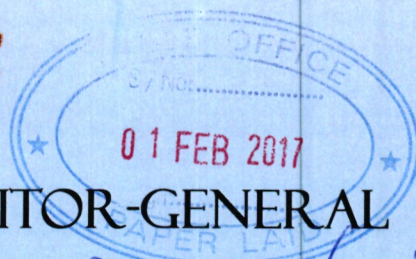


REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

*Paper laid by
the chairperson
DC Health on
01/02/2017
Gusau*

REPORT

OF

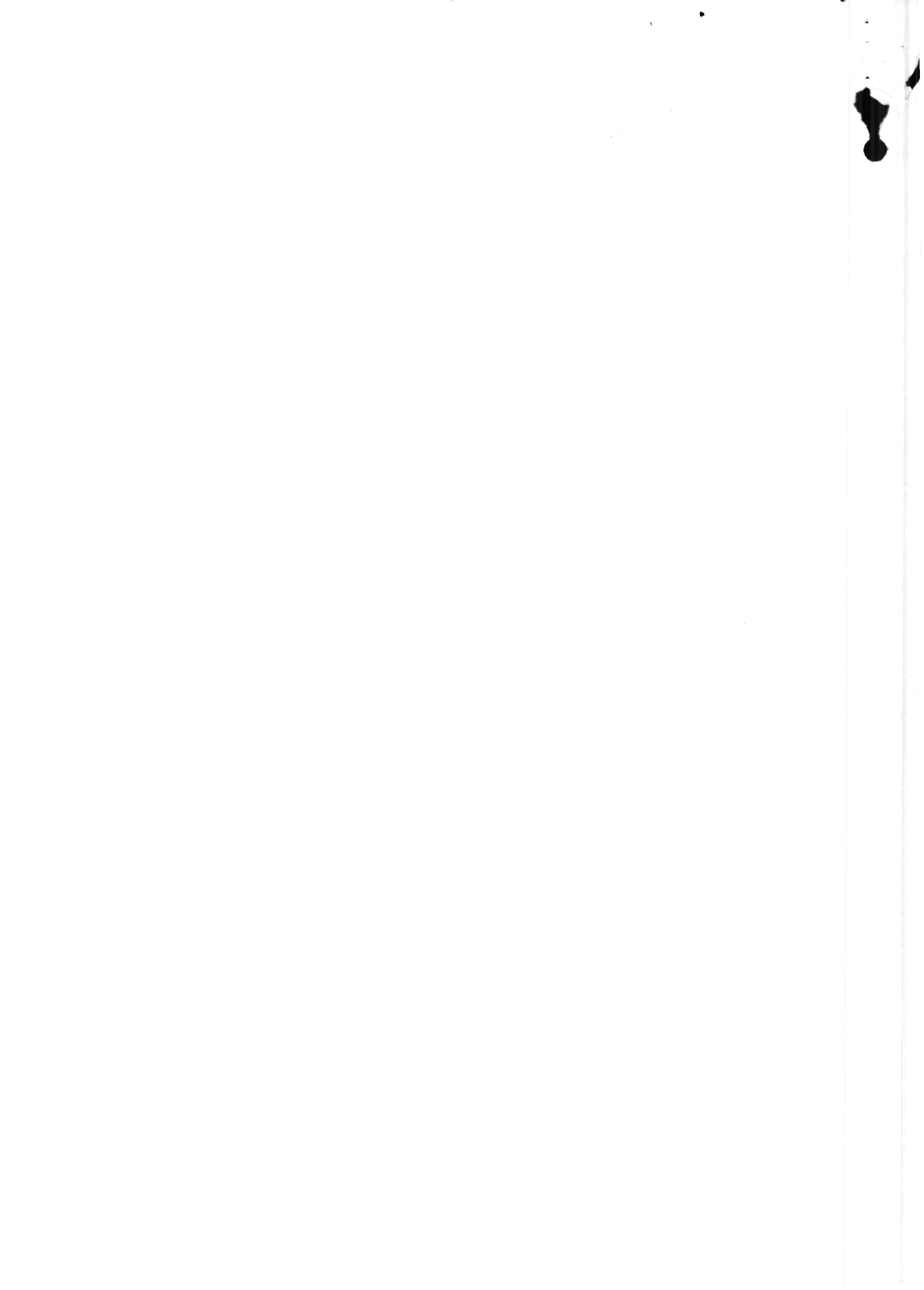
THE AUDITOR-GENERAL

ON

*Paper laid by
the Leader of
Minority on
01/02/2017*

THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND -
BUTULA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2015





