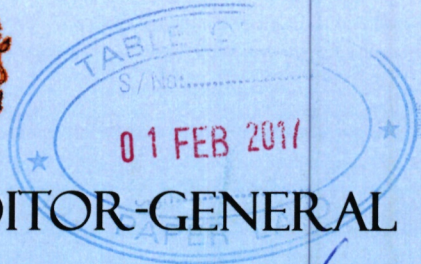


REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND -
SOUTH IMENTI CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2015

*paper laid by
Chairperson
DC Health on
07/02/2017
@Rw*

*paper laid by
the Leader of
Majority on 07/02/17
@Rw*



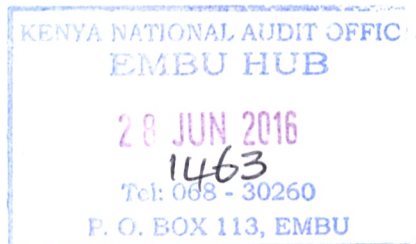


CONSTITUENCIES DEVELOPMENT FUND – SOUTH IMENTI

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)



CONSTITUENCIES DEVELOPMENT FUND - SOUTH IMENTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs)

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CONSTITUENCIES DEVELOPMENT FUND - SOUTH IMENTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015 (Kshs)

I. KEY ENTITY 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The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 Constituency Development Fund

The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituencies for the purpose of infrastructural development, wealth creation and in the fight against poverty at constituency level.

(b) Key Management

The *South Imenti 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	Leah Wairimu
3.	Accountant	James Gitiri

(d) Fiduciary Oversight Arrangements

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

(e) South Imenti CDF Headquarters

P.O. Box 111 60206
South Imenti Constituency building
Kanyakine
Meru, KENYA

CONSTITUENCIES DEVELOPMENT FUND - SOUTH IMENTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs)

(f) South Imenti CDF Contacts

Telephone: (254) 720434742
E-mail: southimenticdf@gmail.com
Website:

(g) South Imenti CDF Bankers

Constituency CDF main banker
Cooperative Bank of Kenya
Nkubu Branch
Account Number 01120020073300
P.o Box740 60202
Nkubu

(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

CONSTITUENCIES DEVELOPMENT FUND - SOUTH IMENTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015 (Kshs)

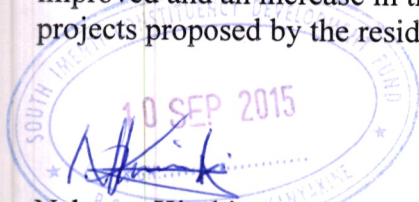
II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC)

In the financial year 2014/15 South Imenti CDF utilised Kshs 96,415,551.89 out of kshs 151,203,382.35 available for utilisation representing 64% absorption rate. This comprised compensation of employees at 59%, use of goods and services 97%, committee members expenses 82%, transfer to other government units 71%, other grants and transfers 52% and social security benefits 100% and acquisition of assets at 98%.

The constituency has greatly benefitted from CDF notably in the sectors of Education, water, Health, sports, environment conservation, roads and bridges among many other areas.

During implementation of the projects, the constituency has encountered numerous challenges including: lack of proper planning by project management committees, lengthy and cumbersome procurement procedures, late release of funds and so many projects requiring assistance against limited resources.

To address these challenges we recommend that: more funds be set aside for monitoring and evaluation to enable CDFC train project management committees on project planning, the CDF Board ensures the category of CDF for procurement purposes is moved upwards and employment of procurement assistants at CDFC level, the Board releases funds on time to ensure utilisation is improved and an increase in the CDF funding to enable the constituency take care of the numerous projects proposed by the residents.



Nahason Kiruki
CHAIRMAN CDFC
South Imenti constituency

CONSTITUENCIES DEVELOPMENT FUND - SOUTH IMENTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015 (Kshs)

III. STATEMENT OF ENTITY 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 county 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 the Public Sector Accounting Standards Board of Kenya from time to time.

