

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

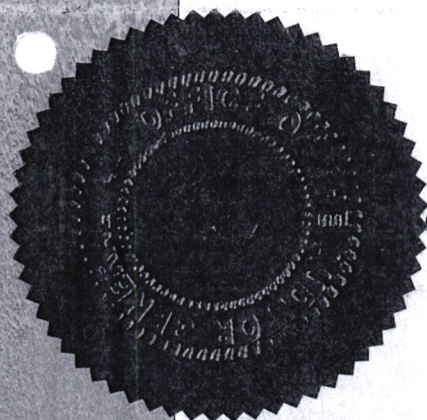
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND
KITUI WEST CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2015



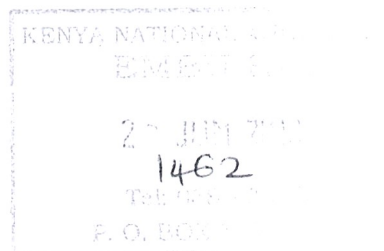


CONSTITUENCY DEVELOPMENT FUND- KITUI WEST CONSTITUENCY

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)



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

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L. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *Constituencies Development Fund*. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and fight against poverty in the constituency level.

(b) Key Management

The *KITUI WEST 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 (F.A.M)	Nicholas N. Kimanzi
3.	District Accountant	Conelius K. Omony
4.		

(d) Fiduciary Oversight Arrangements

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

P.O. Box 244-90205
NGUNSTE HOUSE PG 1
Kabati – Tulia Road
Kabati Market, KENYA

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

(f) KITUI WEST CDF Contacts

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(g) KITUI WEST CDF Bankers

1. Equity Bank
Kitui
0720 262 084 328
Kitui Town

(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)

INTRODUCTION

Kitui West Constituency is a new constituency that was carved from the old Kitui west Constituency. It comprises of a population of about 102,316 as with a poverty index of 26.53%.

The CDFC has always dedicated time to ensure prudent allocation of resources received from the CDF board within the four wards of the constituency. Since its inception, the CDFC has completed several development projects that are geared towards infrastructural development, wealth creation and fighting against poverty in the constituency.

During the financial year 2014/2015, the CDFC was able to utilize 58.30% of its allocated resources. At the closure of the financial year, the constituency had unutilised fund amounting to Kshs. 17,447,997.60 out of the budgeted allocation of Kshs. 95,120,567.90. The implementation of funded projects is satisfactory.

2014 /2015 FINANCIAL YEAR ACHIEVEMENTS

During the financial year 2014/2015, CDF rehabilitated one primary school that was in a bad shape. The school that had less than two hundred pupils is now able to accommodate more than four hundred. Several structures were put up in various schools ranging from new classrooms, dormitories, dining halls to laboratories. These have enabled students to study in better and conducive learning environments.

CDF was also able to plant and nurture more than one thousand five hundred seedlings along the roads and various learning institutions within the constituency. Women and youth were engaged in various sporting activities hence reducing numbers of idling youth within the area.

EMERGING ISSUES

During the financial year 2014/2015, CDF was unable to proceed with some of the projects it had been engaging in due to devolution of some departments such as health and water. The public confidence in CDF declined due to the court case that was challenging the legality of the fund. The performance appraisal that was introduced for CDFCs improved the performance of CDFC to a greater extent.

IMPLEMENTATION CHALLENGES

Due to lack of adequate rains in the constituency, some of the planted seedlings could not do well despite the nurturing efforts. However, many of them managed to survive. Political influence from local leaders to some extent became challenges in the allocation of resources within the constituency. Such influence could affect the fair distribution of resources. Failure to involve the technical department in the implementation of CDF projects by the PMCs. This is however prompted by the fact that there are not enough officers in the technical departments.

It is recommended that the learning institutions should invest in water harvesting tanks so that they are able to nurture the seedlings even during the dry spell. The CDFCs should be keen on fair distribution of resources despite the political pressure. The national Government should consider deploying more officers working in the technical departments.


CHAIRMAN CDFC

CONSTITUENCY DEVELOPMENT FUND- KITUI WEST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

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.