CONSTITUENCIES DEVELOPMENT FUND - BUTULA

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)



BUTULA CDF
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs)

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REPUBLIC OF KENYA

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NAIROBI



OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituency Development Fund – Butula Constituency set out on pages 1 to 17, which comprise the statement of assets and liabilities as at 30 June 2015, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation: recurrent and development 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(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Auditing Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures

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

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' 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 of Opinion

1. Presentation, Accuracy and Completeness of the Financial Statements

The International Public Sector Accounting Standards (Cash Basis) financial statements presentation format prescribed by the National Treasury requires the management to include among the statements presented for audit, a report on action taken on previous year auditor's recommendations. In the year 2013/2014, Butula CDF received a qualified audit opinion. However, a report on follow up of audit issues raised was not included in the financial statements for the year under review.

In the circumstance, the presentation of the financial statements does not conform with IPSAS (Cash Basis) as prescribed by the National Treasury and the Public Finance Management Act, 2012.

2. Budget Control and Performance

The fund received transfers from the National Board totaling to Kshs.99,906,847 compared to the budgeted sum of Kshs.166,559,703 which included Kshs.48,661,177 brought forward from the previous year. Therefore the CDF was under-funded by Kshs.66,652,856. The Fund incurred expenditure totalling to Kshs.96,783,074 and therefore underspent by Kshs.69,776,629 as detailed below;

| Receipt/Expense Item | Final Budget | Actual on Comparable Basis | Budget Utilisation Difference | % of Utilization |
|-----------------------------|---------------------|-----------------------------------|--------------------------------------|-------------------------|
| RECEIPTS | Kshs. | Kshs. | Kshs. | |
| Transfers from CDF Board | 166,559,703 | 99,906,847 | 66,652,856 | 60% |
| PAYMENTS | | | | |
| Compensation of Employees | 2,510,939 | 972,924.96 | 1,538,014 | 39% |
| Use of goods and services | 1,878,981 | 1,528,428 | 350,553 | 81% |
| Committee Expenses | 6,526,955 | 6,506,955 | 20,000 | 100% |

| | | | | |
|-------------------------------------|--------------------|-------------------|-------------------|------------|
| Transfers to Other Government Units | 73,334,703 | 44,368,108 | 28,966,595 | 61% |
| Other grants and transfers | 78,849,977 | 40,869,301 | 37,980,676 | 52% |
| Social Security Benefits | 26,400 | 41,478 | - 15,078 | 157% |
| Acquisition of Assets | 2,127,249 | 1,345,880 | 781,369 | 63% |
| Other Payments | 1,304,500 | 1,150,000 | 154,500 | 88% |
| TOTALS | 166,559,703 | 96,783,075 | 69,776,629 | 58% |

Further, revenue received from the hiring out the CDF road grader was not included in the financial statements. Consequently, the Fund failed to meet its budgeted targets and deliver the planned services to the constituents.

3. Cash and Cash equivalents

The cash and cash equivalents balance of Kshs.10,777,376 includes a reconciled bank balance of Kshs.7,220,667 as at 30 June 2015 but, the recast bank reconciliation statement reflects a balance of Kshs.7,220,387. Further, the reconciliation statement reflects receipts in cash book not recorded in bank statement totaling to Kshs.2,417,769 which were however not explained. In addition, surrender documents for imprests totaling to Kshs.3,556,709 from previous year were not provided for audit review.

In the circumstance, the accuracy and completeness of the cash and cash equivalents balance of Kshs.10,777,376 could not be confirmed.

4.0. Other Grants and Transfers

The Butula CDF disbursed Other Grants and Transfers totaling to Kshs.40,869,301. However, payment vouchers for expenditure amounting to Kshs.2,782,000 were not made available for audit verification. In the circumstance, the propriety of the expenditure could not be ascertained.

4.1. Incomplete Building Project at Shibale Market Centre

The CDF Fund paid Kshs.500,000 for purchase of land and construction of houses for Administration Police at Shibale Market Centre. However, the relevant bills of quantities, house design and other procurement documents were not made available for audit review. An inspection visit to the site found a stalled six-room incomplete structure with the walling half-way done. The project appears to have not been properly planned, funded and supervised. As a result, value-for-money was not obtained from the expenditure.

5. Committee Expenses

During the year under review, the Butula CDF Fund incurred Committee expenses totalling to Kshs.6,506,955. However, sampled payment vouchers totalling Kshs.845,991 were not provided for audit review. Therefore propriety of the payments could not be confirmed.