The Fund Account Manager in charge of the *South Imenti CDF* is responsible for the preparation and presentation of the *Constituencies* 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 (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 entity; (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 *entity*; (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 *South Imenti CDF* accepts responsibility for the *entity'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 *South Imenti CDF* financial statements give a true and fair view of the state of *Constituency's* transactions during the financial year ended June 30, 2015, and of the *Constituency's* financial position as at that date. The Fund Account Manager in charge of the *South Imenti 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.

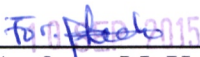
The Fund Account Manager in charge of the *South Imenti* confirms that the entity has complied fully with applicable Government Regulations and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. 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 *entity's* financial statements were approved and signed on 10th September 2015.



Nahason Kiruki
Chairman - CDFC



Anthony M. Kariuki
Ag. 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 - SOUTH IMENTI 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 - South Imenti Constituency set out on pages 7 to 19, which comprise the 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 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 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 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

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

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. Cash and Cash Equivalents Balance

The cash and cash equivalents balance stood at Kshs.4,922,770 as at 30 June 2015. However, unrepresented cheques of Kshs.1,949,082.10 in the bank reconciliation statement of June 2015, included a stale cheque of Kshs.60,800 which had not been reversed in the cash book. It was also not clear why the fund has a large number of unrepresented cheques and uncleared effects of Kshs.15,276.

As a result, the cash and cash equivalents balance Kshs.4,922,770 at as at 30 June 2015 could not be confirmed.

2. Unaccounted Bursary Funds

Records maintained at the CDF office indicate that a total of Kshs.6,988,962 had been disbursed as bursaries to various Institutions as at 30 June 2015.

However, only bursaries amounting to Kshs.3,113,734 (44.6%) were acknowledged through letters of acknowledgement or issue of official receipts leaving a balance of Kshs.3,875,228 (55.4%) unacknowledged or unaccounted for as required by Public Procurement and Disposal Act, 2005 Section 33. Further, there were no clear criteria on award of bursaries to beneficiaries including lack of bursary vetting committees at ward level.

In the circumstances, it has not been possible to ascertain whether the bursaries amounting Kshs.3,875,228 benefited the intended beneficiaries and had been accounted.

3. Budgetary Control and Performance

The Constituencies Development Fund – South Imenti Constituency had budgeted to receive from CDF Board Kshs.99,730,120 comprising of Kshs.17,475,711 and Kshs.82,254,409 for recurrent and development funds respectively. However, actual receipts were Kshs.91,719,261.20 inclusive of Kshs.41,854,201.20 for Fy2013/2014 received in the year under review.

Out of the approved budget of Kshs.99,730,120 for the year under review only Kshs.49,865,060 (50%) was received from the Board while the balance was not received and thus denied the residents of South Imenti Constituency equivalent promised and expected services during that year. The CDF had planned one hundred and six (106) projects (**Appendix I**) for implementation during the year 2014/2015. However, ninety six (96) projects worth Kshs.42,404,150 had not started while 56 projects with a cost of Kshs.29,850,259 were ongoing and only 28 projects at a cost of Kshs.9,600,000 had been completed. Further, Kshs.2,721,617 had been disbursed to the 89 projects that had not started as at 30 June 2015.

In the circumstances, the Kshs.49,865,060 or 50% not received from the board during the year under review renders the whole CDF budget unrealistic.

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 - South Imenti 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 Constituencies Development Fund Act, 2013.

Other Matters

i. Construction of Kanyakine District Headquarters and District Commissioner's Residence

The CDF Imenti South constructed Kanyakine District Headquarters and District Commissioner Residence between 2007/2008 to 2012/2013 at a cost of Kshs.21,350,000 and Kshs.7,000,000 respectively. However, the two projects were not community projects as required by Section 22 (1) of the CDF Act, 2013. Further, the construction of the District Commissioner's residence was abandoned in 2012 at 65% completion contrary to Section 22 (2) of the CDF Act, 2013. As a result, community projects were not prioritized for implementation and value for money has not been obtained from the expenditure of Kshs.28,350,000.

