

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT



OF

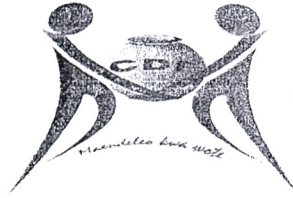
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND
LAISAMIS CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2015

[30TH SEPTEMBER 2015]

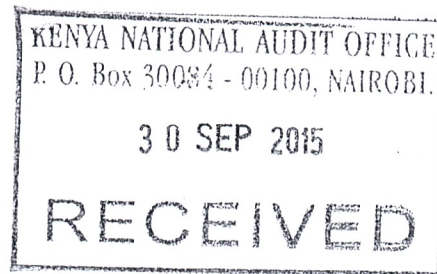


**CONSTITUENCIES DEVELOPMENT FUND – LAISAMIS
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



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KENYA NATIONAL AUDIT OFFICE
 P. O. Box 30084 - 00100, NAIROBI.
 30 SEP 2015
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II. 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The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 directions of the Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the National annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level. (CDF Act 2013, section III).

(b) Key Management

The *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.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Galgallo Guyo Danso
3.	District Accountant	Odiyo David Odiyo

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of CDF Board provide overall fiduciary oversight on the activities of Laisamis Constituency. The reports and recommendations of ARMC when adopted by 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) Entity Headquarters

Box and physical address of the constituency CDF office

P.O. Box 183 MARSABIT
DDO'S OFFICE LAISAMIS
NEXT TO DCs office
MARSABIT SOUTH, MARSABIT COUNTY

(f) Entity Contacts

Telephone: (254) 0720058255
E-mail: ggdanso@yahoo.com
Website: www.go.ke

CONSTITUENCIES DEVELOPMENT FUND – LAISAMIS CONSTITUENCY
Reports and Financial Statements
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(g) Entity Bankers

Constituency CDF main banker (provide the bank, branch, account number and address)

1. Kenya Commercial Bank,
Marsabit branch
Bank account number: 1102625191
P.O. Box, Marsabit

(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

III. FORWARDING NOTES BY THE CHAIR
PRESON

DETAIL KEY ACHIEVEMENT FOR THE CDF

- i) Establishment of schools, both primary and secondary school eradicates illiteracy.
- ii) Accessibility of water to the residents of the constituency.
- iii) Establishment of roads that enable residents to access town and water points.
- iv) Establishment of administration police lines which enhances security.
- v) Assistance in relevance to mitigating emergency issues.
- vi) Giving bursaries for needy students in the constituency both in secondary and tertiary institution.
- vii) Enhance talent development through sports activities.
- viii) Enabling conducive environment through environment activities.

LIST EMERGING ISSUES RELATED TO CDF

- i) Termination of CDF based on constitution.
- ii) Project that had been devolved as per the constitution to be implemented by the county formerly carried out by CDF.

Keeye

IV. STATEMENT OF CONSTITUENCY
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 entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.


The Fund Account Manager in charge of the Laisamis *CDF* is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 2014. 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 constituency; (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 constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

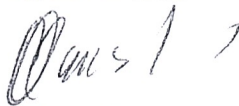
The Fund Account Manager in charge of the Laisamis *CDF* accepts responsibility for the Laisamis Constituency's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the Laisamis *CDF* financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2014, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the Laisamis *CDF* further confirms the completeness of the accounting records maintained for the Constituency, which have been relied upon in the preparation of the Constituency financial statements as well as the adequacy of the systems of internal financial control.

The Fund Account Manager in charge of the Laisamis *CDF* confirms that the entity has complied fully with applicable Government Regulations and that the Constituency'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 Fund Account Manager confirms that the Constituency'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 Laisamis *CDF* financial statements were approved and signed on 18th September 2015.


Raphaela Neepe
Chairlady - CDFC


Galgalo Guyo Danso
Fund Account Manager

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON CONSTITUENCIES DEVELOPMENT FUND – LAISAMIS 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 - Laisamis Constituency set out on pages 6 to 19, which comprise statement of financial assets and liabilities as at 30 June 2015, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003. 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 the 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(2) 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 that

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

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion

1.0 Accuracy and Presentation of the Financial Statements

The following differences were noted between the financial statements balances and the respective supporting schedules balances.

