

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT
FUND – KURESOI NORTH 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

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NAIROBI

CDF BOARD/AUDITOR GENERAL/2015/171

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**

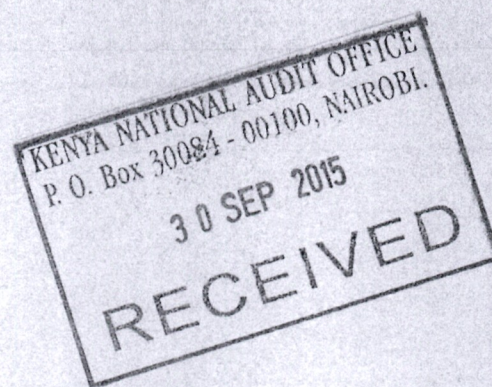
Pursuant to the Constituencies Development Fund (CDF) Act, 2013 Section 44 (4), we wish to submit 2014/2015 Annual Accounts of Kuresoi North Constituency for your necessary action in accordance with CDF Act Section 45 (4).

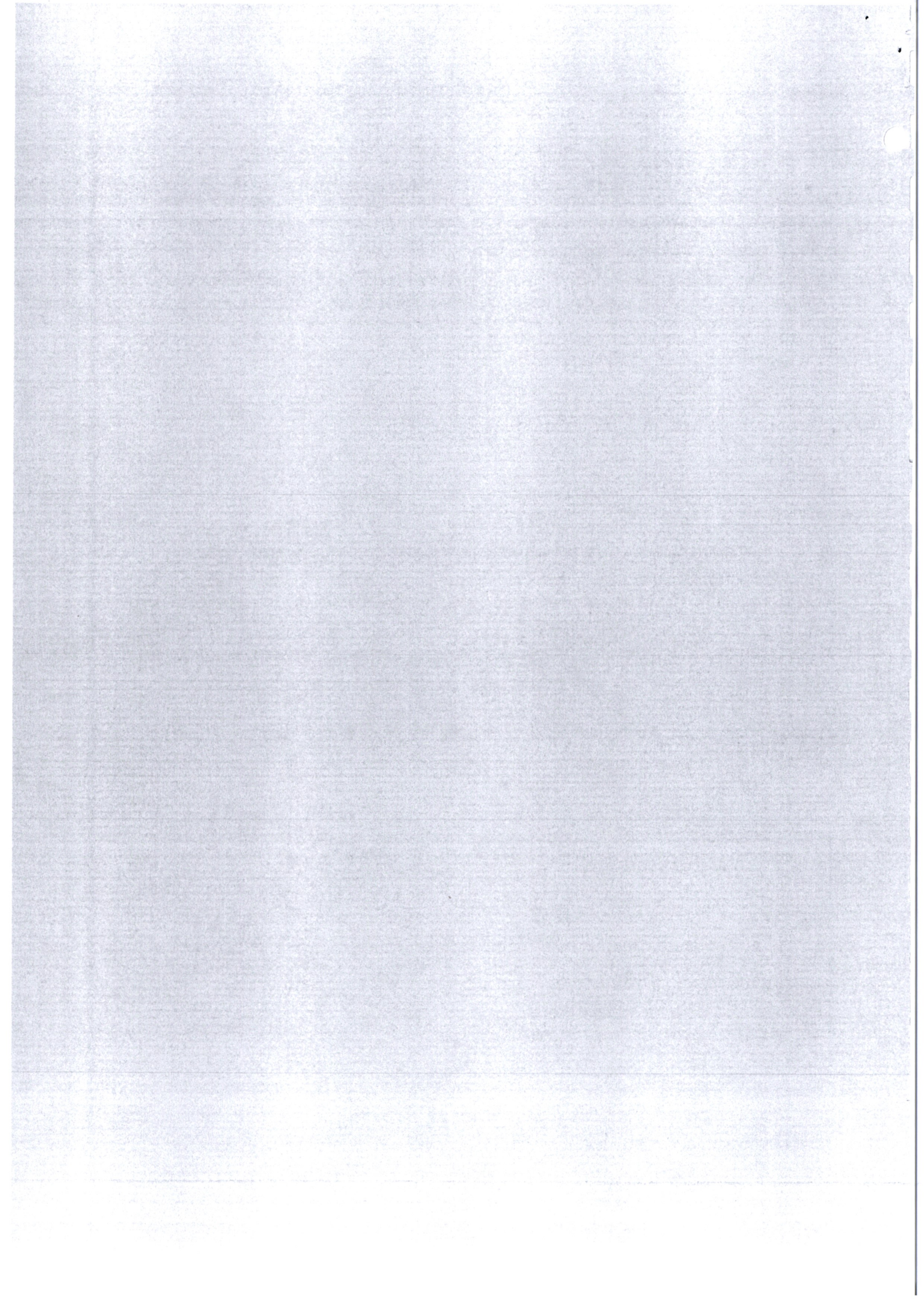
Yours faithfully

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- KURESOI NORTH
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)

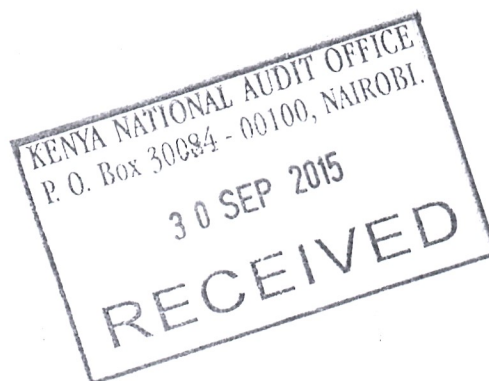


Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	1
II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC).....	3
III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES	4
IV. STATEMENT OF RECEIPTS AND PAYMENTS	6
V. STATEMENT OF ASSETS.....	7
VI. STATEMENT OF CASHFLOW	8
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	9
VIII. SIGNIFICANT ACCOUNTING POLICIES	24
IX. NOTES TO THE FINANCIAL STATEMENTS.....	26

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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

(b) Key Management

The *KURESOI NORTH 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	Johnstone Kering
3.	Accountant	Peter Mokaye Omare
4.		

(d) Fiduciary Oversight Arrangements

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

P.O. Box 27-20106
CDF House
Highland-Sirikwa Road
Molo, KENYA

(f) KURESOI NORTH CDF Contacts

Telephone: (254) 723 499 782
E-mail: cdfkuresoinorth@cdf.go.ke
Website:

(g) KURESOI NORTH CDF Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Equity Bank
Molo Branch
P.o.Box 927,Molo

(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)

