

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND -
KITUI SOUTH CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2015



1482

CONSTITUENCY DEVELOPMENT FUND- KITUI SOUTH 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)

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	1
II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC).....	3
Florence Martin.....	3
CHAIRPERSON CDFC.....	3
III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES	4
IV. STATEMENT OF RECEIPTS AND PAYMENTS.....	5
V. STATEMENT OF ASSETS AND LIABILITIES.....	6
VI. STATEMENT OF CASHFLOW	7
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	8
VIII. SIGNIFICANT ACCOUNTING POLICIES.....	9
IX. NOTES TO THE FINANCIAL STATEMENTS	11

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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 *KITUI SOUTH 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(Ag)	Dennis Matundura
3.	Accountant	Elias K. Macharia
4.		

(d) Fiduciary Oversight Arrangements

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

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CDF OFFICE –NHC HOUSE
MUTOMO
KENYA

(f) KITUI SOUTH CDF Contacts

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(g) KITUI SOUTH CDF BANKERS

Equity Bank Ltd
Mutomo Branch
1670266577876
P.O Box 1453

KCB Bank Ltd
Mutomo Branch
1147222355
P.O Box 26
Mutomo

(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 have the pleasure to forward the accounts of Kitui South CDF for the financial year 2014/2015 which represents a true record of activities undertaken within the year.

I am also happy to report that during the year, the CDFC was able to utilize the funds received safe for the funds that were received almost to the close of year.

The CDFC is happy with the fund and would like to thank the board for its effort but request if disbursement can be done in a timely manner.

Florence

Florence Martin

CHAIRPERSON 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 Kitui South 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 (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 Kitui South 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 in charge of the Kitui South 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 Kitui South 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 18th September 2015 and were signed by:



Fund Account Manager



CDFC Chairperson



OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Kitui South Constituency set out on pages 5 to 18, which comprise the statement of financial 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 and Section 8 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1.0 Cash and Cash Equivalents

1.1 Unsupported Prior-year Adjustments

Note 12 to the financial statements reflects prior-year adjustments of Kshs.566,000 in respect of cheques reversed at Kenya Commercial Bank. However, no supporting documents were presented for audit review.

In the circumstance, the prior year adjustments balance of Kshs.566,000 reflected in the Notes to the financial statements could not be confirmed.

1.2 Outstanding Imprest

The previous year's audited financial statements reflected an outstanding imprest balance of Kshs.2,318,570 as at 30 June 2014. The un-surrendered imprests were not reflected in the financial statements as at 30 June 2015 while the respective surrender/recovery supporting documents have not been made available for audit review. Further, included in the cash and cash equivalents balance of Kshs.22,798,830 as at 30 June 2015 is an outstanding imprest balance of Kshs.100,000. However, Note 12(c) to the financial statements indicates that the imprest was issued on 16 June 2009 and the imprest holder is deceased. No explanation has been provided as to why the imprest was not recovered from the deceased's dues, or why it has not been written off from the books, and further, why it was not disclosed in previous financial statements.

1.3 Accuracy of the Cash Flow Statement

The cash flow statement for the year ended 30 June 2015 reflects cash and cash equivalents at the beginning of the year of Kshs.15,388,873. However, the same statement reflects a cash and cash equivalent at the end of the year of Kshs.15,288,873 which agrees with the cash and cash equivalent balance in the audited 2013/2014 financial statements. The variance of Kshs.100,000 between the cash and cash equivalents balance at the beginning and the end of the year has not been explained or reconciled.

In view of the foregoing, the accuracy and completeness of the cash and cash equivalents balance of Kshs. 22,798,830 as at 30 June 2015 could not be ascertained.

2.0 Disclosure and Presentation of the Financial Statements

The Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS) prescribed by the Kenya Public Sector Accounting Standards Board requires that a report on follow – up of auditor recommendations from part of the financial statements.

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

As a result, the financial statements do not comply with IPSAS (Cash Basis) financial presentation format.

3.0 Unsupported Use of Goods and Services Payments

The financial statements reflect use of goods and services payments totalling to Kshs.2,939,743 as at 30 June 2015. However, the respective supporting ledgers and schedules were not made available for audit review. As a result, the accuracy and propriety of the use of goods and services expenditure totalling to Kshs.2,939,743 as at 30 June 2015 could not be confirmed.

