

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2015**



1362

CONSTITUENCY DEVELOPMENT FUND- MBOONI 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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CONSTITUENCY DEVELOPMENT FUND-MBOONI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 specific portions of the National Annual budget is devoted to the constituency for the purpose of infrastructural development, wealth creation and fight against poverty at the constituency level.

(b) Key Management

The *MBOONI 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	Paul Kimilu
3.	Accountant	Alphonse Mwololo

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of CDF Board provide overall fiduciary oversight on the activities of Mbooni Constituency. The reports and recommendation of ARMC when adopted by the CDF Board are forwarded to the Constituency Development Fund Committee

CONSTITUENCY DEVELOPMENT FUND- MBOONI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

(CDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(a) Mbooni CDF

P.O. Box 80, Tawa

Matee building,

Mbumbuni Market

Makueni County

(b) Mbooni CDF

Telephone: 0715681197

E-mail: paulkimilu@yahoo.com

(c) Mbooni CDF

Equity Bank

Wote Branch

Account Number 0670262509102

(d) Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

(e) 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)

(a) Summary of Budget Performance

Chairman CDFC Mbooni on behalf of the committee members and the residents of Mbooni hereby thank the CDF Board for their timely disbursement of funds to constituencies. In 2014/2015 Mbooni was allocated Ksh 126,065,670. The budget for the year was fully implemented according to the budget plan and our targets were achieved.

(b) Key achievements

Key achievements during the year include construction of new classrooms, renovations of classrooms, Construction of chiefs offices and AP Line.

(c) Emerging Issues related CDF

Some of the emerging issues of CDF include the following;

- (i) Challenging of CDF existence in a court of law in order to forward the fund to the counties. The local citizens have tested the good work CDF is doing at grass root level and fully supports the CDF to remain as it is and if possible increase its allocation from 2.5% to 5%.
- (ii) There is need to review the CDF Act 2013 to align it to the constitution. This should be done soonest possible.

(d) Implementation Challenges and Way Forward

Some of the implementation challenges and way forward are:-

- (f) Lack of commitment by PMCs
- (ii) Lack of Management skills by PMCs
- (iii) Some PMCs wanting to misappropriate the funds
- (iv) Lack of support and guidance by some line ministries officials
- (v) Duplication of projects by County Governments

WAY FOWARD

- (i) Capacity building of PMCs
- (ii) Increase of Funds for M&E
- (iii) Consultation Between CDFC and County Governments



SAMMY MBITHI

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.

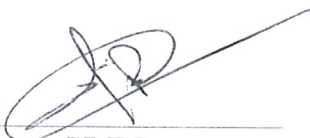
The Accounting Officer in charge of the (*MBOONI CDF*) is responsible for the preparation and presentation of the *CDF's* financial statements, which give a true and fair view of the state of affairs of the *CDF* for and as at the end of the financial year 2014/2015 ended on June 30, 2015. This responsibility 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 *MBOONI 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 *MBOONI 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 *MBOONI 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 30th September, 2015.



Chairman - CDFC



Fund Account Manager

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Mbooni Constituency set out on pages 5 to 22, which comprise statement of assets as at 30 June 2015, and the statement of receipts and payments, statement of cash flows, 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, 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 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 judgment, 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

Report of the Auditor-General on Constituencies Development Fund - Mbooni Constituency for the year ended 30 June 2015

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 opinion.

Basis for Adverse Opinion

1.0 Accuracy and Completeness of Financial Statements

The following variations were noted between the balances reflected in the financial statements as at 30 June 2015 and those reflected in the respective notes to the financial statements:

Item	Amount in the financial statements (Kshs)	Amount in the notes (Kshs)	Variance (Kshs)
Use of goods and services	3,638,870	1,838,870	1,800,000
Outstanding imprest	1,073,230	-	1,073,230
Cash and cash equivalents at the beginning of the year	11,773,829	1,941,305	9,832,524
Cash and cash equivalents at the end of the year	1,941,305	11,773,828	(9,832,524)
Total	18,427,234	15,554,003	2,873,230

Further, the bank reconciliation statement as at 30 June 2015 shows a reconciled cash book balance of Kshs.1,975,875.25. However, the financial statements reflect a balance of Kshs.1,941,305 resulting in an unexplained and unreconciled variance of Kshs.34,570.