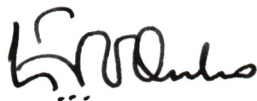
ii. Complete and Un-utilized Projects

During the period 2007/2008 to 2014/2015, the CDF South Imenti completed 8 projects worth Kshs.14,350,000 (**Appendix II**). However, the projects remained unutilized as at 23 March 2016. Consequently, value for money has not been realized due to non-utilization of the completed projects in health sector.

iii. Stalled Projects

The South Imenti CDF has two stalled projects worth a total cost of Kshs.3,600,000 as at 30 June 2015, contrary to Section 22 (2) of the CDF, Act, 2013. The funds sunk in Mikumbune Constituency Library and Mikumbune Sub-County District Hospital are considered lost or wasted. In the circumstance, the area residents have not benefited from the expenditure of Kshs.3,600,000 spent on the abandoned stalled projects.

My opinion is not qualified in respect of these matters.



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

Nairobi

11 January 2017

Appendix I: Project Implementation Status

Project Status	Sector	Amount Allocated Kshs	Amount Disbursed Kshs	No. of projects
Completed	Education	7,400,000	7,100,000	23
	Health	200,000	200,000	01
	Security	2,300,000	2,300,000	04
	Sub Total	9,900,000	9,600,000	28
Ongoing	Education	16,850,000	16,850,000	44
	Health	1,200,000	1,200,000	02
	Security	5,200,000	5,200,000	08
	Emergency	5,400,259	4,100,000	01
	Others	1,200,000	1,200,000	01
	Sub Total	29,850,259	28,550,000	56
Not Started	Education	14,537,931	300,000	41
	Health	1,900,000	-	06
	Water	15,477,015	1,127,015	35
	Security	6,500,000	500,000	11
	Sports	1,994,602	-	01
	Environment	1,994,602	794,602	02
	Sub Total	42,404,150	2,721,617	96
	Grand Total	82,154,409	40,871,617	106


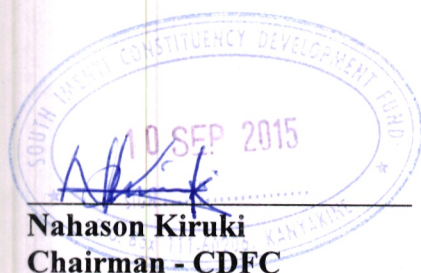
Appendix II: Complete and Un-utilized Projects

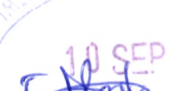
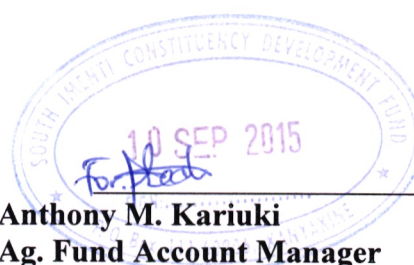
Project Name	Years funded	Amount Kshs
Mwishiune Dispensary	2007 / 2008 to 2014 / 2015	1,500,000
Kieni-kia-Ndege Dispensary	2007 / 2008 to 2014 / 2015	1,950,000
Kigane Dispensary	2007 / 2008 to 2014 / 2015	2,650,000
Abogeta West	2009 / 2010 to 2014 / 2015	2,200,000
BarangaAp Line	2010 / 2011 to 2012 / 2013	750,000
Ithitwe Dispensary	2010 / 2011 to 2014 / 2015	1,800,000
Mbeti Dispensary	2011 / 2012 to 2012 / 2013	2,000,000
Chure AP line	2009 / 2010 to 2012/2013	1,500,000
Total Kshs		14,350,000

CONSTITUENCIES DEVELOPMENT FUND - SOUTH IMENTI CONSTITUENCY
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For the year ended June 30, 2015 (Kshs)

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-2015	2013-2014
		Kshs	Kshs
RECEIPTS			
Balance B/d		9,619,061	
Transfers from CDF board-AIEs' Received	1	91,719,261	68,622,932
Proceeds from Sale of Assets		-	-
Other Receipts		-	-
TOTAL RECEIPTS		101,338,322	68,622,932
PAYMENTS			
Compensation of Employees	2	1,170,563	1,030,981
Use of goods and services	3	3,112,098	4,662,154
Committee meeting allowances	4	3,212,050	2,583,830
Transfers to Other Government Units	5	41,932,759	24,650,000
Other grants and transfers	6	39,164,644	28,300,728
Social Security Benefits	7	24,000	22,000
Acquisition of Assets	8	7,799,438	-
Other Payments		-	-
TOTAL PAYMENTS		96,415,552	61,249,693
Balance C/d		4,922,770	7,373,639