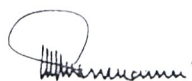
The Accounting Officer in charge of the *Kitui West CDF* is responsible for the preparation and presentation of the *CDF's* financial statements, which give a true and fair view of the state of affairs of the *CDF* for and as at the end of the financial year ended on June 30, 2015. This responsibility 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 West 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 *Kitui West 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 West 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 12th September, 2015.



Fund Account Manager



Chairman- CDFC

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund- Kitui West Constituency set out on pages 5 to 19, which comprise statement of assets as at 30 June 2015, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya 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 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

Report of the Auditor-General on the Constituencies Development Fund - Kitui West Constituency for the Year ended 30 June 2015

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 Budgetary Control and Performance

During the year under review, Kitui West CDF approved a budget of Kshs. 131,021,066. However, only Kshs. 77,672,549 (59.3%) was spent resulting to an under – expenditure of Kshs. 53,348,496. Further, four items namely; acquisition of assets, constituency audit, rehabilitation of schools and mock/cats had budgets of Kshs.607,234, Kshs.500,000, Kshs.837,931, Kshs.1,268,085 respectively and nil expenditures as tabulated below:

Sub Head	Budget	Actual	Variance	Absorption
Education Projects	46,780,000	33,680,000.00	13,100,000	72%
Health institutions Projects	7,326,759	6,462,759	864,000	88%
Constituency audit	500,000	0	500,000	0%
Bursary to schools	22,500,000	9,735,000	12,765,000	43%
Rehabilitation of schools	837,931	0	837,931	0%
Mocks/ cats	1,268,085	0	1,268,085	0%
Water projects	12,998,619	1,500,000	11,498,619	12%
Security projects	7,150,000	6,317,101	832,899	88%
Roads projects	3,460,000	2,760,000	700,000	80%
Sports projects	3,147,045	1,244,634	1,902,411	40%
Environment projects	3,147,045	3,147,045	0	100%
Emergency	5,400,259	5,760,000	(359,741)	107%
Compensation of employees	3,388,489.14	646,367	2,742,122.14	19%
Use of goods & services	4,594,170.55	2,624,514.22	1,969,656.33	57%
Committee expenses	3,395,191.09	3,096,350	298,841	91%
Acquisition of Assets	607,234	0	607,234	0%
Other payments	3,217,101	690,000	2,527,101	21%
Social security benefits	120,446	8,800	111,646.80	7%
Grand total	131,021,066.22	77,672,549	53,348,496.36	

Failure by the Kitui West CDF, to spend the sum of Kshs.53,348,496.36 included in the budget; denied residents services of equivalent value that they had expected to receive during the year under review.

2.0 Project Implementation Status

The approved budget for development projects was apportioned among various sectors within the constituency namely Primary schools, Secondary schools, Health institutions, Sports, Water projects, Security, Bursary, Acquisition of assets, roads projects and Environment.

Review of the project implementation status report revealed that the Fund had budgeted to implement a total of 243 projects during the year out of which 202 projects were completed, seven (7) had not started and 34 were ongoing as shown below:

Sector	Project Status	Amount Allocated	Amount Disbursed	No. of projects
Education	Completed	50,057,931.00	50,057,931.00	86
	Ongoing	17,200,000.00	17,200,000.00	12
	Not started			
	Sub Total	67,257,931.00	67,257,931.00	
Health	Completed	4,300,000.00	4,300,000.00	6
	Ongoing	3,562,759.00	3,562,759.00	6
	Not started	500,000.00	500,000.00	1
	Sub Total	8,362,759.00	8,362,759.00	
Water	Completed	3,600,000.00	3,600,000.00	6
	Ongoing	1,500,000.00	1,500,000.00	1
	Not started	9,498,619.00	-	1
	Sub Total	14,598,619.00	5,100,000.00	
Security	Completed	11,367,101.00	10,967,901.00	16
	Ongoing	3,700,000.00	3,700,000.00	10
	Not started	2,600,000.00	1,800,000.00	5
	Sub Total	17,667,101.00	16,467,901.00	
Roads	Completed	3,460,000.00	3,460,000.00	
	Ongoing			
	Not started			
	Sub Total	3,460,000.00	3,460,000.00	
Environment	Completed	3,147,045.00	3,147,045.00	22
	Ongoing	500,000.00	500,000.00	1
	Not started			
	Sub Total	3,647,045.00	3,647,045.00	
Sport	Completed	1,902,411.00	1,902,411.00	5
	Ongoing			
	Not started	500,000.00	-	1
	Sub Total	2,402,411.00	1,902,411.00	
Emergency	Completed	8,130,000.00	8,130,000.00	59

