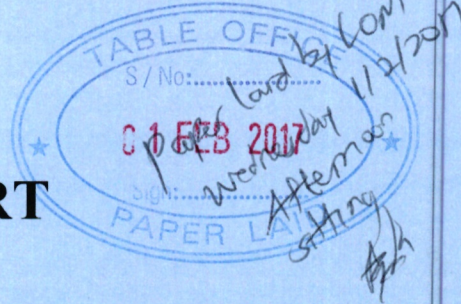


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OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND -
KITUI RURAL CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2015

[30TH JUNE 2015]



CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL

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)

FUND ACCOUNT MANAGER
KITUI RURAL CDF
P. O. Box 1422-80200, KITUI

KENYA NATIONAL AUDIT OFFICE
P. O. Box 30084 - 00100, NAIROBI.
30 SEP 2015
RECEIVED

KENYA NATIONAL AUDIT OFFICE
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05 OCT 2015
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Tel: 068 - 30260
P. O. BOX 113, EMBU

CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs'000)

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The 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. The objective of the fund is to ensure that specific portion of national annual budget is devoted to the constituencies for the purposes of infrastructural development, wealth creation and mitigating against poverty at constituency level.

(b) Key Management

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

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

(c) Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Suleiman Roba
3.	District Accountant	Joseph Keli

(d) Fiduciary Oversight Arrangements

List of CDFC as gazzetted

Patrick Muasya	Chairman
Suleiman Roba	Fund Account Manager, /Ex-officio Member
Michael Lesimam	DCC/National Government Official (Member)
Joseline Mbuvi	Member/Secretary
Peter Wambua Mutua	Member
Christine Ndanu Joseph	Member
Dorothy Andrew	Member
Cedric Sammy Mwanzia	Member
Esther Nduku	Member
David Karia	Member

(e) Entity Headquarters

Box and physical address of the constituency CDF office

P.O. Box 1492-90200 Kitui
CDF Offices-Esther House, Kwa Vonza
Kitui Rural, Kitui County

(f) Entity Contacts

Telephone: (254) 0723876000/0720244809
E-mail: cdfkituirural@cdf.go.ke
Website: www.cdf.go.ke

(g) Entity Bankers

Constituency CDF Main Banker
Equity Bank LIMITED,
Kitui Branch,
Bank A/C No. 0720261934286
P.O. Box Kitui,

(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 COMMITTEE

The Kitui Rural Constituency Development Fund Committees wishes to appreciate the CDF Board and all the other stakeholders to for roles played in the implementation of the cdf projects and efforts put forward in making the dream projects a success.

I would like to put forth that we have successfully led the implementation of the various projects in Kitui Rural and that we are glad our tireless efforts to help communities benefit from the projects have born fruits. Despite some challenges which are normal everywhere we have made it possible and that our children are studying in classrooms, our health centres and dispensaries have been funded and that our children are benefiting immensely from the bursaries which have enabled them pay their school fees.

I say Thank you to all our stakeholders.



.....
Patrick N. Muasya
Chairman CDFC Kitui Rural Constituency.

FUND ACCOUNT MANAGER
KITUI RURAL CDF
P. O. Box 1422-80200, KITUI

III. STATEMENT OF CONSTITUENCY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a national government entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.


The Fund Account Manager in charge of the Kitui Rural *CDF* is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the constituency; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

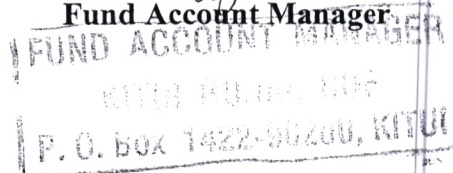
The Fund Account Manager in charge of the Kitui Rural *CDF* confirms that the entity has complied fully with applicable Government Regulations and that the Constituency's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Fund Account Manager confirms that the Constituency's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Kitui Rural *CDF* financial statements were approved and signed on ___10th September___ 2015.