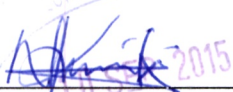


Nahason Kiruki
Chairman - CDFC



Anthony M. Kariuki
Ag. Fund Account Manager

CONSTITUENCIES DEVELOPMENT FUND - SOUTH IMENTI CONSTITUENCY
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V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2014-2015	2013-2014
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	9	4,922,770	9,619,061
TOTAL FINANCIAL ASSETS		4,922,770	9,619,061
REPRESENTED BY			
Fund balance b/fwd 1st July...			2,245,427
Surplus/Deficit for the year (from statement of receipt & expenditure)		4,922,770	7,373,634
NET LIABILITIES		4,922,770	9,619,061


Nahason Kiruki
Chairman - CDFC


Anthony M. Kariuki
Ag. Fund Account Manager

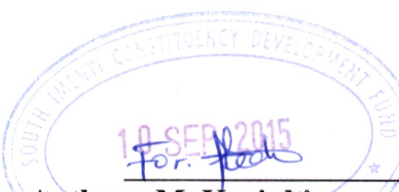
CONSTITUENCIES DEVELOPMENT FUND - SOUTH IMENTI CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2015 (Kshs)****VI. STATEMENT OF CASHFLOW**

		2014 – 2015	2013 – 2014
		Kshs	Kshs
Receipts for operating Activities			
Transfers from Other Government Entities	1	91,719,261	68,622,932
Other Revenues		-	-
Total Receipts		91,719,261	68,622,932
Payments for operating expenses			
Compensation of Employees	2	1,170,563	1,030,981
Use of goods and services	3	3,112,098	4,662,154
Committee Expenses	4	3,212,050	2,583,830
Transfers to Other Government Units	5	41,932,759	24,650,000
Other grants and transfers	6	39,164,643	28,300,728
Social Security Benefits	7	24,000	22,000
Other Expenses			
Total Operating Expenses		(88,616,114)	(61,249,693)
Net Cashflow From Operating Activities		3,103,147	7,373,239
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	(7,799,438)	-
Net cash flows from Investing Activities		(7,799,438)	-
CASHFLOW FROM FINANCING ACTIVITIES			
Net cash flow from financing activities			
NET INCREASE/ IN CASH AND CASH EQUIVALENT		(4,696,291)	7,373,634
Cash and cash equivalent at BEGINNING of the year		9,619,061	2,245,427
Cash and cash equivalent at END of the year		4,922,770	9,619,061



10 SEP 2015

Nahason Kiruki
Chairman - CDFC



10 SEP 2015


Anthony M. Kariuki
Ag. Fund Account Manager

CONSTITUENCIES DEVELOPMENT FUND - SOUTH IMENTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs)


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 Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF board	99,730,120		99,730,120	91,719,261		
Other receipts		51,473,262	51,473,262			
Total	99,730,120	51,473,262	151,203,382	91,719,261	59,484,121	61%
PAYMENTS						
Compensation of Employees	2,000,000	-	2,000,000	1,170,56	829,437	59%
Use of goods and services	3,028,711	190,262	3,219,000	3,112,098	106,902	97%
Committee Members Expenses	3,925,000		3,925,000	3,212,050	713,950	82%
Transfers to Other Government Units	42,187,931	16,678,000	58,866,000	41,932,759	16,933,241	71%
Other grants and transfers	46,866,478	28,379,000	75,245,478	39,164,644	36,080,834	52%
Social Security Benefits	22,000	2,000	24,000	24,000	-	100%
Acquisition of Assets	1,700,000	6,224,000	7,924,000	7,799,438	124,562	98%
TOTALS	99,730,120	51,473,262	151,203,382	96,415,552	54,787,926	64%