	Ongoing	890,000.00	890,000.00	5
	Not started			
	Sub Total	9,020,000.00	9,020,000.00	
	Grand Total	126,415,866.00	115,218,047.00	243

As the data shows, out of the 243 projects, seven (7) projects allocated Kshs.13,988,619 out of which Kshs.3,190,000 had not yet commenced as at 30 June 2015 while 34 projects to which Kshs.27,352,759 disbursed were ongoing as at the end of the financial year on 30 June 2016.

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

3.0 Construction of a Science Laboratory and Fencing for AIC Mutonguni Girls Secondary School

During the year under review, Kshs. 2,500,000 was spent to construct a Science Laboratory and fencing at Mutonguni Girls Secondary School. However, the bill of quantities indicated that the funding required to complete the project was Kshs.3,981,966. To complete the project with the allocation of Kshs.2,500,000, variations of the contract were made without the approval of the Public Works Officer who had prepared the Bill of Quantities (BOQ).

In addition, barbed wire was used for the fencing instead of the chain link while the ceiling, floor paint, gas piping, water piping and sinks were not done as indicated in the Bill of Quantities. Even after Kshs.2,500,000 was incurred on the works, the project remains incomplete. In the circumstances, the propriety of the expenditure of Kshs.2,500,000 could not be confirmed.

4.0 Purchase of a School Bus for Katutu Girls Secondary School

During the year under review, the CDF transferred Kshs.40,142,759 (Note 7) to other Government entities. Included in the balance were transfers of Kshs.3,000,000 donated to Katutu Girls Secondary School to assist in the purchase of a school bus at a total cost of Kshs.6,000,000. The amount of Kshs.3,00,000 was disbursed on 7 July 2015 against a pro-former invoice. Records made available indicated that the supplier was one of the three firms who had quoted for the job. However, no supporting documents were presented to show how the three firms were identified. Further, the purchase of the bus at Kshs.6,000,000 required an open tender as stipulated in the Public Procurement and Disposal Act 2005 and the Regulations of 2013.

In the circumstance, the propriety of the expenditure of Kshs. 3,000,000 could not be confirmed.

5.0 Non-compliance with Financial Statements Prescribed presentation and Disclosure Format.

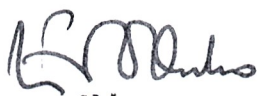
The Cash Basis of Accounting Method prescribed in the the International Public Sector Accounting Standards (IPSAS) requires that a report on follow – up of auditor