6. Transfers to other Government Units

Transfers to Other Government Units during the year amounted to Kshs.44,368,108. However, expenditure on construction projects amounting to Kshs.20,481,039 could not be verified due to lack of proper project files, bills of quantities and other tender documents.

Consequently, propriety of the procurement and expenditure of Kshs.20,481,039 could not be confirmed as at 30 June 2015.

7. Other Payments

During the year under review, Other Payments were budgeted at Kshs.1,304,500. However, the statement of receipts and payments reflects Other Payments balance of Kshs.1,150,000 relating to the procurement of a strategic plan for the Fund.

Further, procurement records for the expenditure were not provided for audit review. In the circumstance, the propriety and the value-for-money of the expenditure amounting to Kshs.1,150,000 could not be confirmed.

8. Acquisition of Non-current Assets

The statement of receipts and payments indicate that assets bought during the year cost Kshs.1,345,880 while actual payment vouchers on acquisition of assets reflected expenditure totalling to Kshs.1,570,475 thus resulting in an explained variance of Kshs.224,595. Further, the summary of the Fixed Assets Register Annex I reflected an increase of Kshs.1,543,896 from Kshs.28,538,674 to Kshs.30,082,569.

As a result of these discrepancies, the accuracy, completeness and location of the fixed assets balance could not be confirmed 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 Constituencies Development Fund - Butula 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 and do not comply with Constituencies Development Fund Act, 2013.

Other Matter

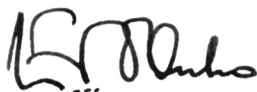
1. Project Implementation and Management

The Fund allocated Kshs.199,978,911.44 for a total two hundred and forty two (242) projects during the two years ending 30 June, 2015. Works on sixty four (64) projects allocated a total of Kshs.113,619,748 were ongoing as at 30 June 2015. These included six (6) health institutions allocated Kshs.5,582,759 for construction works in the year 2013/2014 which works were suspended for lack of sufficient funds.

However, one hundred seventy eight (178) projects costing Kshs.86,359,163 were completed as shown below:

| Sector/Status | Ongoing | | Complete | |
|----------------|-----------|--------------------|------------|-------------------|
| | No | Value (Kshs.) | No | Value (Kshs.) |
| Administration | 7 | 14,675,883 | 18 | 8,937,329 |
| Agriculture | | | | |
| Education | 26 | 76,168,813 | 41 | 24,737,931 |
| Environment | 7 | 3,093,293 | 81 | 22,927,286 |
| Health | 7 | 5,931,759 | 9 | 4,550,000 |
| Market | 5 | 7,500,000 | | - |
| Road | | | 15 | 19,000,000 |
| Security | 12 | 6,250,000 | 7 | 2,300,000 |
| Sports | | | 7 | 3,906,617 |
| Total | 64 | 113,619,748 | 178 | 86,359,163 |

Delay in completing the projects denied the public responsive and prompt services expected from the investment of Kshs.113,619,748 in tax payers money.



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

Nairobi

06 January 2017

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 CDF Act 2013 aligns the Fund with the Constitution of Kenya 2010 and the Public Finance Management Act 2012 that lay emphasis on citizen participation in public finance management and decision making, transparency and accountability together with equity in public resource utilization. The overall management of the Fund is the responsibility of the Constituencies Development Fund Board.

(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 2014** and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|-------------------------|-----------------|
| 1. | Chief Executive Officer | Yusuf Mbuno |
| 2. | Fund Account Manager | Winston Lihanda |
| 3. | District Accountant | Geoffrey Kimani |

(d) Fiduciary Oversight Arrangements

The management who held office during the financial year ended **30th June 2014** and who had fiduciary oversight responsibility were:

| S/no. | Name | Designation |
|-------|-------------------------|----------------------------|
| 1. | Pamphil Odwori Opoya | Chairperson |
| 2. | Winston Lihanda | Fund Account Manager |
| 3. | Wycliffe Langat | Deputy County Commissioner |
| 4. | Bonface Odhiambo Omondi | Secretary |
| 5. | Collins Onyango Orlendo | CDFC Member |
| 6. | Johnvoster Ogochi | CDFC Member |
| 7. | Roselida Oar Ojwang | CDFC Member |
| 8. | Judith Adhiambo Meso | CDFC Member |
| 9. | Nawinyi Micheal Sambuli | CDFC Member |
| 10. | Bonface Odhiambo Omondi | CDFC Member |

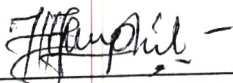
FORWARD BY CHAIRPERSON CDF COMMITTEE

In the desire for exemplary community service delivery, Butula CDF committee and staff have continuously focused on timely implementation of projects identified through community participation in order to ensure that the prospective benefits are enjoyed exclusively by a wide cross section of the community. In view of this, timely disbursements to project management committees in charge of implementation of the projects has been swift upon receipt of funds from the CDF Board that has gone ahead to ensure that project life cycle is significantly reduced.

