

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2015**



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**CONSTITUENCY DEVELOPMENT FUND- KITUI EAST CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2015**

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Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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## **I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

### **(a) Background information**

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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

### **(b) Key Management**

The *KITUI EAST Constituency's* day-to-day management is under the following key organs:

- i. Constituencies Development Fund Board (CDFB)
- ii. Constituency Development Fund Committee (CDFC)

### **(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Dennis Matundura</b>
3.	Accountant	<b>Elias K. Macharia</b>
4.		

### **(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of CDF Board provide overall fiduciary oversight on the activities of KITUI EAST Constituency. The reports and recommendation of ARMC when adopted by the CDF Board are forwarded to the Constituency Development Fund Committee (CDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

### **(e) KITUI EAST CDF Headquarters**

P.O. Box 1199  
CDF OFFICE BUILDING AT CHULUNI MARKET  
KITUI-MUTOMO ROAD  
KITUI, KENYA

**(f) KITUI EAST CDF Contacts**

Telephone: (254) 722811542  
E-mail: [cdfkituieast@cdf.go.ke](mailto:cdfkituieast@cdf.go.ke)  
Website: [www.cdf.go.ke](http://www.cdf.go.ke)

**(g) KITUI EAST CDF Bankers**

Equity Bank Ltd  
Kitui Branch  
0720261343213  
P.o Box 1453

**(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 East 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. This is evident by the small surplus during the year.

With the funds utilized during the year, the CDFC made commendable achievements. This included adoption of the CDF Board plan for conditional grants that were for constructing residential houses for nurses. The constituency being a semi-arid area, water requirement is normally very high but the CDFC was able to meet some of the requirement.

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.



**Fultonior K. Muli**

**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 Kitui East CDF is responsible for the preparation and presentation of the *CDF's* financial statements, which give a true and fair view of the state of affairs of the CDF for and as at the end of the financial year (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 East 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 East CDF further confirms the completeness of the accounting records maintained for the *CDF*, which have been relied upon in the preparation of the *CDF's* financial statements as well as the adequacy of the systems of internal financial control.

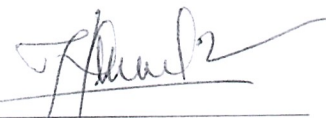
The Accounting Officer in charge of the Kitui East CDF confirms that the CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the CDF's funds received during the year under audit were used for the eligible purposes for 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 18<sup>th</sup> September 2015 and were signed by:



Fund Account Manager



CDFC Chairman



## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Kitui East Constituency set out on pages 5 to 15, which comprise the statement of assets and liabilities as at 30 June 2015, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation: recurrent and development combined 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) 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



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 Irregular Procurement: Construction of Masasini Earth Dam

During the year under review, the Fund disbursed Kshs.4,000,000 to Masasini Earth Dam project Management Committee (PMC). Quotations were floated and according to a Project management committee (PMC) meeting held on 20 January 2015, six bidders quoted for the project. The contract was eventually awarded to the lowest bidder on 29 February 2015 at a contract sum of Kshs. 3,906,421 and a contract period of 30 days.

However, the value of the works required the procurement to be conducted through open tender procurement method whose minimum thresh hold for works is Kshs.3,000,000 for Class III procurement entity as prescribed in the Public Procurement and Disposal Act, 2005 and Regulations of 2013.

Consequently, the Fund breached the law and as a result it has not been possible to ascertain whether value for money was obtained on the Kshs.3,906,421 expenditure.

### 2.0 Budgetary Control and Performance

During the financial year under review, the Fund's approved final budget Kshs.165,299,091.30 but actual expenditure amounted to Kshs.120,079,927.75 thus resulting in an under-expenditure of Kshs.46,144,163 as shown below;

Sub Head	Budget Kshs	Actual Kshs	Variance Kshs	Absorption Rate (%)
Primary Schools projects	40,867,931	30,167,931	10,700,000	73.9
Secondary Schools Projects	20,258,555.20	19,800,000	458,555	97.8
Transfer to Tertiary Institutions	800,000	500,000	300,000	62.5
Transfer to Health Institutions	22,000,759	16,250,759	5,750,000	73.9
Water Projects	13,579,025.30	10,000,000	3,579,025	73.7
Security Projects	6,689,440	3,920,000	2,769,440	58.6
Sports	3,611,619	1,611,619	2,000,000	44.7
Environment Projects	3,749,736	1,200,000	2,549,736	32.1
Emergency Projects	5,358,013	5,358,013	0	100
Electrification	5,000,000	0	5,000,000	0
Market Development	5,000,000	0	5,000,000	0
Other Payments	925,000	925,000	925,000	100
Acquisition of Assets(CDF Office)	800,000	772,440	27,560	97

Bursary	17,705,500	17,705,500	0	100
Compensation of Employees	5,614,055.60	3,239,762.80	2,374,292.80	58
Use of Goods and Services	5,107,057.10	4,084,907.95	1,022,149.15	80
Committee Expenses	8,200,000	4,522,395	3,677,605	55
Social Security Benefits	32,400	21,600	10,800	67
<b>TOTAL</b>	<b>165,299,091.20</b>	<b>120,079,927.55</b>	<b>46,144,163</b>	<b>72.1</b>

As a result of the under-expenditure amounting to Kshs.46,144,163, the residents of Kitui East Constituency did not enjoy important public services equivalent to the under – expenditure.