The entity financial statements were approved on on 10th September 2015 and signed by:


 10 SEP 2015

Nahason Kiruki
 Chairman - CDFC


 10 SEP 2015

Anthony M. Kariuki
 Ag. Fund Account Manager

CONSTITUENCIES DEVELOPMENT FUND - SOUTH IMENTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015 (Kshs)

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 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 *entity*. 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 *entity*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the *entity* 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 *entity* 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 - SOUTH IMENTI 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 *entity* 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. Receivables and payables

These relate to provisioning balances for the GAV and Exchequer accounts as required by the current Government Financial Regulations and Procedures. These provisioning balances do not have an impact on the receipts and payments and therefore do not contravene the principles on the cash based IPSAS.

7. 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 *entity'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 *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

8. Comparative figures

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

9. 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 CDF BOARD

		Kshs	2014 - 2015	2013 - 2014
			Kshs	Kshs
Normal Allocation	AIE NO. A 750234		41,854,201	68,622,932
	AIE NO. A 796686		16,932,530	-
	AIE NO. A 796511		8,000,000	-
Conditional grants	AIE NO. A 797085		24,932,530	-
	TOTAL		91,719,261	68,622,932

2 COMPENSATION OF EMPLOYEES

		2014 - 2015	2013 - 2014
			Kshs
2110201	Basic wages of contractual employees	1,170,563	1,030,586
	Total	1,170,563	1,030,586

3 USE OF GOODS AND SERVICES

		2014 - 2015	2013 - 2014
		Kshs	Kshs
2210100	Utilities, supplies and services	26,568	
2210200	Communication, supplies and services	154,240	188,600
2210300	Domestic travel and subsistence	566,500	559,500
2210500	Printing, advertising and information supplies & services	31,050	259,867
2210700	Training expenses	838,240	1,752,000
2210800	Hospitality supplies and services	29,700	
2211100	Office and general supplies and services	181,660	402,809
2211200	Fuel ,oil & lubricants	754,050	1,141,804

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2211300	Other operating expenses	20,765	6,955
	Routine maintenance – vehicles and other		
2220100	transport equipment	509,325	350,619
	Total	3,112,098	4,662,154

4 CDFC EXPENSES

	Description	2014 - 2015	2013 – 2014
		Kshs	Kshs
2210802	Other committee expenses	1,861,050	434,730
2210809	Committee allowance	1,351,000	2,149,100
	TOTAL	3,212,050	2,583,830

5 TRANSFER TO OTHER GOVERNMENT ENTITIES

	Description	2014 - 2015	2013 – 2014
		Kshs	Kshs
2630204	Transfers to primary schools	20,750,000	8,585,000
2630205	Transfers to secondary schools	13,000,000	10,815,000
2630206	Transfers to Tertiary institutions	1,400,000	
2630207	Transfers to Health institutions	6,782,759	5,250,000
	TOTAL	41,932,759	24,650,000

6 OTHER GRANTS AND OTHER PAYMENTS

		2014 - 2015	2013 – 2014
		Kshs	Kshs
	Bursary -Secondary	1,077,000	88,000
2640101			
2640102	Bursary -Tertiary	5,205,837	5,208,500
2640105	Mocks & CAT	706,125	
2640504	water	5,648,118	4,683,316
2640507	Security	10,700,000	9,250,000
2640509	Sports	2,099,000	1,600,000
2640510	Environment	1,305,092	1,600,000
2640511	markets and community centres	7,338,400	3,350,000
2640200	Emergency Projects	5,085,071	2,520,912
	Total	39,164,643	28,300,728

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7 SOCIAL SECURITY BENEFITS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
2120101 Employer contribution to NSSF	24,000	22,000
Total	24,000	22,000

8 ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2014 - 2015	2013 - 2014
	Kshs	Kshs
3110302 Refurbishment of Buildings	1,098,785	
3110701 Purchase of Vehicles	6,700,653	
Total	7,799,438	-

9 A Bank Balances

Name of Bank, Account No. & currency	2014 - 2015	2013 - 2014
	Kshs	Kshs
<i>Cooperative Bank, South Imenti Branch A/C no.01120020073300</i>	4,922,770	9,619,061
	-	
Total	4,922,770	9,619,061