Despite the challenges that CDF brings, it has realized quite a number of key achievements and successes. CDF funding of schools has assisted in increasing student enrolment through enhancement of facilities and retention of students in schools students from low income families through provision of bursaries. Through the roads projects, CDF has been able to open rural access roads (feeder roads) thus contributing to economic growth. Additional health facilities established through CDF have helped to reduce distance travelled in search of services and increased bed capacities hence made it possible for the public to easily access health facilities. Water projects implemented through CDF have significantly reduced distance to the nearest water point and increased access to clean, safe and reliable water. Establishment of police posts and local administration offices has helped to enhance security network.

Through public participation in project management including project identification, election of CDFCs and PMCs, CDF projects addresses citizens' needs and has contributed to participatory governance as enshrined in the constitution. CDF has created employment at local levels by engaging local labor, procurement of materials from local suppliers and by so doing contributes to the government's effort of creating employment. Overall CDF is the major driver of government's efforts towards the achievement of vision 2030.

The declaration of invalidity of CDF is the biggest challenge facing development in the constituency as it has elicited sharp reactions from the public who continue to benefit from the fund. The going concern of CDF is therefore threatened and there is need to sensitize the public on the importance of ensuring that CDF is made constitutional through legislation.



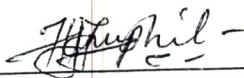
Pamphil Opoya
Chairman - CDFC

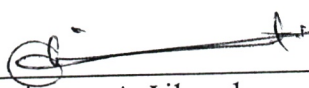
BUTULA CDF
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs)

STATEMENT OF RECEIPTS AND PAYMENTS

| | NOTE | 2014-2015 Kshs | 2013-2014 Kshs |
|---|------|----------------------|----------------------|
| RECEIPTS | | | |
| Transfers from CDF board-AIEs' Received | 1 | 99,906,847.40 | 92,056,444.50 |
| Proceeds from Sale of Assets | 2 | - | |
| Other Receipts | 3 | - | 207,198.00 |
| TOTAL RECEIPTS | | 99,906,847.40 | 92,263,642.50 |
| PAYMENTS | | | |
| Compensation of employees | 4 | 972,924.96 | 656,793.00 |
| Use of goods and services | 5 | 1,528,428.08 | 3,741,841.00 |
| Committee Expenses | 6 | 6,506,955.00 | 2,272,545.78 |
| Transfers to Other Government Units | 7 | 44,368,108.00 | 45,243,335.00 |
| Other grants and transfers | 8 | 40,869,301.00 | 32,936,911.28 |
| Social Security Benefits | 9 | 41,478.00 | - |
| Acquisition of Assets | 10 | 1,345,879.80 | - |
| Other Payments | 11 | 1,150,000.00 | 6,060.00 |
| TOTAL PAYMENTS | | 96,783,074.84 | 84,857,486.06 |
| SURPLUS/DEFICIT | | 3,123,772.56 | 7,406,156.44 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **29TH AUGUST, 2015** and signed by:


 Pamphil Opoya
 Chairman - CDFC

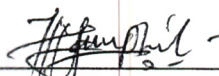

 Winston A. Lihanda
 Fund Account Manager

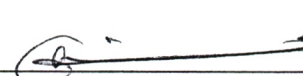
BUTULA CDF
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs)

STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

| | Note | 2014-2015 | 2013-2014 |
|---------------------------------------|------|----------------------|---------------------|
| | | Kshs | Kshs |
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalentents | | | |
| Bank Balances (as per the cash book) | 12A | 7,220,667.00 | 7,673,603.44 |
| Cash Balances (cash at hand) | 12B | - | - |
| Outstanding Imprests | 12C | 3,556,709.00 | - |
| TOTAL FINANCIAL ASSETS | | 10,777,376.00 | 7,673,603.44 |
| REPRESENTED BY | | | |
| Fund balance b/fwd 1st July... | 13 | 7,653,603.44 | 247,447.00 |
| Surplus/Deficit for the year | | 3,123,772.56 | 7,406,156.44 |
| Prior year adjustments | 14 | | - |
| NET LIABILITIES | | 10,777,376.00 | 7,653,603.44 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **29TH AUGUST, 2015** and signed by:

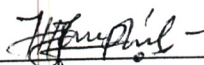

 Pamphil Opoya
 Chairman - CDFC



 Winston A. Lihanda
 Fund Account Manager

BUTULA CDF
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs)