### 3.0 Project Implementation and Payments

The approved development projects budget for the year under review 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 to projects in the year totaled to Kshs.114,151,468 which represented 69% of the total budget of Kshs.165,299,091.

Review of the project implementation status report for the year revealed that the Fund had budgeted to implement 221 projects during the year out of which 98 were completed, two (2) did not start and 121 were ongoing as at 30 June 2015 as shown below:

Sector	Project Status	Amount Allocated Kshs.	Amount Disbursed Kshs.	No. of projects
Education	Completed	17,310,000.00	17,310,000.00	46
	Ongoing	53,527,931.00	53,527,931.00	97
	Not started	1,000,000.00	1,000,000.00	2
	<b>Sub Total</b>	<b>71,837,931.00</b>	<b>71,837,931.00</b>	
Health	Completed	12,250,759.00	12,250,759.00	16
	Ongoing	5,450,000.00	5,450,000.00	12
	Not started			
	<b>Sub Total</b>	<b>17,700,759.00</b>	<b>17,700,759.00</b>	
Water	Completed	13,600,000.00	13,600,000.00	9
	Ongoing			
	Not started			
	<b>Sub Total</b>	<b>13,600,000.00</b>	<b>13,600,000.00</b>	
Security	Completed	2,309,440.00	2,309,440.00	7
	Ongoing	5,480,000.00	5,480,000.00	12
	Not started			
	<b>Sub Total</b>	<b>7,789,440.00</b>	<b>7,789,440.00</b>	
Environment	Completed	1,611,719.00	1,611,719.00	17
	Ongoing			
	Not started			
	<b>Sub Total</b>	<b>1,611,719.00</b>	<b>1,611,719.00</b>	
Sport	Completed	1,611,619.00	1,611,619.00	3
	Ongoing			

	Not started			
	<b>Sub Total</b>	<b>1,611,619.00</b>	<b>1,611,619.00</b>	
	<b>Grand Total</b>	<b>114,151,468.00</b>	<b>114,151,468.00</b>	<b>221</b>

Further, all disbursements had been made in regard to the two (2) projects allocated Kshs.1,000,000 but which had not yet commenced as at 30 June 2015.

In the circumstance, it has not been possible to ascertain that the Fund will implement all projects as budgeted.

#### **4.0 Non Compliance to the Prescribed Format**

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

However, although the Fund received a qualified audit opinion in 2013/2014, the 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.

In the circumstance, the financial statements do not comply with the IPSAS presentation format for financial statements.


#### **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 Constituencies Development Fund–Kitui East Constituency as at 30 June 2015, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards- (Cash Basis) and comply with the Constituencies Development Fund Act, 2013.

#### **Other Matter**

During the year under review, the Fund completed the construction of a dispensary in Kilonzo at a cost of Kshs.400,000 and three staff houses in Kilonzo, Kiongwe and Nzangathi dispensaries at a total cost of Kshs.2,500,000. However, as at the time of audit in February 2016, all the facilities had not been put into use.

My opinion is not qualified in respect of this matter.



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

**Nairobi**

**15 November 2016**

**CONSTITUENCY DEVELOPMENT FUND- KITUI EAST CONSTITUENCY**

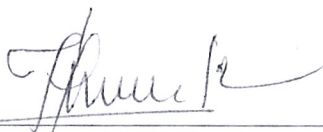
**Reports and Financial Statements**

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

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	120,927,960.00	135,346,104.50
<b>TOTAL RECEIPTS</b>		<b>120,927,960.00</b>	<b>135,346,104.50</b>
<b>PAYMENTS</b>			
Compensation of employees	2	3,239,762.80	2,520,915.85
Use of goods and services	3	4,084,907.95	3,729,697.80
Committee Expenses	4	4,522,395.00	3,370,300.00
Transfers to Other Government Units	5	66,718,690.00	27,249,400.00
Other grants and transfers	6	39,795,132.00	53,949,612.00
Social Security Benefits	7	21,600.00	13,600.00
Acquisition of Assets	8	772,440.00	1,488,706.00
Other Payments	9	925,000.00	875,000.00
<b>TOTAL PAYMENTS</b>		<b>120,079,927.75</b>	<b>93,197,231.65</b>
<b>SURPLUS/DEFICIT</b>		<b>848,032.25</b>	<b>42,148,872.85</b>