Item	Balance as per Financial Statement (Kshs)	Balance as per supporting schedules (Kshs)	Variance (Kshs)
Use of goods & Services			
Other operating expenses	632,650.70	695,095.10	62,444.40
Committee allowances	4,586,000.00	5,206,000.00	720,000.00
Office general	246,550.00	266,550.00	20,000.00
Domestic travel	2,321,200.00	1,521,200.00	(800,000.00)
Other Payments	0.00	60,000.00	60,000.00

The variances between the two records has not been explained or reconciled. Further, the comparative balance for outstanding imprest of Kshs.164,580 reflected in the statement differs with the certified balance for 2013/2014 of Kshs.930,000 by an unexplained variance of Kshs.765,420.

In addition, the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS) require that, a summary of fixed assets register and a report on follow-up of auditor recommendations be included as part of the annexures in the financial statements. However, the financial statements for the year under review did not include the two annexures contrary to IPSAS (Cash Basis) template prescribed by the National Treasury.

In the circumstance, the accuracy, completeness and presentation of the financial statements for the year ended 30 June 2015 could not be ascertained.

2.0 Cash and Cash Equivalents

The statement of financial assets and liabilities reflect a cash and cash equivalents balance of Kshs.24,753,839.55 as at 30 June 2015 which included unrepresented cheques totaling Kshs.2,393,300.70. However, included in the unrepresented cheques

balance were stale cheques totaling to Kshs.400,300 some dating back to February 2013.

Further, payments in bank not recorded in the cash book totaled to Kshs.62,444.40 as at 30 June 2015.

In view of the foregoing, the accuracy of the cash and cash equivalents balance of Kshs.24,753,839.55 as at 30 June 2015 could not be confirmed.

3.0 Non-Recording of Goods in the Stores Records

Payments vouchers and stores ledgers records presented for audit revealed that ordinary stores costing at Kshs.80,000.00 and fuel stock costing Kshs.820,000.00, both totaling to Kshs.900,000.00, were purchased during the year under review as follows:

PAYEE	DATE	PV No.	DETAILS	Amount Kshs.
OS Baslum	14.01.15	98	Cost of fuel	820,000.00
Francis Letur	13.05.15	166	Stationary	20,000.00
Francis Letur	13.05.15	166	Bull	60,000.00
Total				900,000.00

However, the transactions were not recorded in stores records.

In the circumstance, propriety of the expenditure of Kshs.900,000 could not be ascertained.

4.0 Unsupported Expenditure on Domestic Travel and Subsistence Allowance

During the year under review, four (4) officers were paid temporary imprests totaling to Kshs.313,700.00 for domestic travel and subsistence allowance. However, the regulations on issue of temporary imprests were noted below:

- i. Journeys undertaken by the four officers were not supported by work tickets or bus tickets. Therefore expenditure returns on the imprests were made without evidence that the officers travelled out of their respective duty stations.
- ii. Payments were made to the officers while attending seminars, training & performance contracting did not possess evidence of attendance in form of invitation letters, timetable, approval of courses attended and list of participants and,
- iii. Durations and purposes of the journeys, including the purpose of the visit were not stated.

In the circumstances, the propriety of the expenditure totaling to Kshs.313,700 incurred on imprests issued to the officer could not be ascertained as at 30 June 2015.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of the Constituencies Development Fund – Laisamis 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 do not comply with the Constituencies Development Fund Act, 2013.

Other Matter

1.0 Budgetary Control and Performance

During the year under review, Laisamis Constituency had an approved budget of Kshs.106,742,285 while the actual expenditure as at 30 June 2015 was Kshs.116,560,513 resulting to an over expenditure of Kshs.9,818,228. No supplementary budget covering the over expenditure or proof of reallocation of funds was presented for audit verification. In addition, five (5) projects with a total budget of Kshs.63,624,146 had an expenditure of Kshs.79,538,364 resulting to over-expenditure of Kshs.15,912,219. Further, two (2) items allocated Kshs.2,500,000 in the budget returned nil expenditure as at 30 June 2015:

Sub Head	Budget (Kshs)	Actual (Kshs)	Budget Utilization Difference (Kshs)	Absorption Rate
Administration/Recurrent/M&E	9,606,805.65	13,965,549.70	(4,358,744.05)	145%
Primary School Projects	26,820,000.00	29,530,460.00	(2,710,460.00)	110%
Secondary School Projects	17,305,353.85	17,666,960.00	(361,606.15)	102%
Health Projects	500,000.00	8,482,000.00	(7,982,000.00)	1696%
Road Projects	9,393,986.65	9,893,395.20	(499,408.55)	105%
Sub – Total	63,626,146.15	79,538,364.9		
Auditors Fees	500,000.00		500,000.00	0%
Tertiary-Projects	2,000,000.00		2,000,000.00	0%
Sub – Total	2,500,000.00			
Emergency	5,400,259.00	5,018,248.60	382,010.40	93%
Sports activities	2,134,845.70	1,730,000.00	404,845.70	81%
Environmental Projects	2,134,845.70	1,260,200.00	874,645.70	59%
Bursary	17,146,188.45	17,116,200.00	29,988.45	100%
Mocks and Cats	1,000,000.00	1,000,000.00	-	100%
Water Projects	12,800,000.00	9,400,000.00	3,400,000.00	73%
Security Projects		1,497,500.00	(1,497,500.00)	
Sub – Total	40,616,138.85	37,022,148.6		
Totals	106,742,285.00	116,560,513.50	(9,818,228.50)	109%

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

Further, the statement of receipts and payments reflects total payments of Kshs.116,560,514 against total receipts of Kshs.80,056,714 resulting to an overall over expenditure of Kshs.36,503,800.

Consequently, the 2014/2015 Fund budget was unrealistic and it was not possible to ascertain how the overall over expenditure of Kshs.36,503,800as at 30 June 2015 was funded.

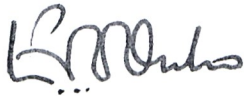
2.0 Project Implementation Status

A project status report presented for audit together with the financial statements indicated that funds totaling to Kshs.104,269,653.65 were allocated to projects within the constituency during the year under review. However, analysis of the report revealed three (3) that work on three projects allocated Kshs.7, 670,313 had not started as at 30 June 2015 and the funds for the projects were not disbursed to the project management committee (PMC). Further, as at 30 June 2015, six (6) projects allocated Kshs.10,000,000 were on-going while seventy two (72) projects allocated Kshs.86,599,341 were completed:

Sector	Project Status	Amount (Kshs.) Allocated	Amount (Kshs.) Disbursed	No. of projects
Education	Completed	66,005,354.00	66,305,354.00	51
	Ongoing	3,500,000.00	0.00	4
	Not started	7,100,000.00	0.00	2
	Sub Total	76,605,354.00	66,305,354.00	57
Health	Completed	3,000,000.00	2,500,000.00	4
	Ongoing	0.00	0.00	0
	Not started	0.00	0.00	0
	Sub Total	3,000,000.00	2,500,000.00	4
Water	Completed	9,700,000.00	8,300,000.00	11
	Ongoing	5,000,000.00	500,000.00	1
	Not started	570,313.00	0.00	1
	Sub Total	15,270,313.00	8,800,000.00	13
Security	Completed	1,500,000.00	1,500,000.00	1
	Ongoing	0.00	0.00	0
	Not started	0.00	0.00	0
	Sub Total	1,500,000.00	1,500,000.00	1
Roads	Completed	6,393,986.65	6,393,986.65	5
	Ongoing	1,500,000.00	0.00	1
	Not started	0.00	0.00	0
	Sub Total	7,893,986.65	6,393,986.65	6
	Grand Total	104,269,653.65	85,499,340.65	81

In view of the foregoing, the residents of Laisamis constituency did not enjoy important public services being budgeted projects valued at Kshs.7,670,313 not implemented as at 30 June 2015.

My opinion is not qualified in respect of these matters.