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

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

Qualified Opinion

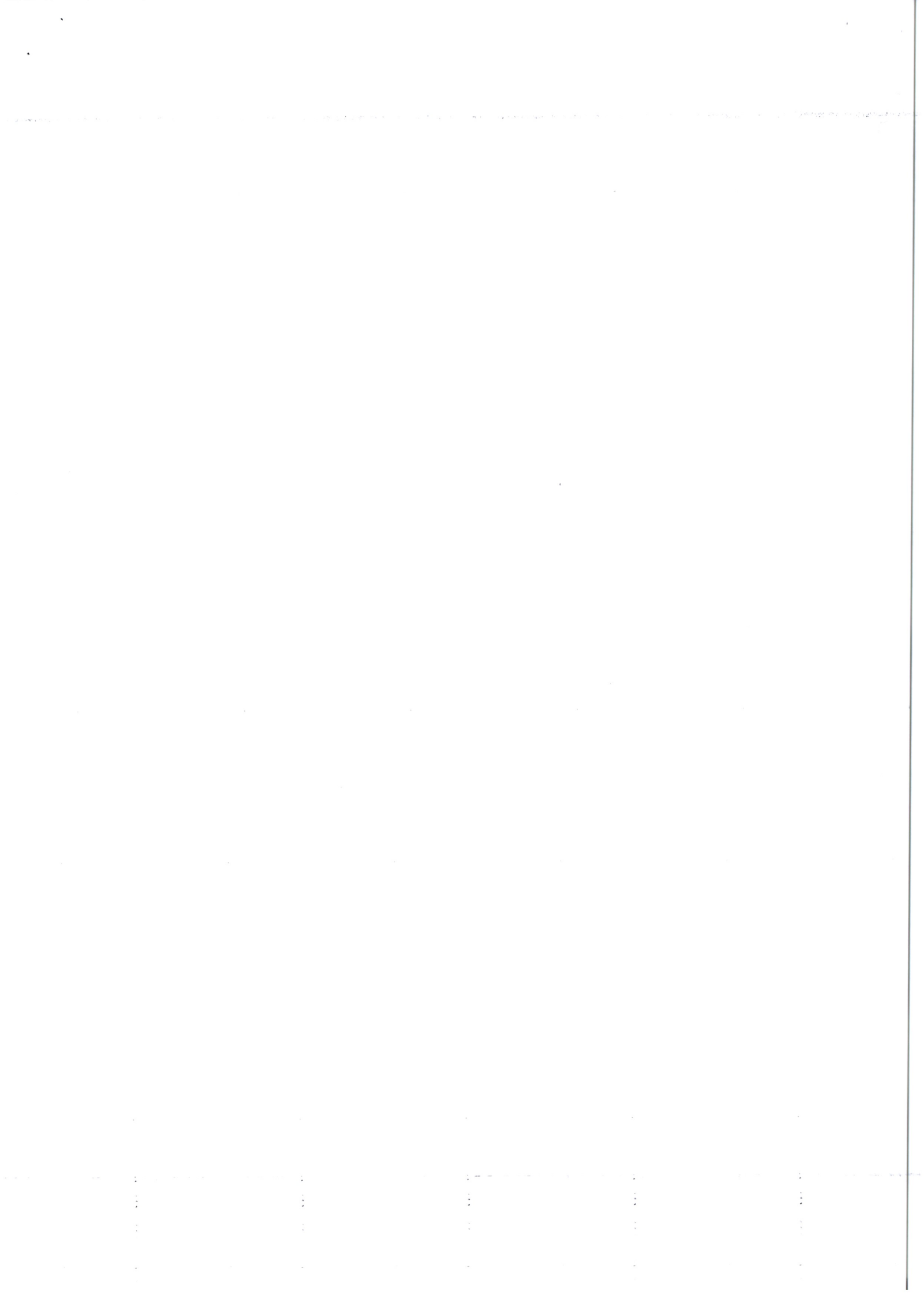
In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Constituencies Development Fund – Kitui West Constituency as at 30 June 2015, and of its financial performance 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.



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

Nairobi

21 November 2016



CONSTITUENCY DEVELOPMENT FUND- KITUI WEST CONSTITUENCY
Reports and Financial Statements
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IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-2015 Kshs	2013-2014 Kshs
RECEIPTS			
Transfers from Other Government Entities	1	95,120,567.90	66,714,446.00
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	0	0
TOTAL RECEIPTS		95,120,567.90	66,714,446.00
PAYMENTS			
Compensation of Employees	4	646,367.00	325,000.00
Use of goods and services	5	2,624,514.22	679,972.50
Committee Expenses	6	3,096,350.00	1,294,000.00
Transfers to Other Government Units	7	40,142,759.00	16,840,000.00
Other grants and transfers	8	30,463,780.00	9,893,775.00
Social Security Benefits	9	8,800.00	7,380.00
Acquisition of Assets	10	0	1,573,820.00
Other Payments	11	690,000.00	200,000.00
TOTAL PAYMENTS		77,672,570.22	30,813,947.50
SURPLUS/DEFICIT		17,447,997.68	35,900,498.50

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUI WEST CDF financial statements were approved on 12th September, 2015 and signed by:



 Chairman - CDFC



 Fund Account Manager

CONSTITUENCY DEVELOPMENT FUND- KITUI WEST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

V. STATEMENT OF ASSETS

	Note	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	12A	53,348,496.18	35,900,498.50
Cash Balances (cash at hand)	12B	0	0
Outstanding Imprests	12C	0	0
TOTAL FINANCIAL ASSETS		53,348,496.18	35,900,498.50
REPRESENTED BY			
Fund balance b/fwd	13	35,900,498.50	0
Surplus/Deficit for the year		17,447,997.68	35,900,498.50
Prior year adjustments	14	0	0
NET FINANCIAL POSITION		53,348,496.18	35,900,498.50

