Further, records showing the scope of works and certification of works done were not presented for audit. In the circumstances, it has not been possible to confirm the property of the expenditure.

11.0 Construction of Osiriet Dispensary

Examination of records revealed that during the year under review, fabricated staff house was built at a cost of Kshs.3,000,000. The house was for occupation by nurses working at Osiriet Dispensary. However, verification revealed that the staff house was not but brick walls were done. The staff house was occupied by pupils from the neighbouring Osiriet Primary School instead of the nurses while the dispensary was occupied by teachers from the school. No explanation and approval for the change of use was presented for audit review. Therefore, the building was not being put to the intended purpose.

12.0 Emergency Allocation Utilized without Board Approval

During the year under review, funds totaling to Kshs.4,892,348 meant for emergency was spent on construction of primary schools and a water project without approval by the Board.

In addition, the Project Management Committees had, as at the time of the audit not submitted expenditure returns showing the status of the projects.

In view of these anomalies, the audit could not confirm the expenditure totaling Kshs.4,892,348 to be a proper charge on public funds.

13.0 Unimplemented Water Projects

During the period under review, the Constituency Development Fund Board approved projects totaling to Kshs.14,827,928 in value. However, the projects were not implemented during the year. Further, a sum of Kshs.8,527,928 was paid to Suswa Girls Secondary School for a project that was not budgeted and approved for by the CDF Board. No reason has been provided for these anomalies.

14.0 Proposed Construction of a Multi-Purpose Hall at Suswa Girls Secondary School

CDFC Minutes referenced 9 June 2015, reallocated Kshs.8,527,928 from Nkorianito Water Project to Suswa Girls Secondary School multi-purpose Hall project without approval of the Board. The School project was not in the list of approved projects for the period 2014/2015 and therefore the Constituency Development Fund Committee acted irregularly in reallocating the funds. Further, it was not clear how the sum of Kshs.8,527,928 was arrived at as there were no bill quantities and invoices to support the payment. In addition, project management committee minutes were not presented for audit to confirm how works for this hall were executed.

Further, interim completion certificates, inspection and acceptance reports and resolutions for withdrawal of funds from the CDF account were not presented for audit verification.

In view of these anomalies it was therefore, not possible to confirm whether proper procurement procedures were followed and further to determine the level of completion of the project and property of expenditure totaling Kshs.8,527,928 incurred on it.

15.0 Avoidable Expenditure

Examination of payment vouchers revealed that Mr.Eric Muange was paid a sum of Kshs.984,000 being sitting allowances for seven (7) committee member and expenses incurred while delivering bursary cheques to schools and other institutions. The expenditure for distributing cheques could have been avoided as other prudent means of delivery for example calling the institutions to collect the cheques could have been used. Therefore, the expenditure was not a proper charge to public funds.

16.0 Irregular Payment

Included in expenditure on compensation of employees is payment voucher No. 00710 of Kshs.987,000 dated 30 June 2015 paid to the Fund Account Manager being allowances for various committee members. However, the payment was made outside the ambit of vote as there was no authority to reallocate the funds and the nature of the expenditure was not relevant to the voted item. In addition, there were no minutes, reports and attendance lists of the committee members to confirm that allowances were earned. In the absence of relevant evidence, the propriety of the expenditure cannot be confirmed.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



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

Nairobi

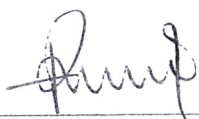
16 November 2016

CONSTITUENCY DEVELOPMENT FUND- NAROK EAST 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	97,203,728.00	68,089,449.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		97,203,728.00	68,089,449.00
PAYMENTS			
Compensation of Employees	4	1,616,400.00	1,239,600.00
Use of goods and services	5	2,533,218.00	1,728,998.00
Committee Expenses	6	2,236,000.00	1,767,000.00
Transfers to Other Government Units	7	74,975,190.00	25,282,759.00
Other grants and transfers	8	24,091,550.00	16,097,807.75
Social Security Benefits	9	24,000.00	19,200.00
Acquisition of Assets	10	400,000.00	6,700,000.00
Other Payments	11	369,150.00	-
TOTAL PAYMENTS		106,245,508.00	52,835,364.00
SURPLUS		(9,041,780.00)	15,254,084.25

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NAROK EAST CDF financial statements were approved on 18/9 2015 and signed by:



Chairman - CDFC



Fund Account Manager

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

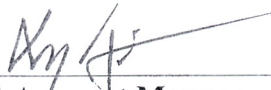
V. STATEMENT OF ASSETS

	Note	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	12A	6,212,304.00	15,254,084.00
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	12C	-	-
TOTAL FINANCIAL ASSETS		6,212,304.00	15,254,084.00
REPRESENTED BY			
Fund balance b/fwd	13	15,254,084.00	-
(Deficit)/suplus for the year		(9,041,780.00)	15,254,084.00
Prior year adjustments	14	-----	-----
NET FINANCIAL POSSITION		6,212,904.00	15,254,084.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NAROK EAST CDF financial statements were approved on 18/9 2015 and signed by:



Chairman - CDFC



Fund Account Manager

CONSTITUENCY DEVELOPMENT FUND- NAROK EAST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

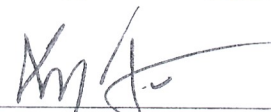
VI. STATEMENT OF CASHFLOW

Receipts for operating income		2014 – 2015	2013 – 2014
Transfers from CDF Board	1	97,203,728.00	68,089,449.00
Other Receipts	3		
Payments for operating expenses			
Compensation of Employees	4	1,616,400.00	1,239,600.00
Use of goods and services	5	2,533,218.00	1,728,449.00
Committee Expenses	6	2,236,000.00	1,767,000.00
Transfers to Other Government Units	7	74,975,550.00	25,282,759.00
Other grants and transfers	8	24,091,550.00	16,097,807.00
Social Security Benefits	9	24,000.00	19,200.00
Other Payments	10	369,150.00	-
Adjusted for:			
Adjustments during the year			-
Net cash flow from operating activities		(105,845,868.00)	(46,135,364.00)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		
Acquisition of Assets	10	(400,000.00)	(6,700,000.00)
Net cash flows from Investing Activities		(400,000.00)	(52,835,364.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		(9,041,780.00)	
Cash and cash equivalent at BEGINNING of the year		15,254,084.00	-
Cash and cash equivalent at END of the year		6,212,304.00	15,254,084.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NAROK EAST CDF financial statements were approved on 8/5 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	97,203,728.00	15,254,084.00	112,457,812.00	112,457,812.00	6,793,584.00	93.95%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
PAYMENTS	97,203,728.00	15,254,084.00	112,458,092.00	112,457,812.00	105,664,508.00	93.95%
Compensation of Employees	1,675,940.00	-	1,675,940.00	1,616,400.00	59,340.00	99.06%
Use of goods and services	1,454,104.00	-	1,454,104.00	2,533,218.00	(1,079,114).00	175%
Committee Expenses	4,089,118.00	-	4,089,118.00	2,236,000.00	1,853,118.00	56%
Transfers to Other Government Units	60,841,157.00	15,254,084.00	76,095,241.00	74,975,550.00	1,119,691.00	92%
Other grants and transfers	27,150,259.00	-	27,150,259.00	24,091,550.00	3,058,709.00	85%
Social Security Benefits	24,000.00	-	24,000.00	24,000.00	-	0%
Acquisition of Assets	400,000.00	-	400,000.00	400,000.00	-	0%
Other Payments	1,569,150.00	-	1,569,150.00	369,150.00	1,200,000.00	9%
TOTALS	97,203,728.00	15,254,084.00	112,458,092.00	106,245,508.00	6,212,304.00	93.95%

Note: Narok East being a new constituency there was need to procure more goods and services to enable the office run smoothly thus over expenditure

The NAROK EAST CDF financial statements were approved on 29/9 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.

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 2014/2015/177	24,300,932.00		2,000,000.00
AIE NO 2014/2015/434	14,580,559.20		20,426,832.70
AIE NO 2014/2015/641	9,720,373.00		20,426,832.70
AIE NO 2014/2015/860	24,300,932.00		25,235,783.60
AIE NO 2014/2015/1005	24,300,931.80	97,203,728.00	
(other constituency e.g, parent constituency)			
TOTAL		97,203,728.00	68,089,449.00

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	xxx	-
Receipts from sale of office and general equipment	xxx	Xxx
Receipts from the Sale Plant Machinery and Equipment	xxx	Xxx
Total	xxx	Xxx

3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

	2014 - 2015 Kshs	2013 - 2014 Kshs
Basic wages of contractual employees	1,616,400.00	1,239,600.00
Basic wages of casual labour	-	-
Personal allowances paid as part of salary	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Other personnel payments	-	-
Total	1,616,400.00	1,239,600.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Utilities, supplies and services	184,748.00	142,142.00
Communication, supplies and services	64,000.00	52,562.00
Domestic travel and subsistence	77,000.00	120,000.00
Printing, advertising and information supplies & services	107,118.00	61,258.00
Rentals of produced assets	-	-
Training expenses	671,000.00	415,300.00
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	512,137.00	422,137.00
Other operating expenses	102,215.00	8,240.00
Routine maintenance – vehicles and other transport equipment	815,000.00	605,235.00
Routine maintenance – other assets	-	-
Total	2,533,218.00	1,728,998.00

6. COMMITTEE EXPENSES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Committee allowances	812,000.00	684,000.00
Other committee expenses	1,424,000.00	1,083,000.00
Total	2,236,000.00	1,767,000.00

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)	70,375,190.00	11,350,000.00
Transfers to secondary schools (see attached list)	4,600,000.00	9,200,000.00
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	4,732,759.00
TOTAL	74,975,190.00	25,282,759.00

1.1.1.1.1.1.8 OTHER GRANTS AND OTHER PAYMENTS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bursary – secondary schools (see attached list)	11,845,000.00	1,958,509.00
Bursary – tertiary institutions (see attached list)	8,025,000.00	9,552,000.00
Bursary – special schools (see attached list)	-	600,000.00
Mock & CAT (see attached list)	1,850,000.00	-
Water projects (see attached list)	971,550.00	2,187,298.75
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	-	-
Strategic plan	-	1,800,000.00
Roads projects (see attached list)	1,400,000.00	7,115,360.00
Sports projects (see attached list)	-	-
Environment projects (see attached list)	-	-
Emergency projects (see attached list)	-	2,187,298.75
Total	24,091,550.00	16,097,807.00

1.1.1.1.1.1.9 SOCIAL SECURITY BENEFITS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Employer contribution to NSSF	24,000.00	19,200.00
Total	24,000.00	19,200.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2014 - 2015 Kshs	2013 - 2014 Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	6,200,000.00
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	400,000.00	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	500,000.00
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	400,000.00	6,700,000.00