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

Nairobi

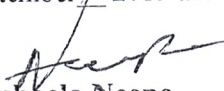
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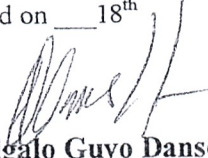
CONSTITUENCIES DEVELOPMENT FUND – LAISAMIS CONSTITUENCY
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V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-2015	2013-2014
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	80,056,713.75	126,386,538.40
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		80,056,713.75	126,386,538.40
PAYMENTS			
Compensation of employees	4	1,346,000.00	1,121,000
Use of goods and services	5	8,033,549.70	2,723,388.20
Committee Expenses	6	4,586,000.00	1,755,000
Transfers to Other Government Units	7	55,679,420.00	32,821,040
Other grants and transfers	8	46,915,543.80	28,769,400
Social Security Benefits	9	-	0
Acquisition of Assets	10	-	0
Other Payments	11	-	
TOTAL PAYMENTS		116,560,513.50	67,189,828.20
SURPLUS/DEFICIT		(36,503,799.75)	59,196,710.20

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Laisamis CDF financial statements were approved on 18th September 2015 and signed by:


 Raphaela Neepe
 Chairlady - CDFC

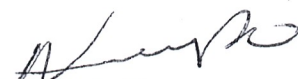

 Galgalo Guyo Danso
 Fund Account Manager


CONSTITUENCIES DEVELOPMENT FUND – LAISAMIS CONSTITUENCY
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VI. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12	24,753,839.55	60,327,639.30
Outstanding Imprests	14	-	930,000.00
TOTAL FINANCIAL ASSETS		24,753,839.55	61,257,639.30
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	61,257,639.30	1,819,572.10
Surplus/Deficit for the year		(36,503,799.75)	59,196,710.20
Prior year adjustments	17	-	241,357.00
NET LIABILITIES		24,753,839.55	61,257,639.30

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The LAISAMIS CDF financial statements were approved on ___18th September__ 2015 and signed by:


 Raphaela Neepe
 Chairlady - CDFC

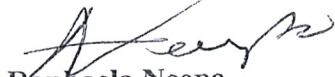

 Galgalo Guyo Danso
 Fund Account Manager

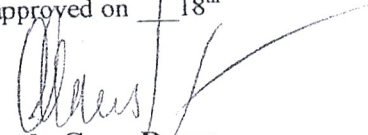
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VII. Cash Flow Statement

Receipts for operating income		2014 - 2015	2013 - 2014
Transfers from CDF Board	1	80,056,713.75	126,386,538.40
Other Receipts	3	-	-
TOTAL RECEIPT		80,056,713.75	126,386,538.40
Payments for operating expenses			
Compensation of Employees	4	1,346,000.00	1,121,000.00
Use of goods and services	5	8,033,549.70	2,723,388.20
Committee Expenses	6	4,586,000.00	1,755,000.00
Transfers to Other Government Units	7	55,679,420.00	32,821,040.00
Other grants and transfers	8	46,915,543.80	28,769,400.00
Social Security Benefits	9	-	-
Other Payments	11	-	-
TOTAL PAYMENTS		116,560,513.50	67,189,828.20
Adjusted for:			
Adjustments during the year		-	241,357.00
Net cash flow from operating activities		(36,503,799.75)	59,438,067.20
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(36,503,799.75)	59,438,067.20
Cash and cash equivalent at BEGINNING of the year	16	61,257,639.30	1,819,572.10
Cash and cash equivalent at END of the year	12	24,753,839.55	61,257,639.30

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The LAISAMIS CDF financial statements were approved on 18th September 2015 and signed by:


Raphaella Neepe
 Chairlady - CDFC



Galgalo Guyo Danso
 Fund Account Manager

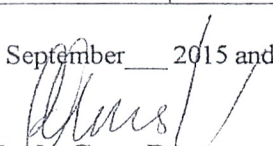
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Reports and Financial Statements
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VIII. SUMMARY STATEMENT OF APPROPRIATION

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	104,742,285.00	61,257,639.30	165999924.3	80,056,713.25	85,943,211.05	50
Proceeds from Sale of Assets				-	-	
Other Receipts				-	-	
TOTAL RECEIPTS	104,742,285.00	61,257,639.30	165999924.3	80,056,713.25	85,943,211.05	50
PAYMENTS				ACTUAL PAYMENTS		
Compensation of Employees	1,200,000.00	146,000.00	1,346,000.00	1,346,000.00	-	100
Use of goods and services	3,000,000.00	7,200,000.00	10,200,000.00	8,033,549.70	2,166,450.30	79
Committee Expenses	5,236,805.50	1,977,543.90	7,214,349.40	4,586,000.00	2,628,349.40	64
Transfers to Other Government Units	45,125,354.00	25,334,095.40	70,459,449.40	55,679,420.00	14,780,029.40	79
Other grants and transfers	50,010,125.50	26,600,000.00	76,610,125.50	46,915,543.80	29,694,581.70	61
Social Security Benefits	70,000.00		70,000.00	-	70,000.00	0
Acquisition of Assets	100,000.00		100,000.00	-	100,000.00	0
Other Payments				-	-	#DIV/0!
TOTAL PAYMENTS	104,742,285.00	61,257,639.30	165,999,924.30	116,560,513.50	49,439,410.80	70
balance in cash book				24,753,839.55	24,753,839.55	