In the circumstances, the accuracy and completeness of the financial statement balances as at 30 June 2015 could not be confirmed.

2.0 Non Compliance with the Prescribed Format.

The Cash Basis Accounting Method under the International Public Sector Accounting Standards (IPSAS) adopted by the National Treasury requires that a report on inclusion progress on follow – up of auditor recommendations form part of the financial statements.

However, although the Fund had a qualified opinion in 2013/2014, no report on the progress of follow up on the issues raised in the audit report was included in the financial statements for the year under review.

In the circumstance, the financial statements do not comply with IPSAS (Cash Basis) financial presentation format by the National Treasury.

3.0 Other Receipts

The statement of receipts and payments reflects a balance of Kshs.2,107,475 under 'other receipts' which are analyzed in Note 3 as other receipts not classified elsewhere. Records made available for audit showed that the balance was in respect of reversed stale cheques. However, the respective schedule indicated that the cheques totalled Kshs.1,607,474.50, resulting in an unexplained and unreconciled variance of Kshs.500,000. In the circumstances, the accuracy of the other receipts balance of Kshs.2,107,475 as at 30 June 2015 could not be confirmed.

4.0 Water Projects

During the year under review, Mbooni CDF budgeted for two projects namely; Kwakyeva Water Project and Makaii borehole at a total cost of Kshs.4,000,000. A total of Kshs.3,500,000 was disbursed for the two projects as follows:

Project Name	Actuals (Kshs)	Budget(Project Code List) (Kshs)
KwaKyeva Water Project	2,000,000.00	2,000,000.00
Makaai Borehole	1,500,000.00	2,000,000.00
Total	3,500,000.00	4,000,000.00

A review of the project records and physical verification on 22 March 2016 revealed that the Makaii borehole drilling works were completed and works on installation of a water kiosk was in the progress. However, the sum of Kshs.2,000,000 allocated was not sufficient to bring the project to a useable state as Kshs.1,500,000 of the budget had already been spent and the piping was yet to be done. Since the Mbooni Constituency Development Fund will no longer fund water projects following the enactment of the new National Government Constituency Development Fund Act, 2016, it is not certain whether the project will be completed.

Further, the kwakyeva Water Project had been implemented with two water kiosks, a cattle trough and piping installed at Kwakatundu Centre and at Kaluki Primary School. However, the two water kiosks were not operational as at the time of the physical verification. Further, the cattle trough at the Kaluki Primary School appeared not to have been used for a long time, and it had no water.

In the circumstance, value-for-money on the Kshs.3,500,000 spent on the two projects could not be confirmed.

5.0 Emergency Projects

The Mbooni Constituency Development Fund disbursed a total of Kshs.4,000,000 from the emergency fund for 19 projects with each project getting between Kshs.50,000 and Kshs.600,000. Physical verification of two of the projects revealed the following unsatisfactory issues;

i. Mutea Dispensary

A sum of Kshs.250,000 was disbursed for the completion of the dispensary block. The itemized bill of quantity (BQ) showed that the total balance required was Kshs.487,325. The items in the BQ included doors, iron bars, fascial board, window glasses, paints and labour costs. Physical verification revealed that the dispensary block had been partially completed but had not been put to use. Following the enactment of the new national government Constituency Development Fund Act, 2016, the full completion of the project is uncertain as funding for health projects by the Constituency Development Fund will not be allowed.

- ii. Rehabilitation of Kyangondu Cattle Dip was funded with Kshs.250,000 provided by the CDF. The itemized BQ indicated that fencing was to be carried out at Kshs.267,770. However, physical verification revealed that re-roofing of the cattle dip, renovation of the dip area and construction of a chemicals storage cubicle was done instead of the fencing and therefore the Kshs. 250,000 was not used as appropriated.

In the circumstance, the emergency nature of the two projects could not be confirmed and further value-for-money on the expenditures totalling to Kshs.4,000,000.00 could not be ascertained.