STATEMENT OF CASH FLOW

| | | 2014 - 2015 | 2013 - 2014 |
|--|----|-----------------------|----------------------|
| Receipts for operating income | | | |
| Transfers from CDF Board | 1 | 99,906,847.40 | 92,056,444.50 |
| Other Receipts | 3 | - | 207,198.00 |
| TOTAL | | 99,906,847.40 | 92,263,642.50 |
| Payments for operating expenses | | | |
| Compensation of Employees | 4 | 972,924.96 | 656,793.00 |
| Use of goods and services | 5 | 1,528,428.08 | 3,741,841.00 |
| Committee Expenses | 6 | 6,506,955.00 | 2,272,545.78 |
| Transfers to Other Government Units | 7 | 44,368,108.00 | 45,243,335.00 |
| Other grants and transfers | 8 | 40,869,301.00 | 32,936,911.28 |
| Social Security Benefits | 9 | 41,478.00 | - |
| Other Payments | 11 | 1,150,000.00 | 6,060.00 |
| | | (95,437,195.04) | (84,857,486.06) |
| Adjusted for: | | | |
| Adjustments during the year | | | - |
| Net cash flow from operating activities | | 4,469,652.36 | 7,406,156.44 |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | 2 | - | - |
| Acquisition of Assets | 10 | (1,345,879.80) | - |
| Net cash flows from Investing Activities | | (1,345,879.80) | - |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | | |
| Cash and cash equivalent at BEGINNING of the year | 13 | 7,653,603.44 | 247,447.00 |
| Cash and cash equivalent at END of the year | 16 | 10,777,376.00 | 7,653,603.44 |

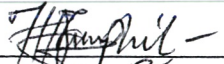

Pamphil Opoya
Chairman - CDFC



Winston A. Lihanda
Fund Account Manager

SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

| 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 | 117,998,526.00 | 48,561,177.44 | 166,559,703.44 | 99,906,847.40 | 66,652,856.04 | 60 |
| Proceeds from Sale of Assets | - | - | - | - | - | - |
| Other Receipts | - | - | - | - | - | - |
| PAYMENTS | | | | | | |
| Compensation of Employees | 2,510,939.00 | | 2,510,939.00 | 972,924.96 | 1,538,014.04 | 39 |
| Use of goods and services | 1,878,981.00 | | 1,878,981.00 | 1,528,428.08 | 350,552.92 | 81 |
| Committee Expenses | 5,591,956.44 | 934,998.56 | 6,526,955.00 | 6,506,955.00 | 20,000.00 | 100 |
| Transfers to Other Government Units | 38,152,490.00 | 35,182,212.88 | 73,334,702.88 | 44,368,108.00 | 28,966,594.88 | 61 |
| Other grants and transfers | 68,335,510.52 | 10,514,466.00 | 78,849,976.52 | 40,869,301.00 | 37,980,675.52 | 52 |
| Social Security Benefits | 26,400.00 | - | 26,400.00 | 41,478.00 | (15,078.00) | 157 |
| Acquisition of Assets | 1,502,249.04 | 625,000.00 | 2,127,249.04 | 1,345,879.80 | 781,369.24 | 63 |
| Other Payments | - | 1,304,500.00 | 1,304,500.00 | 1,150,000.00 | 154,500.00 | 88 |
| TOTALS | 117,998,526.00 | 48,561,177.44 | 166,559,703.44 | 96,783,074.84 | 69,776,628.60 | 58 |

The entity financial statements were approved on 29TH AUGUST, 2015 and signed by:


Pamphil Opoya
Chairman - CDFC


Winston A. Lihanda
Fund Account Manager

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* 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 *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.

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, 2014.