The Kuresoi North Constituency Development Fund in the financial year 2014/15 was allocated kshs 106,518,234 one hundred and six million five hundred eighteen thousand two hundred thirty four shillings by the CDF board. During the financial year kshs 79,888,675.10 was disbursed to the constituency by end of June 2015. Therefore a balance of Kshs 26,629,558.90 was due to the constituency from the CDF board by end of June 2015. Our budget therefore has been funded 75%. In the year ended 30th June 2015 transfers to other government entities utilised kshs 48,073,485.80 accounting for 75.2% of its allocation. Other grants utilised kshs 40,169,561.30 accounting for 79.8% of its allocation. This total accounted for over 70.4% of the funds available of kshs 98,689,900.60. The CDFC was able to disburse the funds to the project management committees as soon as the funds were available. Most of the projects implemented by the pmcs are at various stages of completion. Some are complete and are being used already especially construction of classrooms. Some water projects are complete and people are enjoying clean drinking water. The bursary for the financial year has been paid over 94.5% of its allocation as at end of the financial year.

The project management committee is the model used in the constituency for the implementation of projects. In the year ended some of the projects reported inadequacy of funds allocated for the completion of their projects this could be attributed to inadequate allocations or rising costs for the various projects materials and labour. For the year ended some of the projects on budget had not received funds because was released by CDF Board towards end of June 2015. The CDF Board did its best to disburse the funds and we look forward to improved services so that funds is received before end of the financial year to enable the CDFC implement its projects as budgeted within the financial year.

We look forward to better performance in the next financial year 2015/16.

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.

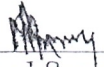
The Accounting Officer in charge of the (*indicate actual name of the CDF*) is responsible for the preparation and presentation of the CDF's financial statements, which give a true and fair view of the state of affairs of the CDF for and as at the end of the financial year (period) ended on June 30, 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.