6.0 Budgetary Control and Performance

i. Receipts

The Mbooni Constituency Development Fund (CDF) had an approved budget of Kshs.137,839,499 in the year under review. A review of the financial statements as at 30 June 2015, showed that actual receipts amounted to Kshs.114,743,236 resulting in under-funding of Kshs.23,096,263. Further, the summary statement of appropriation reflects receipts totaling Kshs.126,517,064 while the financial statements reflect receipts totaling Kshs.114,743,236 leading to an unexplained variance of Kshs.11,773,829. In addition, the actual receipts of Kshs.126,517,064 in the summary statement of appropriation includes adjustments for other receipts totaling Kshs.11,773,829. However, the source of these other receipts was not explained/analyzed in a foot note to the summary statement of appropriation. Due to the under – funding, it was not possible for the Fund to implement the budget in totality.

ii. Expenditure

The summary statement of appropriation shows that the Mbooni Constituency Development Fund had an approved expenditure budget of Kshs.149,864,607. However, actual expenditure as at 30 June 2015 was Kshs.124,575,758 as follows:

Name of Project	Amount Allocated	Actuals	Variance- Actuals less Budget	Absorption
Compensation of employees	1,850,000	1,575,180	274,820	85
Use of goods and services	5,100,000	3,638,870	1,461,130	71

Committee Expenses	4,165,910	2,422,190	1,743,720	58
Transfer to Other Government Units	75,443,330	64,110,565	10,832,765	85
Other Grants and transfers	57,824,088	52,534,474	4,789,614	91
Social Security Benefits	110,000	43,200	66,800	39
Acquisition of Assets	5,120,000	-	-	0
Other Payments	251,279	251,279	-	100
Total	149,864,607	124,575,758	19,168,849	83

As the data shows, the highest proportion of the budget went to education projects and bursaries at a total of Kshs.71,169,501.00. The allocation to primary, secondary, and tertiary institutions totaled to Kshs.57,169,501.00 representing 46% of the budget. Residents of Mbooni Constituency did not enjoy however, due to underfunding of the budget, the residents of Mbooni Constituency did not enjoy public services promised to them.

7.0 Project Implementation Status

The projects' budget was categorized into various sectors within the Constituency namely Emergency, Sports, Bursary, Education, Health, Roads, Environment, CDF Office, Security, Social hall, Sports and Water.

Review of the project implementation status report for 2014/2015 revealed that 114 projects were completed, four (4) had not started and six (6) projects were ongoing as shown below:

Sector	Project Status	Amount Allocated (Kshs)	Amount Disbursed (Kshs)	No. of projects
Education	Completed	45,169,501.00	40,669,501.00	64
	Ongoing	15,000,000.00	15,000,000.00	2
	Not started	0.00	0.00	0
	Sub Total	60,169,501.00	55,669,501.00	66
Bursary	Completed	14,500,000.00	14,500,000.00	3
	Ongoing	0.00	0.00	0
	Not started	0.00	0.00	0
	Sub Total	14,500,000.00	14,500,000.00	3
Health	Completed	6,000,000.00	6,000,000.00	5
	Ongoing	0.00	0.00	0
	Not started	0	0.00	0
	Sub Total	6,000,000.00	6,000,000.00	5
Security	Completed	18250000	18250000.00	23
	Ongoing	0	0.00	0
	Not started	0.00	0.00	0
	Sub Total	18,250,000.00	18,250,000.00	23
Roads	Completed	0.00	0.00	0
	Ongoing	1000000	1000000.00	2
	Not started	700,000.00	700000.00	1

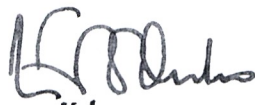
	Sub Total	1,700,000.00	1,700,000.00	3
Environment	Completed	2000000	2000000.00	10
	Ongoing	0.00	0.00	0
	Not started	0.00	0.00	0
	Sub Total	2,000,000.00	2,000,000.00	10
Sport	Completed	700,000.00	700,000.00	5
	Ongoing	0.00	0.00	0
	Not started	200,000.00	200000	1
	Sub Total	900,000.00	900,000.00	6
CDF Office	Completed	0.00	0.00	0
	Ongoing	0.00	0.00	0
	Not started	5,000,000.00	0.00	1
	Sub Total	5,000,000.00	0.00	1
Social Hall	Completed	5,000,000.00	5,000,000.00	1
	Ongoing	0.00	0.00	0
	Not started	500000.00	0.00	1
	Sub Total	5,500,000.00	5,000,000.00	2
Water	Completed	300,000.00	300,000.00	3
	Ongoing	4,000,000.00	4,000,000.00	2
	Not started	0.00	0.00	0
	Sub Total	4,300,000.00	4,300,000.00	5
	Grand Total	118,319,501.00	108,319,501.00	124