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUI WEST CDF financial statements were approved on 12th September, 2015 and signed by:



Chairman - CDFC



Fund Account Manager

CONSTITUENCY DEVELOPMENT FUND- KITUI WEST CONSTITUENCY
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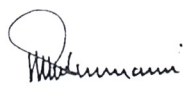
VI. STATEMENT OF CASHFLOW

		2014 - 2015	2013 - 2014
Receipts for operating income			
Transfers from CDF Board	1	95,120,567.90	66,714,466.00
Other Receipts	3	0	0
Payments for operating expenses			
Compensation of Employees	4	646,367.00	325,000.00
Use of goods and services	5	2,624,514.22	679,972.50
Committee Expenses	6	3,096,350.00	1,294,000.00
Transfers to Other Government Units	7	40,142,759.00	16,840,000.00
Other grants and transfers	8	30,463,780.00	9,893,775.00
Social Security Benefits	9	8,800.00	7,380.00
Other Payments	11	690,000.00	200,000.00
Adjusted for:			
Adjustments during the year		0	0
Net cash flow from operating activities		17,447,997.68	37,474,318.50
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	10	0	1,573,820.00
Net cash flows from Investing Activities		0	(1,573,820.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		17,447,997.68	35,900,498.50
Cash and cash equivalent at BEGINNING of the year	13	35,900,498.50	0
Cash and cash equivalent at END of the year	12	53,348,496.18	35,900,498.50

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUI WEST CDF financial statements were approved on 12th September, 2015 and signed by:



 Chairman CDFC



 Fund Account Manager

CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST 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 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	95,120,567.90	35,900,498.68	131,021,066.58	95,120,567.90	35,900,498.68	73
Proceeds from Sale of Assets						
Other Receipts						
Total Receipts	95,120,567.90	35,900,498.68	131,021,066.58	95,120,567.90	35,900,498.68	73
PAYMENTS						
Compensation of Employees	1,500,000.00	388,489.14	1,888,489.14	646,367.00	1,242,122.14	34
Use of goods and services	3,653,617.90	940,552.65	4,594,170.55	2,624,514.22	1,969,656.33	57
Committee Expenses	2,700,000.00	695,191.09	3,395,191.09	3,096,350.00	298,841.09	91
Transfers to Other Government Units	43,600,000.00	14,742,759.00	58,342,759.00	40,142,759.00	18,200,000.00	69
Other grants and transfers	42,659,716.00	18,723,060.00	61,382,776.00	30,463,780.00	30,918,996.00	50
Social Security Benefits	100,000.00	20,446.80	120,446.80	8,800.00	111,646.80	7
Acquisition of Assets	607,234.00	0	607,234.00	0	607,234.00	0
Other Payments	300,000.00	390,000.00	690,000.00	690,000.00	0	100
TOTALS	95,120,567.90	35,900,498.68	131,021,066.22	77,672,570.22	53,348,496.36	

CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST CONSTITUENCY
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(a) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- i. **Compensation of Employees**
During the financial year, the number of CDFC staff was reduced from the previous 5 to 4. This was prompted by summary dismissal of the Accounts Assistant in July, 2014.
- ii. **Social Security Benefits**
The CDFC budget was a little bit higher due to the anticipated increase in Employers' monthly contribution as proposed by the ministry of Labour.
- iii. **Acquisition of Assets**
The Assets were not acquired during the 2014/2015 Financial Year. However, they were later acquired in the subsequent Financial Year.

The KITUI WEST CDF financial statements were approved on 12th 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.

CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST CONSTITUENCY

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 – KITUI WEST CONSTITUENCY
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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 A750346	7,300,000.00		
AIE NO A750477	40,260,283.50		
AIE NO A797068	23,780,141.70		
AIE NO A797164	23,780,142.70	95,120,567.90	
			66,714,466.00
TOTAL		95,120,567.90	66,714,466.00

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 – KITUI WEST CONSTITUENCY
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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
Rents	0	0
Receipts from Sale of tender documents	0	0
Other Receipts Not Classified Elsewhere	0	0
Total	0	0

1.1.1.1.1.1.4 COMPENSATION OF EMPLOYEES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Basic wages of contractual employees	616,667.00	310,250.
Basic wages of casual labour	29,700.00	14,750.
Personal allowances paid as part of salary		
Total	646,367.00	325,000.0

CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST CONSTITUENCY
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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	70,129.92	25,418.00
Office Rent	258,000.00	54,000.00
Communication, supplies and services	158,780.00	63,010.00
Domestic travel and subsistence	967,300.00	281,250.00
Printing, advertising and information supplies & services	0	40,049.00
Training expenses	500,000.00	19,760.00
Hospitality supplies and services	358,798.00	67,702.00
Office and general supplies and services	301,633.80	111,651.00
Other operating expenses	9,872.50	22,132.50
TOTAL	2,624,514.22	679,972.50

1.1.1.1.1.1.1.6 COMMITTEE EXPENSES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Committee allowances	564,000.00	609,000.00
Other committee expenses	2,532,350.00	685,000.00
TOTAL	3,096,350.00	1,294,000.00

CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST CONSTITUENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.7 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Transfers to primary schools (see attached list)	21,200,000.00	11,960,000.00
Transfers to secondary schools (see attached list)	12,080,000.00	4,180,000.00
Transfers to tertiary institutions (see attached list)	400,000.00	0
Transfers to health institutions (see attached list)	6,462,759.00	700,000.00
TOTAL	40,142,759.00	16,840,000.00

1.1.1.1.1.1.8 OTHER GRANTS AND OTHER PAYMENTS

	2014 - 2015	2013- 2014
	Kshs	Kshs
Bursary – secondary schools	5,665,000.00	287,000.00
Bursary – tertiary institutions	4,020,000.00	206,775.00
Bursary – special schools	50,000.00	0
Water projects	1,500,000.00	2,000,000.00
Security projects	6,317,101.00	4,700,000.00
Roads projects	2,760,000.00	0
Sports projects	1,244,634.00	0
Environment projects	3,147,045.00	0
Emergency projects	5,760,000.00	2,700,000.00
Total	30,463,780.00	9,893,775.00

1.1.1.1.1.1.9 SOCIAL SECURITY BENEFITS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Employer contribution to NSSF	8,800.00	7,380.00
Total	8,800.00	7,380.00

1.1.1.1.1.1.10 ACQUISITION OF ASSETS

Non Financial Assets

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Purchase of Office Furniture and General Equipment	0	1,573,820.00
Total	0	1,573,820.00

CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST CONSTITUENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.11 OTHER PAYMENTS

	2014 - 2015 Kshs	2013 - 2014 Kshs
Kitui west TSC office	300,000.00	0
Kitui west constituency office	390,000.00	200,000.00
	690,000.00	200,000.00

12A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2014 - 2015 Kshs	2013 - 2014 Kshs
<i>Equity Bank, 0720 262 084 328.</i>	53,348,496.18	35,900,498.68
Total	53,348,496.18	35,900,498.68

CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST CONSTITUENCY

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12B: CASH IN HAND

	2014 - 2015 Kshs	2013 – 2014 Kshs
Location 1	0	0
Total	0	0

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>
N/A	N/A	0	0	0
Total				0

CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST CONSTITUENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	35,900,498.50	-
Total	35,900,498.50	-

14. PRIOR YEAR ADJUSTMENTS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Bank accounts	0	-
Cash in hand	0	-
Imprest	0	-
Total	0	-

15. OTHER IMPORTANT DISCLOSURES

15.3: OTHER PENDING PAYABLES (See Annex 3)

	2014-2015	2013-2014
	Kshs	Kshs
Amounts due to other Government entities	18,200,000.00	14,742,759.00
Amounts due to other grants and other transfers	30,918,996.00	18,723,060.00
Compensation of employees	1,242,122.14	388,489.14
Use of goods and services	1,969,656.33	940,552.65
Committee expenses	298,841.09	695,191.09
Social security benefits	111,646.80	20,446.80
Acquisition of Assets	607,234.00	0
Other Payments	0	390,000.00
Total	53,348,496.36	35,900,498.50

CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST CONSTITUENCY
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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
			b	c	d=a-c		
Amounts due to other Government entities		43,600,000.00		40,142,759.00	18,200,000.00	14,742,759.00	
Sub-Total		43,600,000.00		40,142,759.00	18,200,000.00	14,742,759.00	
Amounts due to other grants and other transfers		42,659,716.00		30,463,780.00	30,918,996.00	18,723,060.00	
Sub-Total		42,659,716.00		30,463,780.00	30,918,996.00	18,723,060.00	
Others (specify)							
Compensation of employees		1,500,000.00		646,367.00	1,242,122.14	388,489.14	
Use of goods and services		3,653,617.90		2,624,514.22	1,969,656.33	940,552.65	
Committee Expenses		2,700,000.00		3,096,350.00	298,841.09	695,191.09	
Social Security Benefits		100,000.00		8,800.00	111,646.80	20,446.80	
Acquisition of Assets		607,234.00		-	607,234.00	-	
Other Payments		300,000.00		690,000.00	-	390,000.00	
Sub-Total		8,860,851.90		7,066,031.22	4,229,500.36	2,434,679.68	
Grand Total		95,120,567.90		77,672,570.22	53,348,496.36	35,900,498.68	

CONSTITUENCIES DEVELOPMENT FUND- KITUI WEST CONSTITUENCY
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 For the year ended June 30, 2014 (Kshs'000)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

a. FIXED ASSETS REGISTER

Asset class	Historical Cost (Kshs)	
	2013/14	2014/15
3 Wooden Coffee Tables	60,000.00	60,000.00
8 Assorted Curtains	80,000.00	80,000.00
3 Steel Reception Chairs	90,000.00	90,000.00
6 Leather High Back Chairs	90,000.00	90,000.00
1 Wooden Conference Table	70,000.00	70,000.00
8 Leather Conference Chairs	80,000.00	80,000.00
7 Leather Visitors Chairs	70,000.00	70,000.00
1 Wooden Workstation	25,000.00	25,000.00
1 Wooden Round Table	20,000.00	20,000.00
2 Wooden Tables	43,000.00	43,000.00
2 Wooden Book Cabinets	30,000.00	30,000.00
1 Watchman's Leather Chair	5,000.00	5,000.00
2 Wooden Coat Hungers	10,000.00	10,000.00
4 Steel Cabinets	80,000.00	80,000.00
2 Executive Wooden Tables	120,000.00	120,000.00
2 Executive Wooden Chairs	80,000.00	80,000.00
1 Secretarial Velvet Chair	12,000.00	12,000.00
1 Wooden Reception Unit	25,000.00	25,000.00
10 Hardened Steel Padlocks	20,000.00	20,000.00
2 HP Printers	40,000.00	40,000.00
1 Kyocera Photocopier	80,000.00	80,000.00
1 Canon Scanner	15,000.00	15,000.00
2 Dell Desktop Computers	100,000.00	100,000.00
2 Mercury UPS	30,000.00	30,000.00

CONSTITUENCIES DEVELOPMENT FUND- KITUI WEST CONSTITUENCY

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

1 '24' Flat Screen LG TV	25,000.00	25,000.00
1 LG DVD Machine	12,000.00	12,000.00
1 TV Antennae	3,500.00	3,500.00
2 Ramtons Water Dispenser	34,000.00	34,000.00
1 Ramtons Fridge	25,000.00	25,000.00
1 Heavy Duty Punching Machine	3,500.00	3,500.00
1 Heavy Duty Stapler	2,500.00	2,500.00
6 Paper Punching Machines	2,700.00	2,700.00
2 Wall Clocks	3,000.00	3,000.00
2 HP Laptops	100,000.00	100,000.00
6 Office Trays	6,000.00	6,000.00
2 Casio Calculators	3,000.00	3,000.00
5 Desk Pen/ Pin Holders	1,500.00	1,500.00
5 Staplers	2,500.00	2,500.00
2 CDF Office Signboards	40,000.00	40,000.00
3 Office Stamps	15,000.00	15,000.00
2 Dual Computer Speakers	1,300.00	1,300.00
1 Cooking Meko	6,500.00	6,500.00
2 Huawei Telephone Headsets	10,000.00	10,000.00
2 Door Bells	4,000.00	4,000.00
TOTAL	<u>1,576,000.00</u>	<u>1,576,000.00</u>