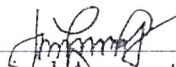
The Accounting Officer in charge of the (*Kuresoi North CDF*) accepts responsibility for the CDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (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 (*Kuresoi North 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 (*Kuresoi North 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 22/7/2015


Principal Secretary


Principal Accounts Controller



OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Constituencies Development Fund – Kuresoi North Constituency set out on pages 6 to 38, which comprise the 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 and Section 8 of the Public Audit Act, 2003.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 7 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk 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

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

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.

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 opinion.

Basis for Disclaimer of Opinion

1. Failure to prepare a Trial Balance

There was no trial balance prepared and produced for audit examination. In the circumstance, the source, accuracy and completeness of the financial statements could not be confirmed.

2. Wrong Classification of Assets

Assets acquired during the year under review were classified incorrectly through inclusion in use of goods and services and other payments rather as expenditure under acquisition of assets. The following are examples of assets:

Item description	Payee	Amount (Kshs)	Classification
Completion of Kuresoi North CDF.	PMC	2,000,000	Other payments
Purchase of General Equipment	Nakuru Canvas	110,000	Use of goods
Purchase of ICT Equipment	Linksyscom Media Company Ltd	108,500	Use of goods
	Total	2,218,500	

As a result, the acquisition of assets balance was balance understated by Kshs.2,218,500, use of goods and services expenditure was understated by Ksh218,500 while other payments were overstated by Kshs.2,000,000.

3. Bank Reconciliation Statement

Examination of the bank reconciliation statement as at 30 June 2015 disclosed the following unsatisfactory matters:

- i) The bank reconciliation statement reflects payments in the cash book not recorded in bank statement (unpresented cheques) totaling Kshs.1,325,386.63. Out of this amount, cheques worth Kshs.48,500 were stale. No explanation was provided for failure to have the long outstanding amount reversed in the cash book.

- ii) The bank reconciliation statement also reflects receipts in the bank not recorded in cash book totaling to Kshs.26, 629,558.90 as at 30 June 2015. However, it was noted that the presented A.I.E was received on 26 June 2015. It was therefore not clear why it was not recorded in the cash book as at 30 June 2015.

In the circumstances, the accuracy of the cash and cash equivalents balance reported could not be confirmed.

4. Unsupported Transfer to Other Government Units

The statement of receipts and payments reflected a sum of Kshs.48,073,485 as transfer to other government units. However, no schedules in support of the expenditure were produced for audit review. In the circumstances, the accuracy and completeness of the reported balance of Kshs.48,073,485 could not be confirmed.

5. Unsupported Grants and Transfers

The statement of receipts and payments reflects Other Grants and Transfers totalling to Kshs.40,169,561.30. However, schedules in support of the expenditure were not presented for audit review. In the circumstance, the accuracy and completeness of other grants and transfers could not be confirmed.

6. Outstanding Imprest

Note 12C to the financial statements reflects an outstanding imprest balance of Kshs.507,000 issued to one Johnstone Kering on 17 October 2014. However, it was not explained why the officer had failed to surrender or account for the imprest as required by Section 5.6.5 of the Government Financial Regulations and Procedures.

7. Summary Statement of Appropriation

The final receipts balance amounting to Kshs.106,518,234 reflected in the statement of appropriation did not include the adjusted balance of Kshs.18,801,225 balance brought forward from the previous year. Therefore the balance is incorrect.

8. Budget Performance Analysis

8.1 Revenue Analysis

Budgeted Amount Kshs.	Actual Receipts Kshs.	Variance / Difference Kshs.
125,319,459.6	79,888,675.10	45,430,784.40

It was noted that:

- (i) The Kuresoi North C.D.F was under-funded by Kshs.45,430,784.40 which represents 36% under funding of the approved budget for the year under review.

Consequently, the Fund may not have been in a position to implement all the projects which it had planned for the period under review and thus this denied the constituents much needed services.