As the data shows, out of the 124 projects, four (4) projects with allocation of Kshs.6,400,000 and total disbursements of Kshs.900,000 had not yet commenced as at 30 June 2015 resulting in a delay in provision of public services to Mbooni Constituency residents.

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

Adverse Opinion

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



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

Nairobi

15 November 2016

CONSTITUENCY DEVELOPMENT FUND- MBOONI 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 CDF Board –AIEs			
Received	1	112,635,761	121,446,748
Other Receipts	3	2,107,475	-
TOTAL RECEIPTS		114,743,236	121,446,768
PAYMENTS			
Compensation of Employees	4	1,575,180	1,107,752
Use of goods and services	5	3,638,870	5,353,042
Committee Expenses	6	2,422,190	4,883,802
Transfers to Other Government Units	7	64,110,565	87,994,046
Other grants and transfers	8	52,534,474	41,250,702
Social Security Benefits	9	43,200	31,200
Other Payments	11	251,279	-
TOTAL PAYMENTS		124,575,758	140,620,544
SURPLUS/DEFICIT		(9,832,522)	(19,173,776)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MBOONI CDF financial statements were approved on 30th September, 2015 and signed by:



Chairman - CDFC



Fund Account Manager

CONSTITUENCY DEVELOPMENT FUND- MBOONI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

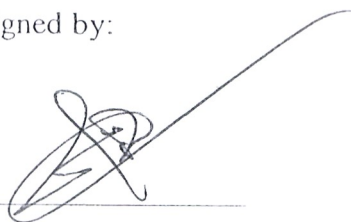
V. STATEMENT OF ASSETS

	Note	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalentents			
Bank Balances (as per cash book)	12A	838,075	11,028,829
Cash Balances (cash at hand)	12B	30,000	-
Outstanding Imprests	12C	1,073,230	745,000
TOTAL FINANCIAL ASSETS		1,941,305	11,773,829
 REPRESENTED BY			
Fund balance b/fwd	13	11,773,829	30,202,602
Surplus/Deficit for the year		(9,832,524)	(18,428,773)
NET FINANCIAL POSSITION		1,941,305	11,773,829

NB: The cash book bank balance as reflected in the cash book as at 30th June, 2015 of Ksh.

1,975,875.25 was adjusted by Ksh. 1,137,800 which was a cash book bank balance overcast to become Ksh. 838,075.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MBOONI CDF financial statements were approved on 30th September, 2015 and signed by:



Chairman - CDFC



Fund Account Manager

CONSTITUENCY DEVELOPMENT FUND- MBOONI CONSTITUENCY

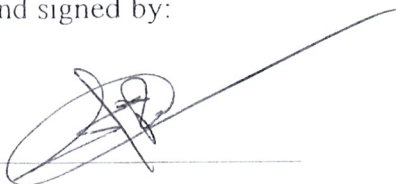
Reports and Financial Statements

For the year ended June 30, 2015

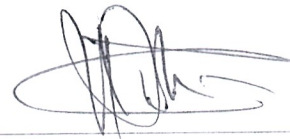
VI. STATEMENT OF CASHFLOW

Receipts for operating income		2014 – 2015	2013 – 2014
Transfers from CDF Board	1	112,635,761	121,446,748
Other Receipts	3	2,107,475	-
Payments for operating expenses			
Compensation of Employees	4	1,575,180	1,107,752
Use of goods and services	5	3,638,870	5,353,042
Committee Expenses	6	2,422,190	4,883,802
Transfers to Other Government Units	7	64,110,565	87,994,046
Other grants and transfers	8	52,534,474	41,250,702
Social Security Benefits	9	43,200	31,200
Other Payments	11	251,279	-
Net cash flow from operating activities		(9,832,522)	(19,173,776)
NET INCREASE IN CASH AND CASH EQUIVALENT		(9,832,522)	(19,173,776)
Cash and cash equivalent at BEGINNING of the year	13	11,773,829	30,202,604
Cash and cash equivalent at END of the year		1,941,305	11,028,828