.....
Patrick N. Muasya
Chairman - CDFC


.....
Suleiman Roba
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 – KITUI RURAL 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 – Kitui Rural Constituency set out on pages 5 to 20, 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 (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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

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

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

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

Basis for Adverse Opinion

1.0 Cash and Cash Equivalents

1.1 Bank Balances

The statement of financial assets and liabilities reflects a cash and cash equivalents balance of Kshs. 48,631,881 as at 30 June 2015 which includes a bank balance of Kshs. 45,261,781. However, the bank confirmation certificate in support of the bank balance reflects a balance of Kshs.48,456,977 resulting to an unreconciled and unexplained variance of Kshs. 3,195,196. Further, no bank reconciliation statement was presented for audit review.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.48,631,881 as at 30 June 2015 could not be confirmed.

1.2 Outstanding Imprests

Included in the cash and cash equivalent balance of Kshs. 48,631,881 is a sum of Kshs.3,370,100 in respect of outstanding imprests whose support documents were not availed for audit review. Further, no documents were made available to show whether the outstanding imprest balance of Kshs.3,291,846 reflected in the financial statements as at 30 June 2014 was included in the balance of Kshs.3,370,100 outstanding imprest for the year under review and accounted for.

In the circumstances, the propriety of the outstanding imprests balance of Kshs.3,370,100 as at 30 June 2015 could not be confirmed.

2.0 Unaccounted For Fuel

Included in the use of goods and services balance of Kshs.1,713,664 as at 30 June 2015 was Kshs.450,000 spent on fuel, oil and lubricants out of which a sum of Kshs.143,708 was not on record in the fuel register and motor vehicle work tickets entries.

Consequently, the propriety of the expenditure of Kshs.450,000 for fuel and lubricants as at 30 June 2015 could not be ascertained.

3.0 Acquisition of Assets

During the year under review, the Fund reportedly bought assets worth Kshs.8,594,500 including Kshs.2,260,000 incurred on purchase of software. However there were no documents to support the purchase of the software and further, the purpose for the purchase was not disclosed.

In addition, the summary of fixed assets at Note 10 has no opening balances. However, Note 18.1 of the financial statements for the year ended 30 June 2014 reflected assets totaling Kshs.1,334,737 which balance should have been brought forward to the year under review.

In the circumstances, the propriety of the acquisition of assets expenditure of Kshs.8,594,500 and the completeness of the assets register as at 30 June 2015 cannot be confirmed.

4.0 Committee Expenses

The statement of receipts and payments reflects committee expenses balance of Kshs.4,589,500 as at 30 June 2015 out of which a sum of Kshs.2,903,200 was spent without proper supporting documents including work tickets, bus tickets, minutes and reports. Further, the expenditure included Kshs.36,000 for the purchase of four bottles of water (20 litre capacity per bottle) costing Kshs.9,000 each which was far much above the average price of less than Kshs.2,000 each. In addition, the expenditure included Kshs.9,000 irregularly used to fuel a private vehicle (registration number KBV244W) on three occasions.

In the circumstances, the propriety of the committee expenses of Kshs.4,589,500 as at 30 June 2015 could not be confirmed.

5.0 Other Pending Payables

Note 15.3 of the financial statements reflects other pending payables balance amounting to Kshs.40,412,184 which has however not been analyzed. Further, the Note makes reference to attached lists on amount due to other government entities, and amounts due to other grants and other transfers amounting to Kshs.39,912,184 and Kshs.500,000 respectively but the lists were not provided for audit review.

In the circumstance, the propriety and accuracy of other pending payables of Kshs.40,412,184 as at 30 June 2015 cannot be confirmed.

6.0 Staff Gratuities

Note 15.2 of the financial statements reflects a staff gratuities balance of Kshs.615,288 as at 30 June 2015, an increase of Kshs.307,644 from the balance of Kshs.307,644 reflected as at 30 June 2014. However, no supporting documents (including the respective deposit

accounts and the terms and conditions for the gratuities) were made available for audit review.

In the circumstance, the propriety of the staff gratuities balance of Kshs.615,288 as at 30 June 2015 could not be confirmed.

7.0 Other Grants and Transfers

Included in the other grants and payments balance of Kshs.53,810,517 was Kshs.1,392,440 incurred on environmental management which further included Kshs.1,040,000 incurred on purchase of 1,000 seedlings. However, no procurement documents for the purchase of the seedlings were made available for audit review.