8.2 Expenditure Analysis

The number of projects budgeted for during the year and their percentage (%) levels of completion are tabulated below:

Sector	Budget 2014/2015	Actual Expenditure	No.of Projects budgeted	No of Projects Completed	% Level of Expenditure Absorption
Primary Schools	17,900,000	16,550,000	39	33	93%
Secondary Schools	17,700,000	16,337,278	20	18	92%
Technical	2,000,000	2,000,000	1	1	100%
Health	9,600,000	13,186,207	8	12	137%
Agriculture	1,350,000	3,400,000	4	5	252%
Water	9,000,000	10,695,095	8	11	119%
Bursary	11,492,963	10,909,000	several		95%
Sports	1,130,364	0	2	0	100%
Environment	1,250,076.68	0	4	0	100%
Security	200,000	200,000	1	1	100%
Electricity	600,000	600,000	1	1	100%
Roads and Bridges	11,020,000	11,920,000	23	24	108%
Market	500,000	0	1	0	100%
Rehabilitation of Schools Projects	837,931	0	2	0	100%
CDF Office	2,000,000	2,000,000	1	1	100%
Assets	395,000	395,000	2	2	100%
Audit fee	500,000	0	0	0	100%
Emergency fund	5,400,259	2,445,466	Several	Several	45%
Goods and Services	1,369,454.94	1,918,180.80	Several	Several	140%
Committee Expenses	2,143,547	2,988,120	Several	Several	139%
Employees Compensation	1,178,638.38	1,263,076.20			107%
Projects for 2013-14				30	100%
Total Expenditure	97,568,234	96,807,423	117	139	99%

The management of the Fund violated the provisions of Section 23 (1) of the CDF Act, 2013, which advocates for the implementation of a minimum of five projects and a maximum of twenty five projects in any financial year. It was observed that the Fund budgeted to implement a total of one hundred and seventeen (117) projects which was above the recommended number of twenty- five projects.

9. Expenditure with no Value for Money

Muchorwe Secondary School was allocated Kshs.1,400,000 and a further Kshs.1,500,000 during 2014/2015 for construction of three classrooms. However, no bills of quantities (BQs) were presented to show how the construction cost was arrived at. Further, approved building plans and expenditure returns were not presented for audit examination. Physical verification of the project revealed that the workmanship was poor. Cracks had developed on the finished floor even before the classrooms were put to use.

In the absence of the expenditure returns, BQs and drawings, it was not possible to confirm whether CDF Kuresoi North got value for money from the expenditure totalling to Kshs.2,900,000.

10. Lack of Land Ownership Documents

During the year under review Sirikwa Health Centre and Seguton Dispensary were allocated Kshs.3,300,000 each for purchase of land and construction of buildings.

- i) Sirikwa Health Centre received Kshs.1,800,000 for construction of office block and Kshs.1,500,000 for purchase of land. A site visit at the Health Centre revealed that the construction of the administration block was 95% complete. However, the title deed and sale agreement between the vendor for the plot on which the centre was constructed and the project Management Committee (PMC) was not presented for audit verification. As a result, it was not possible to confirm that the CDF of the land.
- (ii) Similarly, Seguton Dispensary received Kshs.1,800,000 for construction of an outpatient wing and Kshs.1,500,000 for purchase of land. A site visit to the health facility revealed that construction of the outpatient wing was 60% complete. However, no title deed or sale agreement between the land vendor and the PMC was produced for audit verification to confirm transfer to the CDF of the land where the health facility stands.

In the absence of the land ownership documents for the two health facilities, it was not possible to confirm whether the health facilities were built on public or private land.

11. Failure to Acknowledge Bursaries

During the year under review, Kuresoi North Constituency spent a total of Kshs.10,909,000 in respect of bursaries, out of which disbursements totaling to Kshs.5,921,000 were given to Secondary schools, Kshs.4,820,800 to tertiary

institutions and Kshs.167,200. However, receipts or acknowledgement letters were not presented for audit from these Institutions to confirm receipt of the bursaries. It was therefore not possible to confirm that the bursaries are actually received by the said institutions.