The Laisamis CDF financial statements were approved on 18th September 2015 and signed by:


Raphaëla Neepe
 Chairlady - CDFC


Galgalo Guyo Danso
 Fund Account Manager

IX. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

a) 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 and relevant legal framework of the Government of Kenya. 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 Constituency and all values are rounded to the nearest thousand (Kshs'000). 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 Constituency.

b) Recognition of revenue and expenses

The Constituency recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the Constituency. In addition, the Constituency recognises all expenses when the event occurs and the related cash has actually been paid out by the Constituency.

c) In-kind contributions

In-kind contributions are donations that are made to the Constituency 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 Constituency 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.

d) 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 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, processed payment vouchers which have not been posted in the cash book at the end of 30th June, 2014.

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Receivables and payables

Receivables are funds due to the Constituency at the end of the financial year from the CDF Board and other sources but not yet received while payables are funds due to other parties at the end of the financial year but not yet paid. As receivables and payables do not involve the receipt or payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Constituency at the end of the year. When the receivables or payables are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

f) 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 Constituency'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 Constituency's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

g) Comparative figures

This being the second year the Constituency is preparing its financial statements, comparative figures is the figures as they were in the financial statement for the year ending 30th June, 2014.

h) 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.

X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM CDF BOARD

GFS CODES
1330400

1 TRANSFERS FROM CDF BOARD

	Description	2014 - 2015 Kshs	2013 - 2014 Kshs
133040 7	Normal Allocation		
	AIE NO...A796048	26,685,571.25	0
	AIE NO.....A796595	14,011,342.75	0
	AIE NO.....A796798	12,672,228.50	0
	AIE NO.....A759634	26,685,571.25	0
133040 8	Conditional grants		
	AIE NO...	-	0
	AIE NO...	-	-
	TOTAL	80,056,713.25	126,386,538

3510000

2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS

		2013 - 2014 Kshs	2012 - 2013 Kshs
351020 2	Receipts from the Sale of Buildings	-	-
	Receipts from the Sale of Vehicles and Transport	-	0
351060 1	Equipment	-	-
	Receipts from the Sale Plant	-	-
351080 1	Machinery and Equipment	-	-
	Receipts from the Sale of office and general equipment	-	-
351080 3		-	-
	Total	-	0

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1400000

3 OTHER REVENUES

		2013 - 2014	2012 - 2013
		Kshs	Kshs
1410107	Interest Received	-	0
1410405	Rents	-	0
1420601	Sale of tender documents	-	0
1450207	Other Receipts Not Classified Elsewhere	-	0
	Total	-	0

2110000

4 COMPENSATION OF EMPLOYEES

		2014 - 2015	2013 - 2014
		Kshs	Kshs
2110201	Basic wages of contractual employees	1,346,000.00	1,121,000.00
2110202	Basic wages of casual labour	0	
	Personal allowances paid as part of salary		
2110301	House allowance	0	0
2110314	Transport allowance	0	0
2110320	Leave allowance	0	0
2110326	Other personnel payments	0	0
	Total	1,346,000.00	0

2200000

5 USE OF GOODS AND SERVICES

		2014 - 2015	2013 - 2014
		Kshs	Kshs
2210100	Utilities, supplies and services	1,842,000.00	
2210104	Office rent	-	-

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2210200	Communication, supplies and services		-
2210300	Domestic travel and subsistence	2,321,200.00	788,500
2210500	Printing, advertising and information supplies & services	-	-
2210600	Rentals of produced assets	-	-
2210700	Training expenses	-	-
2210800	Hospitality supplies and services	-	-
2210900	Insurance costs	-	-
2211000	Specialised materials and services	-	-
2211100	Office and general supplies and services	246,550.00	83,000
2211200	Fuel ,oil & lubricants	2,425,249.00	1,178,453
2211300	Other operating expenses	632,650.70	248,935
2220100	Routine maintenance – vehicles and other transport equipment	565,900.00	409,500
2220200	Routine maintenance – other assets	-	15,000
		-	-
Total		8,033,549.70	2,723,388