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

NOTES TO THE FINANCIAL STATEMENTS

| I. NOTES TO THE FINANCIAL STATEMENTS | | | | | |
|--------------------------------------|--|-------------------|----------------------|----------------------|--|
| GFS CODES | | | | | |
| | 1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES | | | | |
| | Description | | 2014 - 2015 | 2013 - 2014 | |
| | | | Kshs | Kshs | |
| 1330407 | Normal Allocation | AIE NO....711905 | 40,907,574.00 | 50,881,423.50 | |
| | | AIE NO.....750425 | 29,499,631.50 | 2,000,000.00 | |
| | | AIE NO.....796528 | 14,699,788.90 | 38,907,574.00 | |
| | | AIE NO.....796714 | 14,799,853.00 | - | |
| 1330408 | Conditional grants | AIE NO... | - | - | |
| | | AIE NO... | - | - | |
| 1330409 | Receipt from other Constituency | | - | - | |
| | TOTAL | | 99,906,847.40 | 91,788,997.50 | |
| | | | | | |
| | 2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS | | | | |
| 3510000 | Description | | 2014 - 2015 | 2013 - 2014 | |
| | | | Kshs | Kshs | |
| 3510202 | Receipts from the Sale of Buildings | | | | |
| 3510601 | Receipts from the Sale of Vehicles and Transport Equipment | | - | - | |
| 3510801 | Receipts from the Sale Plant Machinery and Equipment | | - | - | |
| 3510803 | Receipts from the Sale of office and general equipment | | - | - | |
| | Total | | - | - | |
| | | | | | |
| | 3 OTHER RECEIPTS | | | | |
| | Description | | 2014 - 2015 | 2013 - 2014 | |
| | | | Kshs | Kshs | |
| 1410107 | Interest Received | | - | - | |
| 1410405 | Rents | | - | - | |

BUTULA CDF
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs)

| | | | | |
|---------|--|--------------------|--------------------|--|
| 1420601 | Sale of tender documents | - | 12,000.00 | |
| 1450207 | Other Receipts Not Classified Elsewhere (specify) | - | 195,198.00 | |
| 1450208 | Revenue from Hire of Grader | 5,469,530.00 | | |
| | Total | - | 207,198.00 | |
| 2110000 | 4 COMPENSATION OF EMPLOYEES | | | |
| | Description | 2014 - 2015 | 2013 - 2014 | |
| | | Kshs | Kshs | |
| 2110201 | Basic wages of contractual employees | 972,924.96 | 656,793.00 | |
| 2110202 | Basic wages of casual labour | - | | |
| | Personal allowances paid as part of salary | | | |
| 2110301 | House allowance | - | - | |
| 2110314 | Transport allowance | - | - | |
| 2110320 | Leave allowance | - | - | |
| 2110326 | Other personnel payments | - | - | |
| 2710120 | gratuity | | | |
| | Total | 972,924.96 | 656,793.00 | |
| 2200000 | 5 USE OF GOODS AND SERVICES | | | |
| | Description | 2014 - 2015 | 2013 - 2014 | |
| | | Kshs | Kshs | |
| 2210100 | Utilities, supplies and services | - | - | |
| 2210104 | Office rent | - | - | |
| 2210200 | Communication, supplies and services | - | 12,650.00 | |
| 2210300 | Domestic travel and subsistence | | 282,630.00 | |
| 2210500 | Printing, advertising and information supplies & services | 577,874.00 | 262,540.00 | |
| 2210600 | Rentals of produced assets | - | | |
| 2210700 | Training expenses | - | | |
| 2210800 | Hospitality supplies and services | - | 179,818.00 | |
| 2210900 | Insurance costs | - | 7,500.00 | |
| 2211000 | Specialised materials and services | - | | |
| 2211100 | Office and general supplies and services | - | 215,222.72 | |
| 2211200 | Fuel ,oil & lubricants | 467,474.00 | 66,520.00 | |
| 2211300 | Other operating expenses | - | | |
| 2220100 | Routine maintenance – vehicles and other transport equipment | 483,080.08 | 2,714,960.28 | |

BUTULA CDF
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs)

| | | | | |
|---------|--|--|----------------------|----------------------|
| 2220200 | Routine maintenance – other assets | | | |
| | | | | |
| | Total | | 1,528,428.08 | 3,741,841.00 |
| | | | | |
| 2210800 | 6 COMMITTEE EXPENSES | | | |
| | | | | |
| | Description | | 2014 - 2015 | 2013 - 2014 |
| | | | Kshs | Kshs |
| | | | | |
| 2210802 | Other committee expenses | | 3,513,864.00 | 1,159,214.78 |
| 2210809 | Committee allowance | | 2,993,091.00 | 1,113,331.00 |
| | | | | |
| | TOTAL | | 6,506,955.00 | 2,272,545.78 |
| | | | | |
| 2630200 | 7 TRANSFER TO OTHER GOVERNMENT ENTITIES | | | |
| | | | | |
| | Description | | 2014 - 2015 | 2013 - 2014 |
| | | | Kshs | Kshs |
| 2630204 | Transfers to primary schools | | 7,900,000.00 | 26,865,835.00 |
| 2630205 | Transfers to secondary schools | | 12,375,000.00 | 16,800,000.00 |
| 2630206 | Transfers to Tertiary institutions | | 15,860,349.00 | 1,127,500.00 |
| 2630207 | Transfers to Health institutions | | 8,232,759.00 | 450,000.00 |
| | TOTAL | | 44,368,108.00 | 45,243,335.00 |
| | | | | |
| 2640000 | 8 OTHER GRANTS AND OTHER PAYMENTS | | | |
| | | | | |
| | Description | | 2014 - 2015 | 2013 - 2014 |
| | | | Kshs | Kshs |
| 2640101 | Bursary -Secondary | | 17,406,750.00 | 13,568,375.00 |
| 2640102 | Bursary -Tertiary | | 7,081,000.00 | 5,906,000.00 |
| 2640104 | Bursary-Special schools | | - | - |
| 2640105 | Mocks & CAT | | 500,000.00 | 543,600.00 |
| 2640504 | water | | 3,520,701.00 | - |
| 2640505 | Agriculture (food security) | | - | - |
| 2640506 | Electricity projects | | 1,050,000.00 | - |
| 2640507 | Security | | 2,500,000.00 | - |
| 2640508 | Roads | | 2,790,000.00 | 10,000,000.00 |
| 2640509 | Sports | | 1,970,000.00 | 1,546,647.00 |