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



**Chairman - CDFC**



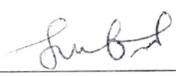
**Fund Account Manager**

**V. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2014-2015	2013-2014
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	43,219,163.55	4,237,131.30
<b>TOTAL FINANCIAL ASSETS</b>		43,219,163.55	4,237,131.30
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	11	42,371,131.30	222,258.45
Surplus/Deficit for the year		848,032.25	42,148,872.85
Prior year adjustments		-	-
<b>NET FINANCIAL POSITION</b>		<b>43,219,163.55</b>	<b>42,371,131.30</b>

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

  
 \_\_\_\_\_  
**Chairman - CDFC**

  
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**Fund Account Manager**

**VI. STATEMENT OF CASHFLOW**

Receipts for operating income		2014 - 2015	2013 - 2014
Transfers from CDF Board	1	120,927,960.00	135,346,104.50
<b>Payments for operating expenses</b>			
Compensation of Employees	2	3,239,762.80	2,520,915.85
Use of goods and services	3	4,084,907.95	3,729,697.80
Committee Expenses	4	4,522,395.00	3,370,300.00
Transfers to Other Government Units	5	66,718,690.00	27,249,400.00
Other grants and transfers	6	39,795,132.00	53,949,612.00
Social Security Benefits	7	21,600.00	13,600.00
Other Payments	9	925,000.00	875,000.00
<b>subtotal for operating expenses</b>		<b>119,307,487.75</b>	<b>91,708,525.65</b>
<b>Net cash flow from operating activities</b>		<b>1,620,472.25</b>	<b>43,637,578.85</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	8	(772,440.00)	(1,488,706.00)
<b>Net cash flows from Investing Activities</b>		<b>(772,440.00)</b>	<b>(1,488,706.00)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
<b>Cash and cash equivalent at BEGINNING of the year</b>	12	<b>42,371,131.30</b>	<b>222,258.45</b>
<b>Cash and cash equivalent at END of the year</b>	13	<b>43,219,163.55</b>	<b>42,371,131.30</b>

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



**Chairman CDFC**



**Fund Account Manager**

**CONSTITUENCIES DEVELOPMENT FUND – KITUI EAST CONSTITUENCY**

Reports and Financial Statements  
For the year ended June 30, 2015

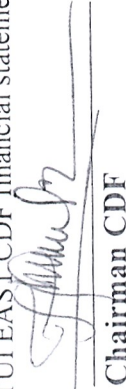
**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	122,927,960.00	42,371,131.30	165,299,091.30	163,299,091.30	2,000,000.00	99
<b>PAYMENTS</b>						
Compensation of Employees	3,204,055.60	2,410,000.00	5,614,055.60	3,239,762.80	2,374,292.80	58
Use of goods and services	3,237,822.80	1,869,234.30	5,107,057.10	4,084,907.95	1,022,149.15	80
Committee Expenses	4,500,000.00	3,700,000.00	8,200,000.00	4,522,395.00	3,677,605.00	55
Transfers to Other Government Units	52,755,931.00	29,932,759.00	82,688,690.00	66,718,690.00	15,970,000.00	81
Other grants and transfers	59,108,550.60	2,823,338.00	61,931,888.60	39,795,132.00	22,136,756.60	64
Social Security Benefits	21,600.00	10,800.00	32,400.00	21,600.00	10,800.00	67
Acquisition of Assets	100,000.00	700,000.00	800,000.00	772,440.00	27,560.00	97
Other Payments		925,000.00	925,000.00	925,000.00	-	
<b>TOTALS</b>	<b>122,927,960.00</b>	<b>42,371,131.30</b>	<b>165,299,091.30</b>	<b>120,079,927.75</b>	<b>45,219,163.55</b>	<b>73</b>

a) There was a balance brought forward of ksh 42,371,131.30 and during the year there was a surplus of ksh 848,032.25. The utilization during the year was above average and the large cash balance was due to delay in disbursement.

b) Kitui East had not received ksh 2,000,000 from the CDF board as at the end of the 30<sup>th</sup> June 2015. The Funds were received later.

The KITUI EAST CDF financial statements were approved on 17<sup>th</sup> 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.