Further, included in the grants and transfers balance of Kshs.53,810,517 were expenditures amounting to Kshs.4,281,162, Kshs.3,518,781, Kshs.5,356,817 and Kshs.5,395,000 for security, sports, water and emergency projects respectively all totaling Kshs.18,551,760 whose supporting documents were presented for audit review.

In addition, included in other grants and other payments balance of Kshs.53,810,517 were bursaries of Kshs.15,726,726 and Kshs.4,496,000 to secondary and tertiary schools respectively both totaling Kshs.20,222,726. However, documents showing how the bursary recipients were identified and selected were not made available for audit review. Further, expenditure totaling to Kshs.6,300,832 incurred on mock and (CATs) appear excessive and were not justified or accounted for.

In view of the foregoing, the propriety of the other grants and transfers expenditure amounting to Kshs.53,810,517 as at 30 June 2015 cannot be ascertained.

8.0 Summary Statement of Appropriation

The summary statement of appropriation reflects total budget utilization variance of Kshs.64,813,113. However, a recast of the balance revealed a total of Kshs.50,758,196 leading to an unreconciled variance of Kshs.14,054,918. Further, Compensation of Employees, Use of Goods and Services and Transfers to Other Government Units accounts reflect actual expenditure balances that are less than 50% of the final budget as tabulated below:

Payments	final budget (Kshs)	actual on comparable basis	Budget utilization difference (Kshs)	Percentage of utilization (%)
Compensation of employees	2,522,667	1,071,296	1,451,371	42
Use of goods and services	4,201,619	1,713,664	2,487,954	41
Transfer to other government units	76,117,031	34,750,931	41,366,100	46

The fund has not explained the rationale for the low utilization of funds for service delivery.

In the circumstances, the accuracy of the budget utilization variance of Kshs.64,813,113 as at 30 June 2015 cannot not be ascertained and further the budget and budget preparation processes for the year ended 30 June 2015 may not have been realistic and accurate.

9.0 Transfers to Other Government Entities

Included in the transfer to other government entities balance of Kshs.34,750,931 (Note 7) were Kshs.9,287,931, Kshs.21,263,000 and Kshs.4,200,000 in respect of transfers to primary schools, secondary schools and tertiary institutions respectively whose supporting documents were not made available for audit review.

Further, the comparative balance of Transfers to Other Government Entities balance reflected in Note 7 to the financial statements for the year under review differed with the respective balance reflected in Note 5 of the audited 2013/2014 financial statements as follows:

Item	Comparative Figure in the 2014/15 Financial Statements (Kshs)	Figure in the 2014/15 Financial Statements (Kshs)	Variance (Kshs)
Transfers to primary schools	350,000	3,063,024	2,713,024
Transfers to security institutions	-	1,900,000	1,900,000
Transfers to other government Institutions through emergency	-	3,564,466	3,564,466
Transfers to tertiary institutions	8,177,490	-	8,177,490

In view of the foregoing, the accuracy of the transfers to other government entities amounting to Kshs.18,727,490 and Kshs.34,750,931 as at 30 June 2014 and 30 June 2015 respectively reflected in Note 7 to the financial statements could not be confirmed.

10.0 Irregular Implementation of Projects

10.1 Mbitini Girls Secondary School Project

Mbitini Girls' Secondary School was allocated Kshs.1,000,000 during the year under review for the extension of the school's multi-purpose hall expected to cost Kshs.4,3344,715. However, it was not indicated which specific works or phase of the project the Fund was financing. Further, the Project Management Committee changed the design of the project to a one storey building hence an increase in the cost of the

project. Physical verification revealed that the project was approximately 30% complete at the time of the audit.

Further, the grant proceeds were deposited in the school's bank account instead of the bank account of the Project Management Committee. This was contrary to the CDF Act 2013 part VI Section 31 (1) which states that the Project Management Committee (PMC) should implement CDF projects.

In the circumstance, the Fund breached the law and further it was not possible to confirm that all the proceeds were spent on the project.