BUTULA CDF
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs)

| | | | | | |
|---------|---|-----------------------|----------------------|----------------------|--|
| 2640510 | Environment | | 882,000.00 | 1,372,289.28 | |
| 2640200 | Emergency Projects (specify) | | 3,168,850.00 | - | |
| | Total | | 40,869,301.00 | 32,936,911.28 | |
| | | | | | |
| 2120000 | 9 SOCIAL SECURITY BENEFITS | | | | |
| | | | | | |
| | | | 2014 - 2015 | 2013 - 2014 | |
| | | | Kshs | Kshs | |
| 2120101 | Employer contribution to NSSF | | 41,478.00 | - | |
| | | | | | |
| | Total | | 41,478.00 | - | |
| | | | | | |
| 3100000 | 10 ACQUISITION OF ASSETS | | | - | |
| | Non Financial Assets | | 2014- 2015 | 2013 - 2014 | |
| | | | Kshs | Kshs | |
| 3110102 | Purchase of Buildings | | - | - | |
| 3110202 | Construction of Buildings | | - | - | |
| 3110302 | Refurbishment of Buildings | | 1,011,453.80 | - | |
| 3110701 | Purchase of Vehicles | | - | - | |
| 3110704 | Purchase of Bicycles & Motorcycles | | - | - | |
| 3110801 | Overhaul of Vehicles | | - | - | |
| 3111001 | Purchase of office furniture and fittings | | 292,797.00 | - | |
| 3111002 | Purchase of computers ,printers and other IT equipments | | 41,629.00 | - | |
| 3111005 | Purchase of photocopier | | - | - | |
| 3111009 | Purchase of other office equipments | | - | - | |
| 3111112 | Purchase of soft ware | | - | - | |
| 3130101 | Acquisition of Land | | - | - | |
| | | | | | |
| | Total | | 1,345,879.80 | - | |
| | | | | | |
| | 11 | Other Payments | | | |
| | specify-Strategic plan & website | | 1,150,000.00 | - | |
| | specify | | - | - | |
| | specify | | - | - | |
| | TOTAL | | 1,150,000.00 | - | |
| | | | | | |
| | 12A: Bank Balances (cash book bank balance) | | | | |

BUTULA CDF
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs)