4.0 Accuracy and Completeness of the Fixed Assets Register

The summary of fixed assets register at Annex 1 reflects assets whose historical cost amounted to Kshs.15,430,642 as at 30 June 2015. However, the statement of receipts and payments for the year 2014/2015 indicates acquisition of assets amounting to Kshs.6,380,430 which have not been included in the fixed assets register.

Consequently, the accuracy of the fixed assets register and the security of the assets acquired during the year could not be ascertained as at 30 June 2015.

5.0 Unreconciled Committee Expenses and Allowances

The financial statements committee expenses balance of Kshs.4,580,879 differs from the supporting schedules balance of Kshs.7,489,423 as at 30 June 2015 resulting in an unexplained variance of Kshs.2,908,546.

In the circumstance, the propriety and accuracy of the expenditure of Kshs.4,580,879 as at 30 June 2015 could not be confirmed.

6.0 Unsupported Construction of CDF Offices

During the financial year 2013/2014, the Fund undertook to construct a CDF office at a total cost of Kshs.17,834,068 in two phases. The first phase (Phase I) costing Kshs.5,000,000 was implemented in that year.

During the year under review, the Fund spent Kshs.6,380,430 in respect to Phase II of the project. However, interim certificates for Phase II were not made available for audit review.

Consequently, the propriety of the expenditure totalling to Kshs.6,380,430 incurred on the process during the year under review could not be confirmed.

7.0 Unsupported Bursaries to Secondary and Tertiary Institutions

Included in the grants and other payments totalling to Kshs.34,705,422 was Kshs.7,780,000 and Kshs.4,399,000 for bursaries to secondary schools and tertiary institutions respectively. However, included in the total bursary payments (Kshs.12,179,000) were disbursements amounting to Kshs.2,714,000 whose receipt was not acknowledged by respective beneficiaries. In the circumstance, the propriety of the expenditure of Kshs.2,714,000 relating to the acknowledged bursaries as at June 2015 could not be confirmed.

8.0 Budgetary Control and Performance

During the financial year under review, the Fund had an approved budget of Kshs.272,521,817. However, the Fund received only Kshs.160,124,317 of the approved budget thus occasioning under-funding of Kshs.112,397,500. Further, the Fund spent only Kshs.153,280,360 out of the total budget resulting in an under – expenditure of Kshs.119,241,457 as summarized below:

Sub Head	Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Primary Schools projects	64,137,931	36,621,211	27,516,721	57.1
Secondary Schools Projects	23,500,500	19,150,000	4,350,000	82.5
Transfer to Health Institutions	16,713,339	12,650,000	4,063,339	75.7
Water Projects	62,000,000	42,940,700	19,059,300	69.3
Agriculture	4,513,339	2,250,000	2,263,339	49.8
Electricity Projects	3,662,069	0	3,662,069	100
Security Projects	11,200,000	2,000,000	9,200,000	17.9
Sports	8,993,510	2,147,861	6,845,649	23.9
Environment Projects	1,000,000	2,147,861	-1,147,861	-114.7
Emergency Projects	13,364,725	1,040,000	12,324,725	7.8
Other Payments	5,569,480.20	4,500,000	1,069,480	81
Acquisition of Assets(CDF Office)	12,380,430	6,380,430	6,000,000	52

Bursary	27,002,964	12,179,000	14,823,964	45.1
Compensation of Employees	3,106,640	1,684,426	1,422,214	54
Use of Goods and Services	3,932,981.15	2,939,743	993,238.25	75
Committee Expenses	5,461,126	4,580,879	880,247.50	75
Social Security Benefits	265,602	68,250	197,352	26
Total	272,521,817	153,280,360	119,241,457	56

In the circumstance, the residents of Kitui South did not obtain the important public services provided to them and due from the undisbursed balance of Kshs.119,241,457 under – expenditure.

8.1 Project Implementation

The approved budget for the development projects was apportioned among various sectors namely primary schools, secondary schools, health institutions, sports, water projects, security, other projects, environment and emergency projects. The funds allocated amounted to Kshs.151,230,690 which represented 55.5% of the total budget of Kshs.272,521,817.