2210800
6 CDFC EXPENSES

Description	2014 - 2015 Kshs	2013 - 2014 Kshs
2210802 Other committee expenses	2,359,000.00	1,150,000
2210809 Committee allowance	2,227,000.00	605,000
TOTAL	4,586,000.00	1,755,000

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2630200

7 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2014 - 2015 Kshs	2013 - 2014 Kshs
2630204 Transfers to primary schools	29,530,460.00	11,239,900.00
2630205 Transfers to secondary schools	17,666,960.00	16,081,140.00
2630206 Transfers to Tertiary institutions		
2630207 Transfers to Health institutions	8,482,000.00	5,500,000.00
TOTAL	55,679,420.00	32,821,040.00

2640000

8 OTHER GRANTS AND OTHER PAYMENTS

Description	2014 - 2015 Kshs	2013 - 2014 Kshs
2640101 Bursary -Secondary	10,273,000.00	5,628,800
2640102 Bursary -Tertiary	6,843,200.00	5,862,100
2640104 Bursary-Special schools	-	-
2640105 Mocks & CAT	1,000,000.00	-
2640504 water	9,400,000.00	2,199,000
2640505 food security	-	-
2640506 Electricity	-	-
2640507 Security	1,497,500.00	-
2640508 Roads	9,893,395.20	8,199,500
2640509 Sports	1,730,000.00	1,100,000
2640510 Environment	1,260,200.00	2,295,000
2640200 Emergency Projects	5,018,248.60	3,485,000
Total	46,915,543.80	28,769,400

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2120000

9 SOCIAL SECURITY BENEFITS

	2014 - 2015 Kshs	2013 - 2014 Kshs
2120101 Employer contribution to NSSF		xx
Total	-	xx

3100000

10 ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2014 - 2015 Kshs	2013 - 2014 Kshs
Total	-	xx

11. OTHER PAYMENTS

- 0

12 Bank Balances (cash book bank balance)

Name of Bank, Account No. & currency	2014 - 2015 Kshs	2013 - 2014 Kshs
KCB MARSABIT ACC. NO.1102625191	24,753,839.55	60,327,639.10
	-	0
		0
Total	24,753,839.55	60,327,639.10

13 CASH BALANCES (cash in hand)

2014 - 2015
Kshs 2013 - 2014
Kshs

CONSTITUENCIES DEVELOPMENT FUND – LAISAMIS CONSTITUENCY
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Sale of tender	0
Hire of graders	0
Hire of hall	0
Other receipts (specify)	0
Total	0

[Provide cash count certificates for each]

14 OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Total</i>			0

15 Cash equivalents (short-term deposits)

<i>Name of Bank, Account No. & currency</i>	<i>Amount in foreign currency</i>	<i>Exchange rate</i>	<i>2014 - 2015</i>	<i>2013 - 2014</i>
			<i>Kshs</i>	<i>Kshs</i>
<i>unposted p/vs in cash book</i>	xxx	xxx	0	
<i>Describe the nature of deposit</i>	xxx	xxx	0	0
<i>Describe the nature of deposit</i>	xxx	xxx	0	0
<i>Describe the nature of deposit</i>	xxx	xxx	0	0
Total			0	0

16 BALANCES BROUGHT FORWARD

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	60,327,639.10	1157572.1
Cash in hand	-	
Cash equivalents (short-term deposits)	-	
Imprest	930,000.00	662000
Receivables	-	

CONSTITUENCIES DEVELOPMENT FUND – LAISAMIS CONSTITUENCY
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Payables	-	
Total	61,257,639.10	<u>1,819,572.10</u>

[Provide short appropriate explanations as necessary]

17. PRIOR YEAR ADJUSTMENTS

	2014 - 2015 Kshs	2013 - 2014 Kshs
Bank accounts cash book casting error		241,357.00
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Imprest	-	-
Receivables	0	0
Payables	-	-
Total		<u>241,357.00</u>