| | Name of Bank, Account No. & currency | Account Number | 2014 - 2015 Kshs (30/6/2015) | 2013 - 2014 Kshs (30/6/2014) | |
|--|--|---------------------------|---|---------------------------------|----------------------------|
| | National Bank of Kenya, Busia Branch A/C no.01021037115600 | | 7,220,667.00 | 7,673,603.44 | |
| | | | - | - | |
| | | | - | - | |
| | | | | | |
| | Total | | 7,220,667.00 | 7,673,603.44 | |
| | | | | | |
| | 12B: CASH IN HAND | | | | |
| | | | | | |
| | | | 2014 - 2015 | 2013 - 2014 | |
| | | | Kshs (30/6/2015) | Kshs (30/6/2014) | |
| | Location 1 | | - | - | |
| | Location 2 | | - | - | |
| | Location 3 | | - | - | |
| | Other receipts (specify) | | - | - | |
| | | | | | |
| | Total | | - | - | |
| | | | | | |
| | | | <i>[Provide cash count certificates for each]</i> | | |
| | | | | | |
| | 12C: OUTSTANDING IMPRESTS | | | | |
| | <i>Name of Officer</i> | <i>Date imprest taken</i> | <i>Amount Taken</i> | <i>Amount Surrendered</i> | <i>Balance (30/6/2015)</i> |
| | | | <i>Kshs</i> | <i>Kshs</i> | <i>Kshs</i> |
| | Mary Mwaki | 8/12/2014 | 151,900.00 | - | 151,900.00 |
| | Mary Mwaki | 3/3/2015 | 48,800.00 | - | 48,800.00 |
| | Mary Mwaki | 18/3/15 | 247,000.00 | - | 247,000.00 |
| | Mary Mwaki | 10/3/2015 | 350,000.00 | - | 350,000.00 |
| | Mary Mwaki | 10/4/2015 | 1,029,000.00 | 845,991.00 | 183,009.00 |
| | Mary Mwaki | 4/5/2015 | 111,000.00 | - | 111,000.00 |
| | Mary Mwaki | 15/5/15 | 55,000.00 | - | 55,000.00 |
| | Mary Mwaki | 2/6/2015 | 340,000.00 | - | 340,000.00 |
| | Bonface Odhiambo | 26/6/15 | 1,100,000.00 | - | 1,100,000.00 |
| | Bonface Odhiambo | 30/6/15 | 970,000.00 | - | 970,000.00 |
| | | | | | |
| | | | | | |

BUTULA CDF
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs)

| | | | | | |
|--|---|--|------------------------|------------------------|--------------|
| | <i>Total</i> | | | | 3,556,709.00 |
| | | | | | |
| | | | | | |
| | 13 BALANCES BROUGHT FORWARD | | | | |
| | | | | | |
| | | | 2014 - 2015 | 2013 - 2014 | |
| | | | Kshs (1/7/2014) | Kshs (1/7/2013) | |
| | Bank accounts | | 7,653,603.44 | 247,447.00 | |
| | Cash in hand | | - | - | |
| | Imprest | | - | - | |
| | Total | | 7,653,603.44 | 247,447.00 | |
| | | <i>[Provide short appropriate explanations as necessary]</i> | | | - |
| | | | | | |
| | | | | | |
| | 14 | PRIOR YEAR ADJUSTMENTS | | | |
| | | | | | |
| | | | 2014 - 2015 | 2012 - 2013 | |
| | | | Kshs | Kshs | |
| | Bank accounts | | - | - | |
| | Cash in hand | | - | - | |
| | Imprest | | - | - | |
| | Total | | - | - | |
| | | | | | |
| | | | | | |
| | 15 | OTHER IMPORTANT DISCLOSURES | | | |
| | | | | | |
| | 15.1: PENDING ACCOUNTS PAYABLE (See Annex 1) | | | | |
| | | | 2014 - 2015 | 2013 - 2014 | |
| | | | Kshs | Kshs | |
| | Construction of buildings | | - | - | |
| | Construction of civil works | | - | - | |
| | Supply of goods | | - | - | |
| | Supply of services | | - | - | |
| | TOTAL | | - | - | |
| | | | | | |
| | 15.2: PENDING STAFF PAYABLES (See Annex 2) | | | | |
| | | | Kshs | Kshs | |

BUTULA CDF
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs)

| | | | | | |
|--|---|--|-------------|-------------|--|
| | Senior management | | - | - | |
| | Middle management | | - | - | |
| | Unionisable employees | | - | - | |
| | Others (<i>specify</i>) | | - | - | |
| | | | - | - | |
| | | | | | |
| | 15.3: OTHER PENDING PAYABLES (See Annex 3) | | | | |
| | | | Kshs | Kshs | |
| | Amounts due to other Government entities (see attached list) | | - | - | |
| | Amounts due to other grants and other transfers (see attached list) | | - | - | |
| | Others (<i>specify</i>) | | - | - | |
| | | | - | - | |

**ANNEX 1 – SUMMARY OF
FIXED ASSET REGISTER**

| Asset class | Historical Cost | Historical Cost |
|--|----------------------|----------------------|
| | (Kshs) 2014/15 | (Kshs) 2013/14 |
| Land | 250,000.00 | 250,000.00 |
| Buildings and structures | 5,546,533.80 | 4,200,654.00 |
| Transport equipment | 4,565,000.00 | 4,565,000.00 |
| Office equipment, furniture and fittings | 487,387.00 | 331,000.00 |
| ICT Equipment, Software and Other ICT Assets | 1,228,129.00 | 1,186,500.00 |
| Other Machinery and Equipment | 18,005,520.00 | 18,005,520.00 |
| Heritage and cultural assets | - | - |
| Intangible assets | - | - |
| Total | 30,082,569.80 | 28,538,674.00 |