The project implementation status report revealed that 67 projects were completed, work on 51 had not started and 2 were ongoing as at 30 June 2016 as shown below:-

Sector	Project Status	Amount Allocated (Kshs)	Amount Disbursed (Kshs)	No. of projects
Education	Completed	32,987,931.00	32,987,931.00	39
	Ongoing			
	Not started	32,700,000.00	2,100,000.00	32
	Sub Total	65,687,931.00	35,087,931.00	
Health	Completed	8,682,759.00	8,582,759.00	7
	Ongoing	5,000,000.00	5,000,000.00	1
	Not started			
	Sub Total	13,682,759.00	13,582,759.00	
Water	Completed	32,350,000.00	20,350,000.00	10
	Ongoing	4,000,000.00	4,000,000.00	1
	Not started			11

		25,900,000.00	14,500,000.00	
	Sub Total	62,250,000.00	38,850,000.00	
Security	Completed	4,000,000.00	4,000,000.00	4
	Ongoing			
	Not started	3,700,000.00	200,000.00	7
	Sub Total	7,700,000.00	4,200,000.00	
Sport	Completed	910,000.00	910,000.00	7
	Ongoing			
	Not started	1,000,000.00	-	1
	Sub Total	1,910,000.00	910,000.00	
	Grand Total	151,230,690.00	92,630,690.00	120

As the data shows, 120 projects budgeted for, 51 projects allocated Kshs.63,300,000 and total disbursements of Kshs.16,800,000 had not commenced as at 30 June 2015. Further, two (2) projects allocated Kshs.9,000,000 were ongoing.

In the circumstance, it has not been possible to ascertain that the Fund would implement all projects as budgeted and planned to provide the services to the constituents.

8.2 Irregular Implementation of the Nzoani Borehole Water Project

During the year under review, the Fund disbursed Kshs.2,000,000 for purchase of equipments for a borehole at Nzoani. However, the borehole was built on private land. Further, the bill of quantities was not certified by the Public Works officer/Department and had not specified the materials or equipment's to be used on the borehole. In the circumstance, the propriety of Kshs.2,000,000 spent on equipping Nzoani borehole is doubtful.

8.3 Non Implementation of Mutomo - Vae – Muamba - Kisayani Water Project

During the year under review, the Fund disbursed Kshs.6,000,000 and Kshs.7,000,000 for the construction of Mutomo – Vae and Mutomo-Muamba – Kisayani Water Projects to cover 6 km and 12 km respectively.

However, the community was not willing to share the water source with other wards and to resolve the matters the PMC decided to drill a borehole in a suitable location to be used as the water source. Similarly, the community neighboring the new project refused to allow piping from the borehole to pass through their lands and as a result implementation of the project stalled. The implementation challenges

indicate that the Fund failed to consult the stakeholders before implementing the projects.

In the circumstance, it has not been possible to confirm that value-for money was obtained on expenditure totalling to Kshs.13,000,000 incurred on the two projects.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Constituencies Development Fund – Kitui South 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) and do comply with the Constituencies Development Fund Act, 2013.



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

Nairobi

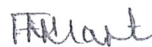
15 November 2016

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


IV. STATEMENT OF RECEIPTS AND PAYMENTS

I. STATEMENT OF RECEIPTS AND PAYMENTS			
	Note	2014-2015	2013-2014
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	160,124,317.20	76,171,755.00
TOTAL RECEIPTS		160,124,317.20	76,171,755.00
PAYMENTS			
Compensation of employees	2	1,684,426.00	1,626,718.00
Use of goods and services	3	2,939,742.90	2,342,603.00
Committee Expenses	4	4,580,878.50	4,726,827.00
Transfers to Other Government Units	5	68,421,210.50	11,828,790.00
Other grants and transfers	6	64,705,422.00	41,944,898.00
Social Security Benefits	7	68,250.00	24,794.00
Acquisition of Assets	8	6,380,430.00	5,000,000.00
Other Payments	9	4,500,000.00	-
TOTAL PAYMENTS		153,280,359.90	67,494,630.00
SURPLUS/DEFICIT		6,843,957.30	8,677,125.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUI SOUTH CDF financial statements were approved on 17th September 2015 and signed by:



Chairperson - CDFC



Fund Account Manager


V. STATEMENT OF ASSETS AND LIABILITIES

	Not e	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	22,698,830.25	12,968,288.00
Cash Balances (cash at hand)	10B	-	2,015.00
Outstanding Imprests	10C	100,000.00	2,318,570.00
TOTAL FINANCIAL ASSETS		<u>22,798,830.25</u>	<u>15,288,873.00</u>
REPRESENTED BY			
Fund balance b/fwd 1st July...	11	15,388,872.95	4,571,618.00
Surplus/Deficit for the year		6,843,957.30	8,677,125.00
Prior year adjustments	12	566,000.00	2,040,130.00
NET LIABILITIES		<u>22,798,830.25</u>	<u>15,288,873.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kitui South CDF financial statements were approved on 17th September 2015 and signed by:



Chairperson - CDFC



Fund Account Manager

CONSTITUENCY DEVELOPMENT FUND- KITUI SOUTH 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	160,124,317.2	76,171,755.00
Payments for operating expenses			
Compensation of Employees	2	1,684,426.0	1,626,718.00
Use of goods and services	3	2,939,742.9	2,342,603.00
Committee Expenses	4	4,580,878.5	4,726,827.00
Transfers to Other Government Units	5	68,421,210.5	11,828,789.00
Other grants and transfers	6	64,705,422.0	41,944,898.00
Social Security Benefits	7	68,250.0	24,794.00
Other Payments	9	4,500,000.0	-
		146,899,929.9	62,494,629.00
Adjusted for:			
Adjustments during the year	12	566,000.0	2,040,130.00
Net cash flow from operating activities		13,790,387.3	13,677,126.00
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	6,380,430.0	5,000,000.00
NET INCREASE IN CASH AND CASH EQUIVALENT		7,409,957.3	10,717,256.00
Cash and cash equivalent at BEGINNING of the year		15,388,873.0	4,571,617.00
Cash and cash equivalent at END of the year		22,798,830.3	15,288,873.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kitui South CDF financial statements were approved on 17th September 2015 and signed by:



 Chairperson CDFC



 Fund Account Manager

UNIVERSITIES DEVELOPMENT BOARD
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	131,344,836.00	141,176,981.15	272,521,817.15	175,513,190.15	97,008,627.00	64
Compensation of Employees	2,106,640.00	1,000,000.00	3,106,640.00	1,684,426.00	1,422,214.00	54
Use of goods and services	2,932,000.00	1,000,981.15	3,932,981.15	2,939,742.90	993,238.25	75
Committee Expenses	4,461,126.00	1,000,000.00	5,461,126.00	4,580,878.50	880,247.50	75
Transfers to Other Government Units	55,437,931.00	75,140,750.00	130,578,681.00	68,421,210.50	62,157,470.50	52
Other grants and transfers	51,226,877.00	60,000,000.00	111,226,877.00	64,705,422.00	46,521,455.00	58
Social Security Benefits	230,352.00	35,250.00	265,602.00	68,250.00	197,352.00	26
Acquisition of Assets	12,380,430.00	-	12,380,430.00	6,380,430.00	6,000,000.00	52
Other Payments	2,569,480.20	3,000,000.00	5,569,480.20	4,500,000.00	1,069,480.20	81
TOTALS	131,344,836.20	141,176,981.15	272,521,817.35	153,280,359.90	119,241,457.45	56

The Kitui South CDF financial statements were approved on 17th September 2015 and signed by:


Chairperson 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.

NATIONAL GOVERNMENT ENTITY - *KITUI SOUTH CONSTITUENCY*
 Reports and Financial Statements
 For the year ended June 30, 2015

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2014 - 2015	2013 - 2014
		Kshs	Kshs
Normal Allocation	AIE No A750213	78,495,723.70	47,292,385.00
	AIE NO...A759659	47,292,384.50	28,879,370.00
	AIE NO...A797181	34,336,209.00	
TOTAL		160,124,317.20	76,171,755.00

2. COMPENSATION OF EMPLOYEES

Description		2014 - 2015	2013 - 2014
		Kshs	Kshs
		-	
Basic wages of casual labour		1,333,850.00	1,549,918.00
House allowance		217,500.00	76,800.00
Other personnel payments		109,046.00	-
gratuity		24,030.00	
Total		1,684,426.00	1,626,718.00

3. USE OF GOODS AND SERVICES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Utilities, supplies and services	139,290.00	25,000.00
Office rent	-	800.00

NATIONAL GOVERNMENT ENTITY - *KITUI SOUTH CONSTITUENCY*

Reports and Financial Statements

For the year ended June 30, 2015

Communication, supplies and services	22,960.00	-
Domestic travel and subsistence	1,455,000.00	
Printing, advertising and information supplies & services	19,750.00	
Hospitality supplies and services	13,750.00	
Office and general supplies and services	530,990.00	
Fuel ,oil & lubricants	474,165.00	
Other operating expenses	121,187.90	
Routine maintenance – vehicles and other transport equipment	159,650.00	
Routine maintenance – other assets	3,000.00	
	-	
Total	2,939,742.90	25,800.00