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


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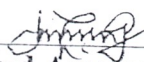
CONSTITUENCY DEVELOPMENT FUND- KURESOI NORTH CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2015

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-2015 Kshs	2013-2014 Kshs
RECEIPTS			
Transfers from Other Government Entities	1	79,888,675.10	74,237,528.00
Proceeds from Sale of Assets	2	0.00	0.00
Other Receipts	3	0.00	0.00
TOTAL RECEIPTS		79,888,675.10	74,237,528.00
PAYMENTS			
Compensation of Employees	4	1,263,076.20	818,750.00
Use of goods and services	5	1,918,180.68	150,000.00
Committee Expenses	6	2,988,120.00	2,127,000.00
Transfers to Other Government Units	7	48,073,485.80	30,226,551.80
Other grants and transfers	8	40,169,561.30	22,114,000.00
Social Security Benefits	9	0.00	0.00
Acquisition of Assets	10	0.00	0.00
Other Payments	11	2,000,000.00	0.00
TOTAL PAYMENTS		96,412,423.98	55,436,302.50
SURPLUS/DEFICIT		(16,523,748.88)	19,308,225.50

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KURESOI NORTH CDF financial statements were approved on 22/9/ 2015 and signed by:



 Chairman - CDFC

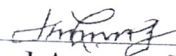

 Fund Account Manager

V. STATEMENT OF ASSETS

	Note	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	12A	2,277,476.62	18,801,225.50
Cash Balances (cash at hand)	12B	0.00	14,000.00
Outstanding Imprests	12C	507,000	493,000.00
TOTAL FINANCIAL ASSETS		2,784,476.62	19,308,225.50
REPRESENTED BY			
Fund balance b/fwd	13	19,308,225.50	0.00
Surplus/Deficit for the year		(16,523,748.88)	19,308,225.50
Prior year adjustments	14	0.00	0.00
NET FINANCIAL POSITION		2,784,476.62	19,308,225.50

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KURESOI NORTH CDF financial statements were approved on 22/9/ 2015 and signed by:


 Chairman - CDFC



 Fund Account Manager

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

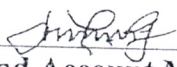
VI. STATEMENT OF CASHFLOW

		2014 - 2015	2013 - 2014
Receipts for operating income			
Transfers from CDF Board	1	79,888,675.10	74,237,528.00
Other Receipts	3	0.00	0.00
Payments for operating expenses			
Compensation of Employees	4	1,263,076.20	818,750.70
Use of goods and services	5	1,918,180.68	150,000.00
Committee Expenses	6	2,988,120.00	2,127,000.00
Transfers to Other Government Units	7	48,073,485.80	30,226,551.80
Other grants and transfers	8	40,169,561.30	22,114,000.00
Social Security Benefits	9	0.00	0.00
Other Payments	11	2,000,000.00	0.00
Adjusted for:			
Adjustments during the year		0.00	0.00
Net cash flow from operating activities		(16,523,748.88)	19,308,225.50
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0.00	0.00
Acquisition of Assets	10	0.00	0.00
Net cash flows from Investing Activities		0.00	0.00
NET INCREASE IN CASH AND CASH EQUIVALENT		(16,523,748.88)	19,308,225.50
Cash and cash equivalent at BEGINNING of the year	15	19,308,225.50	0.00
Cash and cash equivalent at END of the year	16	2,784,476.62	19,308,225.50

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KURESOI NORTH CDF financial statements were approved on 22/9/15 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	106,518,234.00	18,801,225.50	106,518,234.00	79,888,675.10	26,629,558.90	75.0000
Proceeds from Sale of Assets						
Other Receipts						
PAYMENTS						
Compensation of Employees	1,178,638.38	843,000.40	2,021,638.78	1,263,076.20	758,562.58	62.4778
Use of goods and services	1,564,454.94	1,100,000.00	2,664,454.94	1,918,180.88	746,274.06	71.9915
Committee Expenses	2,143,547.00	1239178	3,382,725.00	2,988,120.00	394,605.00	88.3347
Transfers to Other Government Units	53,187,931.00	10,723,485.80	63,911,416.80	48,073,485.80	15,837,931.00	75.2189
Other grants and transfers	45,443,662.68	4,895,561.30	50,339,223.98	40,169,561.30	10,169,662.68	79.7977
Social Security Benefits		0				
Acquisition of Assets		0				
Other Payments	3,000,000.00	-	3,000,000.00	2,000,000.00	1,000,000.00	67.6667
TOTALS	106,518,234.00	18,801,225.50	125,319,459.50	96,412,424.18	28,907,035.32	

- i. During the year the only receipts were from the CDF Board vide AIEs. We did not have any AIA Item.
- ii. Projects proposals were implemented as per budget.
- iii. Employees' compensation rose to ksh 1,263,076.20 from 818,750.70 last financial year and had utilisation at 62.4%. This was due to annual salary increment and employees had worked for 12 months unlike the previous year. All staff were employed as per cdf board circular of 2013.

iv. The item of the other payments relate to use of goods and services rose to kshs 1,918,180.68 with a budget utilisation at 71.9%.