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MBOONI CDF financial statements were approved on 30th September 2015 and signed by:



Chairman CDFC



Fund Account Manager

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND
 DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	126,065,670	-	126,065,670	114,743,235	11,322,435	91
Other Receipts		11,773,829	11,773,829	11,773,829	-	100
TOTAL	126,065,670	11,773,829	137,839,499	126,517,064	11,322,435	92
PAYMENTS						
Compensation of Employees	1,850,000	-	1,850,000	1,575,180	274,820	85
Use of goods and services	5,100,000	-	5,100,000	3,638,870	1,461,130	71
Committee Expenses	4,165,910	-	4,165,910	2,422,190	1,743,720	58
Transfers to Other Government Units	63,669,501	11,773,829	75,443,330	64,110,565	10,832,765	85
Other grants and transfers	46,050,259	11,773,829	57,824,088	52,534,474	4,789,614	91
Social Security Benefits	110,000	-	110,000	43,200	66,800	39
Acquisition of Assets	5,120,000	-	5,120,000	-	-	0
Other Payments	-	251,279	251,279	251,279	-	100
TOTAL	126,065,670	23,798,937	149,864,607	124,575,758	19,168,849	83

i. Social Security Benefits

The significant underutilization of Social Security Benefits of 39% is due to the NSSF statutory deductions expected expenditure being very low compared to the budget allocation.

The MBOONI CDF financial statements were approved on 30th September, 2015 and signed by:



 Chairman CDF



 Fund Account Manager

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.

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. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description NO	AIE	2014 -2015 Kshs	AIE NO	2013- 2014 Kshs.
CDF Board				
AIE NO	A750225	5,000,000	A711785	22,527,704
AIE NO	A750293	43,570,352	A709807	3,000,000
AIE NO	A796944	63,032,835	A709859	2,000,000
AIE NO	A735927	1,032,835	A709851	51,317,602
			A735811	41,569,551
			A735927	1,032,573
		112,635,761		121,446,767

3. OTHER RECEIPTS

	2014 – 2015 Kshs.	2013 – 2014 Kshs.
Other Receipts not classified elsewhere	2,107,475	-
Total	2,107,475	

4. COMPENSATION OF EMPLOYEES

	2014 – 2015 Kshs.	2013 – 2014 Kshs.
Basic wages of contractual employees	1,575,180	1,107,752
Total	1,575,180	1,107,752

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. USE OF GOODS AND SERVICES.

	2014 – 2015	2013 – 2014
	Kshs	Kshs
Utilities, supplies and services	1,196,440	801,830
Communication, supplies and services	-	6,500
Domestic travel and subsistence	189,250	-
Rentals of produced assets	66,000	126,000
Training expenses	-	696,500
Office and general supplies and services	-	1,376,635
Routine Maintenance – vehicles and other transport equipment	387,180	1,839,525
Routine maintenance of other assets	-	506,052
Total	<u>1,838,870</u>	<u>5,353,042</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. COMMITTEE EXPENSES

	2014 – 2015	2013 – 2014
	Kshs	Kshs
Committee allowances	644,500	4,883,802
Other committee expenses	1,777,690	-
Total	<u>2,422,190</u>	<u>4,883,802</u>

7. TRANSFER TO OTHER GOVERNMENT ENTITIES

	2014 – 2015	2013 – 2014
	Kshs	Kshs
Transfers to primary schools	16,400,000	13,040,268
Transfers to secondary schools	31,269,501	39,120,803
Transfers to tertiary institutions	4,000,000	-
Transfer to health institutions	12,441,064	35,832,975
Total	<u>64,110,565</u>	<u>87,994,046</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. OTHER GRANTS AND OTHER PAYMENTS