4.COMMITTEE EXPENSES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Other committee expenses	795,927.00	-
Committee allowance	3,784,951.50	-
TOTAL	4,580,878.50	-

NATIONAL GOVERNMENT ENTITY - *KITUI SOUTH CONSTITUENCY*
 Reports and Financial Statements
 For the year ended June 30, 2015

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Transfers to primary schools	36,621,210.50	6,128,790.00
Transfers to secondary schools	19,150,000.00	2,700,000.00
Transfers to Health institutions	12,650,000.00	3,000,000.00
TOTAL	68,421,210.50	11,828,790.00

NATIONAL GOVERNMENT ENTITY - KITUI SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. OTHER GRANTS AND OTHER PAYMENTS

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bursary -Secondary	7,780,000.00	16,582,425.00
Bursary -Tertiary	4,399,000.00	-
water	42,940,700.00	15,659,230.00
Agriculture (food security)	2,250,000.00	-
Security	2,000,000.00	2,455,848.00
Roads	-	-
Sports	2,147,861.00	1,010,751.00
Environment	2,147,861.00	-
Emergency Projects (specify)	1,040,000.00	6,236,644.00
Total	64,705,422.00	41,944,898.00

7. SOCIAL SECURITY BENEFITS

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Employer contribution to NSSF	68,250.00	24,794.00
Total	68,250.00	24,794.00

8. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2014- 2015	2013 - 2014
	Kshs	Kshs
Construction of Buildings	6,380,430.00	5,000,000.00
		-
Total	6,380,430.00	5,000,000.00
Description	2014 - 2015	2013 - 2014

NATIONAL GOVERNMENT ENTITY - KITUI SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

	Kshs	Kshs
Employer contribution to NSSF	68,250.00	24,794.00
Total	68,250.00	24,794.00

9. OTHER PAYMENTS

Description	2014- 2015	2013 - 2014
	Kshs	Kshs
Strategic plan	1,500,000.00	-
social halls	1,100,000.00	-
DEOs office ikutha mutha livestock market	400,000.00	-
	1,500,000.00	
TOTAL	4,500,000.00	-

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	Account Number	2014 - 2015	2013 - 2014
		Kshs (30/6/2015)	Kshs (30/6/2014)
<i>KCB mutomo Branch A/c no.</i>	1147222355	16,005,603.40	8,418,987.20
<i>National Bank Mutomo A/c no.</i>	01001823714-00	6,693,226.85	4,549,300.75
		-	-
Total		22,698,830.25	12,968,287.95

10B: CASH IN HAND)

	2014 - 2015	2013 - 2014
	Kshs (30/6/2015)	Kshs (30/6/2014)
Cash at Hand KCB Cash Book	-	658.00

NATIONAL GOVERNMENT ENTITY - KITUI SOUTH CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2015

cash at Hand National Bank Cash Book		-	1,357.00
Total		-	2,015.00

10C: OUTSTANDING IMPRESTS

<i>Name of Officer</i>	<i>Date imprest taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2015)</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
PIUS MUTISYA(DECEASED)	16th.June.2009	100,000.00	-	100,000.00
Total				100,000.00

11. BALANCES BROUGHT FORWARD

		2014 - 2015	2013 - 2014
		Kshs (1/7/2014)	Kshs (1/7/2013)
Bank accounts KCB Mutomo		8,418,987.20	-
Bank accounts NBK Mutomo		4,549,300.75	4,551,800.55
Cash in hand KCB cashbook		2,319,228.00	-
Cash in hand NBK cashbook		101,357.00	1,267,757.00
Imprest		-	-
Total		15,388,872.95	5,819,557.55

12. PRIOR YEAR END ADJUSTMENTS

Description		2014 - 2015	2012 - 2013
		Kshs	Kshs
Bank accounts (Reversed Cheques)	KCB	566,000.00	

NATIONAL GOVERNMENT ENTITY - KITUI SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

Total		566,000.00	
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13. OTHER IMPORTANT DISCLOSURES

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2014/15	2013/14
Land		
Buildings and structures	11,380,430.00	11,380,430.00
Transport equipment	4,050,212.00	4,050,212.00
Total	15,430,642.00	15,430,642.00