The KURESOI NORTH CDF financial statements were approved on 22/9/2015 and signed by:


Chairman CDF


Fund Account Manager

Report of the State Board of Equalization
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.

5. Pending bills

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

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *CDF*'s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *CDF*'s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. Subsequent events

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

CONSTITUENCIES DEVELOPMENT FUND – KURESOI NORTH CONSTITUENCY
Reports and 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	A709979		2,000,000.00
AIE NO	A735570		27,695,011.20
AIE NO	A735897		44,542,516.80
AIE NO	A73550	7,300,000.00	
AIE NO	A73590	19,329,558.50	
AIE NO	A796588	14,977,735.10	
AIE NO	A796790	11,651,823.00	
AIE NO	A796978	26,629,558.50	
	TOTAL	79,888,675.10	74,237,528.00

1.1.1.1.1.1.2 PROCEEDS FROM SALE OF ASSETS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Receipts from sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Total	0	0

CONSTITUENCIES DEVELOPMENT FUND – KURESOI NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.3 OTHER RECEIPTS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Interest Received	0	0.00
Rents	0	0.00
Receipts from Sale of tender documents	0	0.00
Other Receipts Not Classified Elsewhere	0	0.00
Total	0	0.00

1.1.1.1.1.1.4 COMPENSATION OF EMPLOYEES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Basic wages of contractual employees	1,263,076.20	818,750
Basic wages of casual labor	-	-
Personal allowances paid as part of salary	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Other personnel payments	-	-
Total	1,263,076.20	818,750

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.5 USE OF GOODS AND SERVICES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Utilities, supplies and services	489,955.40	0.00
Communication, supplies and services	36,350.00	5,750.00
Domestic travel and subsistence	132,075.60	35,605.00
Printing, advertising and information supplies & services	7,520.00	22,169.00
Rentals of produced assets	0.00	0.00
Training expenses	0.00	0.00
Hospitality supplies and services	0.00	0.00
Insurance costs	0.00	0.00
Specialized materials and services	0.00	0.00
Office and general supplies and services	306,550.20	68,296.000
Fuel, oil & lubricants	692,000.00	0.00
Other operating expenses	0.00	14,180.00
Routine maintenance – vehicles and other transport equipment	253,730.48	0.00
Routine maintenance – other assets	0.00	4,000.00
Total	1,918,180.68	150,000.00

1.1.1.1.1.1.1.6 COMMITTEE EXPENSES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Committee allowances	1,708,720.00	762,500.0
Other committee expenses	1,279,400.00	1,364,500.0
Total	2,988,120.00	2,127,000.0

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

~~1.1.1.1.1.7~~ TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Transfers to National Government entities	xx	xx
Transfers to primary schools (see attached list)	16,550,000.00	13,680,000.00
Transfers to secondary schools (see attached list)	16,337,278.60	8,400,000.00
Transfers to tertiary institutions (see attached list)	2,000,000.00	0.00
Transfers to health institutions (see attached list)	13,186,207.20	8,146,551.80
TOTAL	48,073,485.80	30,226,551.80

~~1.1.1.1.1.8~~ OTHER GRANTS AND OTHER PAYMENTS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bursary – secondary schools (see attached list)	5,921,000.00	4,639,000.00
Bursary – tertiary institutions (see attached list)	4,820,800.00	3,061,000.00
Bursary – special schools (see attached list)	167,200.00	150,000.00
Mock & CAT (see attached list)	0.00	0.00
Water projects (see attached list)	10,695,095.30	1,550,000.00
Agriculture projects (see attached list)	3,400,000.00	2,050,000.00
Electricity projects (see attached list)	600,000.00	0.00
Security projects (see attached list)	200,000.00	1,100,000.00
Roads projects (see attached list)	11,920,000.00	8,050,000.00
Sports projects (see attached list)	0.00	0.00
Environment projects (see attached list)	0.00	0.00
Emergency projects (see attached list)	2,445,466.00	1,514,000.00
Total	40,169,561.30	22,114,000.00