	2014 – 2015	2013 – 2014
	Kshs	Kshs
Bursary – secondary schools	6,220,000	15,121,732
Bursary -tertiary institutions	5,623,474	-
Bursary- special schools	41,000	-
Water projects	4,200,000	4,700,000
Agriculture projects	500,000	1,638,970
Social halls	5,000,000	-
Security projects	19,750,000	10,200,000
Roads projects	2,500,000	3,300,000
Sports projects	1,900,000	90,000
Environment projects	2,800,000	-
Emergency projects	4,000,000	6,200,000
Total	52,534,474	41,250,702

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. SOCIAL SECURITY BENEFITS

	2014 – 2015	2013 – 2014
	Kshs	Kshs
Employer contribution to NSSF	43,200	31,200
Total	<u>43,200</u>	<u>31,200</u>

11. OTHER PAYMENTS

	2014 – 2015	2013 – 2014
	Kshs	Kshs
Bank charges	251,279	-
Total	<u>251,279</u>	<u>-</u>

CONSTITUENCY DEVELOPMENT FUND- MBOONI 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)

Name of Bank, Account No. & currency	2014 - 2015	2013 - 2014
	Kshs	Kshs
<i>K.C.B, 1105346978</i>	-	11,028,829
<i>EQUITY, 0262509102</i>	838,075	-
Total	838,075	11,028,829

12B: CASH IN HAND

	2014 - 2015	2013 - 2014
	Kshs	Kshs
District Treasury	30,000	-
Total	30,000	-

Cash count certificates

30 x 1,000 NOTES

CONSTITUENCY DEVELOPMENT FUND- MBOONI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (continued)

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>CDFC Office</i>	20/5/2015	430,000	430,000	NIL
<i>District Treasury</i>	30/5/2015	99,230	99,230	NIL
<i>CDFC Office</i>	15/6/2015	444,000	444,000	NIL
<i>District Treasury</i>	26/6/2015	100,000	100,000	NIL
Total		1,073,230	1,073,230	NIL

13. BALANCES BROUGHT FORWARD

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	11,028,829	838,075
Cash in hand	-	30,000
Imprest	745,000	1,073,230
Total	11,773,829	1,941,305

15. OTHER IMPORTANT DISCLOSURES

15.3: OTHER PENDING PAYABLES

	Kshs	Kshs
Amounts due to other Government entities	14,500,000	-
Amounts due to other grants and other transfers	19,700,000	-
Others (Auditors Fee-KENAO, Purchase of motor vehicle)	5,500,000	-
	<hr/> 40,200,000 <hr/> <hr/>	<hr/> - <hr/> <hr/>

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		
Amounts due to other Government entities							
1. Tertiary Institutions projects	Construction of KMTC,TTI	15,000,000	FY2014/15	-	15,000,000	-	Funds pending disbursement from Board
2.							
Sub-Total		15,000,000			15,000,000		
Amounts due to other grants and other transfers							
3. Bursary	Fees for needy students	14,500,000	FY2014/15	-	14,500,000	-	Funds pending disbursement from Board
4. Water projects	Equipping Makaai borehole	2,000,000	FY2014/15	-	2,000,000	-	Funds pending disbursement from Board
5. Roads Projects	Grading & drifts construction	1,700,000	FY2014/15	-	1,700,000	-	Funds pending disbursement from

CONSTITUENCY DEVELOPMENT FUND- MBOONI CONSTITUENCY
Reports and Financial Statements
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Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
							Board
5. Social halls	Construct social hall	500,000	FY2014/15	-	500,000	-	Funds pending disbursement from Board
7. Security projects	Construct AP Line & office	1,000,000	FY2014/15	-	1,000,000	-	Funds pending disbursement from Board
Sub-Total		19,700,000			19,700,000		
Sub-Total							
Others (specify)							
8. Purchase of CDF Vehicle	Purchase Motor vehicle	5,000,000	FY2014/15	-	5,000,000	-	Funds pending disbursement from Board
9. Auditors Fee (KENA O)	Audit Fee	500,000	FY2014/15	-	500,000	-	Pending authority from Board
Sub-Total		5,500,000			5,500,000		
Grand Total		40,200,000			40,200,000		

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2014/15	2013/14
Transport equipment	4,737,672	4,737,672
Office equipment, furniture and fittings	113,674	113,674
ICT Equipment, Software and Other ICT Assets	277,500	277,500
Other Machinery and Equipment	22,040,000	22,040,000
Total	27,168,846	27,168,846