10 BALANCES BROUGHT FORWARD

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	9,619,061	2,245,427
Total	9,619,061	2,245,427

11. OTHER IMPORTANT DISCLOSURES

11. B PENDING STAFF PAYABLES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
CDFC Staff gratuity	<u>687,000</u>	<u>321,00</u>
Total	<u>687,000</u>	<u>321,000</u>

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ANNEX 1: ANALYSIS OF PENDING STAFF PAYABLES

Name of staff	Job group	Outstanding balance Kshs
Stephen Mwenda	J	180,000
Eric Gitonga	H	141,000
Idah Gaceri	H	122,000
Jackim Gitonga	G	122,000
Eney Mukami	G	122,000
Total		687,000

ANNEX 2: SUMMARY OF FIXED ASSETS REGISTER

Asset class	Historical Cost 2014/15 Kshs	Historical Cost 2013/14 Kshs
Buildings and structures	1,098,785	-
Transport Equipment	11,371,750	4,671,097
Office equipment, furniture and fittings	281,794	281,794
ICT equipment	165,474	165,474
Other machinery and equipment	101,650	101,650
Total	13,019,453	5,220,015

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ANNEX 3: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No on the audit query report	Issue/Observation from the auditor	Management comment	Focal Point person to resolve the issue	Status
1.	<p>Accuracy and completeness of the financial statements</p> <p>The Constituency Development Fund Committee (CDFC) did not maintain the records as required under Section 33 of the CDF Act 2013 as at 30 June 2014. Further the financial statements presented to audit for the year ended 30 June 2014 has the statement of comparative budgets and actual amount wrongly titled as statement of appropriation. In addition the statement does not include figures for receipts</p> <p>In the circumstances the accuracy and completeness of the financial statements as at 30 June 2014 could not be confirmed.</p>	<p>In accounting , major books that are maintained are cash book and ledger accounts.In Financial Year 2013/2014 the cash book was being maintained and was availed by the sub county accountant during the audit. The Fund Manager was preparing the monthly expenditure returns every month which were being forwarded to the CDF Board and were availed to the auditors during the audit. From the returns the ledger accounts were prepared and availed to the Embu KENAO Hub.</p> <p>Comparative budgets and actual amount wrongly titled as statement of appropriation. In addition the statement does not include figures for receipts</p> <p>The title statement of appropriation was given by the Board while we were preparing the draft financial statements during IPSAS training held in Nakuru the components thereof included original budget for the year approved by the Board for South Imenti FY2013/2014 was Kshs 69,757,002.00, adjustments</p>	Leah Wairimu Fund Account Manager	Resolved

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		<p>to include cash book opening balance and Appropriation In Aid generated during financial year, Final budget to include the two items and actual expenditure during the year. There was no room for funds received during the year i.e. receipts. This was IPSAS cash reporting framework format that was adopted in the FY2013/2014. Draft format provided by the board was forwarded to KENAO Embu Hub.</p>		
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<p>2</p>	<p>Cash and Bank Balance</p> <p>Included in the cash and bank balance of Kshs 9,619,000.00 as at 30 June 2014 is an amount of Kshs 2,245,000 being cash brought forward from 2012/2013 financial year which is not supported by any reconciliation. Further the amount is not included in the statement of receipts and payments as money available during the year .Consequently understating the closing cash balance at the end of the year. In addition the cash and bank balance include stale cheques amounting to Kshs 368,000.00 which had not been written back to the cash book.</p> <p>In the circumstances, it has not been possible to ascertain the accuracy and completeness of the cash and bank balance of Kshs 9,619,000.00 as at 30 June 2014.</p>	<p>The bank reconciliation statement for June 2013 and a minute giving the breakdown of the opening cash book balance of Kshs 2,245,000.00 was provided in response to the auditor in our letter dated 19th November 2014 Ref No. SICDF/KENAO/MAR/15. June 2013 bank reconciliation statement and July 2013 minutes giving the breakdown of the same were availed</p>		<p>Resolved</p>
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