~~1.1.1.1.1.9~~ SOCIAL SECURITY BENEFITS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Employer contribution to NSSF	0.00	0.00
Total	0.00	0.00

CONSTITUENCIES DEVELOPMENT FUND – KURESOI NORTH CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2015***NOTES TO THE FINANCIAL STATEMENTS (Continued)***1.1.1.1.1.10 ACQUISITION OF ASSETS**

<u>Non Financial Assets</u>	2014 - 2015	2013 - 2014
	Kshs	Kshs
Purchase of Buildings	0.00	0.00
Construction of Buildings	0.00	0.00
Refurbishment of Buildings	0.00	0.00
Purchase of Vehicles and Other Transport Equipment	0.00	0.00
Overhaul of Vehicles and Other Transport Equipment	0.00	0.00
Purchase of Household Furniture and Institutional Equipment	0.00	0.00
Purchase of Office Furniture and General Equipment	110,000.00	115,860.00
Purchase of ICT Equipment, Software and Other ICT Assets	108,500.00	0.00
Purchase of Specialised Plant, Equipment and Machinery	0.00	0.00
Rehabilitation and Renovation of Plant, Machinery and Equip.	0.00	0.00
Acquisition of Land	0.00	0.00
Acquisition of Intangible Assets	0.00	0.00
Total	218,500.00	115,860.00

CONSTITUENCIES DEVELOPMENT FUND – KURESOI NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12B: CASH IN HAND

	2014 - 2015 Kshs	2013 - 2014 Kshs
Cashier	0.00	14,000.00
Total	0.00	14,000.00

[Provide cash count certificates for each]

12C: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Johnstone Kering</i>	17/10/2014	507,000.00	Nil	507,000.00
<i>Total</i>				507,000.00

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

CONSTITUENCIES DEVELOPMENT FUND – KURESOI NORTH CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2015***NOTES TO THE FINANCIAL STATEMENTS (Continued)***13. BALANCES BROUGHT FORWARD**

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	18,801,225.00	0.00
Cash in hand	14,000.00	0.00
Imprest	493,000.00	0.00
Total	19,308,225.00	0.00

*[Provide short appropriate explanations as necessary]***14. PRIOR YEAR ADJUSTMENTS**

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Bank accounts	0.00	0.00
Cash in hand	0.00	0.00
Imprest	0.00	0.00
Total	0.00	0.00

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Construction of buildings	0.00	0.00
Construction of civil works	0.00	0.00
Supply of goods	0.00	0.00
Supply of services	0.00	0.00
	<u>0.00</u>	<u>0.00</u>

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	0.00	0.00
Middle management	0.00	0.00
Unionisable employees	0.00	0.00
Others (<i>specify</i>)	0.00	0.00
	<u>0.00</u>	<u>0.00</u>

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	0.00	0.00
Amounts due to other grants and other transfers (see attached list)	0.00	0.00
Others (<i>specify</i>)	0.00	0.00
	<u>0.00</u>	<u>0.00</u>

15.4: PENDING RECEIVABLES FROM THE CDF BOARD (See statement of appropriation)

FINANCIAL YEAR	KSHS
2013/14	0000
2014/15	0.00
TOTAL	<u>0.00</u>

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		A	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
		Sub-Total					
Middle Management							
4.							
5.							
6.							
		Sub-Total					
Unionisable Employees							
7.							
8.							
9.							
		Sub-Total					
Others (specify)							
10.							
11.							
12.							
		Sub-Total					
		Grand Total					

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

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

NATIONAL GOVERNMENT ENTITY - (KURESOI NORTH CONSTITUENCY)

Reports and Financial Statements

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

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2014/15	Historical Cost (Kshs) 2013/14
Land		
Buildings and structures		
Transport equipment		
Office equipment, furniture and fittings	110,000.00	115,860.00
ICT Equipment, Software and Other ICT Assets	108,500.00	
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
Total	218,500.00	115,860.00