10.2 Mbitini Officer Commanding Police Division (OCPD) Offices

During the year under review, the project implementation report indicated that the Fund disbursed a total of Kshs.1,000,000 (Kshs.500,000 in the year 2013/2014 and Kshs.500,000 in the financial year 2014/2015) for the construction of the Officer Commanding Police Divisions' (OCPD's) offices. However, the project's Bill of Quantities (BQ) quote amounted to Kshs.1,200,000. Physical verification in March 2016 revealed that the works had been done up to the walling stage which was estimated to be about 45% of the entire works. Further, no payment documents were availed for audit review while the bill of quantities value. However, the works were not authenticated by the Public Works Officer or any other professional contrary to the CDF Act, 2013 Part IV Section 25(1).

It was therefore not possible to ascertain that the project would be completed as budgeted.

10.3 Kalala Primary School

During the year under review, the CDF disbursed Kshs.600,000 for plastering, flooring, painting and roofing of six (6) class rooms. However, the PMC completed the roofing of only four (4) classrooms block leaving out the other two. Further, all the payments were made in cash.

In the circumstance, the propriety and value-for-money for the expenditure amounting to Kshs.600,000 cannot be confirmed.

11.0 Non Compliance with the Prescribed Format

The Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS) in the National Treasury reporting template requires the management to include a report on follow – up of auditor recommendations among the financial statements presented for audit.

However, although the Fund had an adverse audit opinion in 2013/2014, no report on the follow-up on the issues raised in the audit report was included in the financial statements for the year under review.

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

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of the Constituencies Development Fund - Kitui Rural Constituency as at 30 June 2015, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Constituencies Development Fund Act, 2013

Other Matter

1.0 Budget Analysis

During the financial year under review, Kitui Rural CDF had an approved budget of Kshs.155,298,003.99. However, only Kshs.141,243,085.85 (90.9%) was disbursed by the CDF Board leaving a balance of Kshs.14,054,918.14 (9.1%) undisbursed. The funds deficit denied Kitui Rural residents public services promised to them. Further, out of the total disbursements of Kshs.141,243,085.85 for the year under review, a total of Kshs.104,539,808.39 was spent resulting to an under expenditure of Kshs.36,703,277.46. The Kshs.155,298,004 budget when compared to the actual expenditure of Kshs.104,539,808 resulted to under-expenditure of Kshs.50,758,194 as tabulated below:

Sub Head	Budgeted Expenditure (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption Rate (%)
Primary School Projects	41,137,931	9,287,931	31,850,000	32.6
Secondary School Projects	27,200,000	21,263,000	5,937,000	79.2
Health Projects	6,002,000	4,200,000	1,802,000	70
Prefab Houses	4,482,759	4,482,759	0	100
Public Toilets	600,000	600,000	0	100
Sports projects	5,126,341	3,518,781	1,607,560	68.7
Water Projects	956,817	5,356,817	-4,400,000	-459.8
Security Projects	6,610,678	4,281,162	2,329,516	64.8
Emergency Projects	5,400,259	5,395,000	5,259	99.1
Environmental Projects	2,126,341	1,392,440	733,901	65.5
Bursary	29,592,764	26,523,558	3,069,206	89.6
Acquisition of Assets	8,594,500	8,594,500	0	100
Use of Goods and Services	4,201,619	1,713,664.39	2,487,954.39	41
Committee expenses	8,433,926	4,589,500	3,844,426.47	54
Compensation of Employees	2,522,667.42	1,071,296	1,451,371.42	42

Social Security Benefits	9,400	9,400	0	100
Strategic Plan/Website	2,300,000	2,260,000	40,000	98.3
	155,298,003	104,539,808	50,758,194	67.4

In the circumstances, the under-expenditure amounting to Kshs.50,758,194 denied Kshs.50, 758,194 the residents of Kitui Rural Constituency services equivalent value promised to them.

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, environment and emergency. The funds allocated amounted to Kshs.99, 643,127.10 which sum represented 64.2% of the total (recurrent and development) budget.