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**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

<b>Description</b>		<b>2014 - 2015</b>	<b>2013 - 2014</b>
		<b>Kshs</b>	<b>Kshs</b>
Normal Allocation	AIE NO.....A 759631	30,731,990.00	50,277,393.50
	AIE NO.....A 796786	18,439,194.00	2,000,000.00
	AIE NO.....A 796931	10,000,000.00	40,534,355.50
	AIE NO.....A 797145	30,731,990.00	42,534,355.50
	AIE NO.....A796086	31,024,786.00	
<b>TOTAL</b>		<b>120,927,960.00</b>	<b>135,346,104.50</b>

**2. COMPENSATION OF EMPLOYEES**

<b>Description</b>	<b>2014 - 2015</b>	<b>2013- 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees	2,104,448.40	1,171,884.00
House allowance	380,640.00	176,000.00
Transport allowance	366,000.00	115,000.00
Leave allowance	36,000.00	-
gratuity	352,674.40	1,058,031.85
<b>Total</b>	<b>3,239,762.80</b>	<b>2,520,915.85</b>

**3. USE OF GOODS AND SERVICES**

<b>Description</b>	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	15,320.00	7,655.00
Office rent	60,000.00	60,000.00
Communication, supplies and services	20,169.00	79,350.00
Domestic travel and subsistence	127,070.00	321,500.00

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Printing, advertising and information supplies & services	-	3,660.00
Training expenses	1,166,000.00	
Hospitality supplies and services	-	72,825.00
Office and general supplies and services	323,346.00	1,533,139.80
Fuel ,oil & lubricants	776,728.00	1,397,613.00
Other operating expenses	624,066.95	183,500.00
Routine maintenance – vehicles and other transport equipment	946,208.00	41,355.00
Routine maintenance – other assets	26,000.00	29,100.00
<b>Total</b>	<b>4,084,907.95</b>	<b>3,729,697.80</b>

**4.COMMITTEE EXPENSES**

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Other committee expenses	359,915.00	209,000.00
Committee allowance	4,162,480.00	3,161,300.00
<b>TOTAL</b>	<b>4,522,395.00</b>	<b>3,370,300.00</b>

**5.TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Transfers to primary schools	30,167,931.00	13,999,400.00
Transfers to secondary schools	19,800,000.00	13,250,000.00
Transfers to Tertiary institutions	500,000.00	-
Transfers to Health institutions	16,250,759.00	-
<b>TOTAL</b>	<b>66,718,690.00</b>	<b>27,249,400.00</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. OTHER GRANTS AND OTHER PAYMENTS

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bursary -Secondary	10,095,500.00	16,078,900.00
Bursary -Tertiary	7,610,000.00	9,263,490.00
water	10,000,000.00	10,784,230.00
Agriculture (food security)	-	260,000.00
Electricity projects	-	5,050,000.00
Security	3,920,000.00	
Roads	-	8,750,000.00
Sports	1,611,619.00	250,000.00
Environment	1,200,000.00	550,000.00
Emergency Projects (specify)	5,358,013.00	2,962,992.00
<b>Total</b>	<b>39,795,132.00</b>	<b>53,949,612.00</b>

7. SOCIAL SECURITY BENEFITS

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Employer contribution to NSSF	21,600.00	13,600.00
<b>Total</b>	<b>21,600.00</b>	<b>13,600.00</b>

8. ACQUISITION OF ASSETS

Non Financial Assets	2014- 2015	2013 - 2014
	Kshs	Kshs
Refurbishment of Buildings	-	1,488,706.00
Purchase of Bicycles & Motorcycles	619,440.00	

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Purchase of computers ,printers and other IT equipment	153,000.00	
<b>Total</b>	<b>772,440.00</b>	<b>1,488,706.00</b>

**9. OTHER PAYMENTS**

Description	2014- 2015	2013 - 2014
	Kshs	Kshs
Strategic plan	925,000.00	875,000.00
	-	-
<b>TOTAL</b>	<b>925,000.00</b>	<b>875,000.00</b>

**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)
Equity Bank, Kitui Branch	0720261343213	43,219,163.55	42,148,872.85
Cooperative bank, Kitui Branch	01141300500000	-	222,258.45
<b>Total</b>		<b>43,219,163.55</b>	<b>42,371,131.30</b>

**11. BALANCES BROUGHT FORWARD**

Description	2014 - 2015	2013 - 2014
	Kshs (1/7/2014)	Kshs (1/7/2013)
Bank accounts	42,371,131.30	222,258.45
<b>Total</b>	<b>42,371,131.30</b>	<b>222,258.45</b>

12. OTHER IMPORTANT DISCLOSURES

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2014/15	Historical Cost (Kshs) 2013/14
Buildings and structures	4,000,000.00	4,000,000.00
Transport equipment	5,312,602.00	4,693,162.00
Office equipment, furniture and fittings	250,050.00	244,450.00
ICT Equipment, Software and Other ICT Assets	323,000.00	170,000.00
<b>Total</b>	<b>9,885,652.00</b>	<b>9,107,612.00</b>