Review of the project implementation status report for the financial year revealed that 112 projects were completed, two (2) had not started and one (1) was ongoing as shown below:

Sector	Project Status	Amount Allocated (Kshs)	Amount Disbursed (Kshs)	No. of projects
Education	Completed	51,737,931	51,737,931	83
	Ongoing			
	Not started	600,000	600,000	1
	Sub Total	52,337,931	52,337,931	
Health	Completed	3,400,000	3,400,000	6
	Ongoing			
	Not started	600,000	600,000	1
	Sub Total	4,000,000	4,000,000	
Water	Completed	956,817	56,817	1
	Ongoing			
	Not started			
	Sub Total	956,817	956,817	
Security	Completed	3,600,000	3,600,000	7
	Ongoing			
	Not started			
	Sub Total	3,600,000	3,600,000	
Roads	Completed			
	Ongoing	2,250,000	2,250,000	1
	Not started			
	Sub Total	2,250,000	2,250,000	
Environment	Completed	2,726,341.14	2,726,341.14	5

	Ongoing			
	Not started			
	Sub Total	2,726,341.14	2,726,341.14	
Sport	Completed	2,126,341.14	2,126,341.14	
	Ongoing			
	Not started			
	Sub Total	2,126,341.14	2,126,341.14	
Emergency	Completed		2,700,000	10
	Ongoing			
	Not started			
	Sub Total	-	2,700,000	
	Grand Total	67,997,430.28	70,697,430.28	115

The residents of Kitui Rural Constituency did not enjoy the benefits associated with the two unimplemented projects budgeted to cost Kshs.1, 200,000.

My opinion is not qualified in respect to this matter.



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

Nairobi


16 December 2016

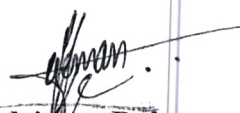
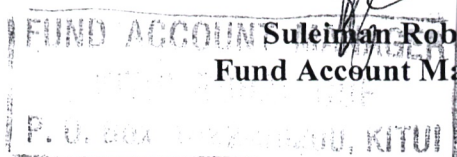
CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs'000)

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-2015	2013-2014
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	141,243,085.85	37,052,370.00
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		141,243,085.85	37,052,370.00
PAYMENTS			
Compensation of employees	4	1,071,296.00	335,764.00
Use of goods and services	5	1,713,664.39	2,052,771.00
Committee Expenses	6	4,589,500.00	1,675,028.00
Transfers to Other Government Units	7	34,750,931.00	18,727,490.00
Other grants and transfers	8	53,810,517.00	
Social Security Benefits	9	9,400.00	4,000.00
Acquisition of Assets	10	8,594,500.00	-
Other Payments	11	-	9,110,585.00
TOTAL PAYMENTS		104,539,808.39	31,905,638.00
SURPLUS/DEFICIT		36,703,277.46	5,146,732.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kitui Rural CDF financial statements were approved on ___10th September___ 2015 and signed by:


Patrick Muasya
Chairman - CDFC



Suleiman Roba
Fund Account Manager


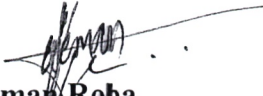
CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs'000)

II. 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)	12A	45,261,781.46	8,636,758.00
Cash Balances (cash at hand)	12B	-	
Outstanding Imprests	12C	3,370,100.00	3,291,846.00
TOTAL FINANCIAL ASSETS		48,631,881.46	11,928,604.00
REPRESENTED BY			
Fund balance b/fwd 1st July	13	11,928,604.00	6,781,872.00
Surplus/Deficit for the year		36,703,277.46	5,146,732.00
Prior year adjustments	14	-	-
NET LIABILITIES		48,631,881.46	11,928,604.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kitui Rural CDF financial statements were approved on 10th September 2015 and signed by:


Patrick Muasya
Chairman - CDFC


Suleiman Roba
Fund Account Manager

FUND ACCOUNT MANAGER
KITUI RURAL CDF
P. O. BOX 1422-30200, KITUI

CASH FLOW STATEMENT			
		2014 - 2015	2013-2014
Receipts for operating income			
Transfers from CDF Board	1	141,243,085.85	37,052,370.00
Other Receipts	3		
Payments for operating expenses			
Compensation of Employees	4	1,071,296.00	335,764.00
Use of goods and services	5	1,713,664.39	2,052,771.00
Committee Expenses	6	4,589,500.00	1,675,028.00
Transfers to Other Government Units	7	34,750,931.00	18,727,490.00
Other grants and transfers	8	53,810,517.00	
Social Security Benefits	9	9,400.00	4,000.00
Other Payments	11		9,110,585.00
		95,945,308.39	31,905,638.00
Adjusted for:			
Adjustments during the year		0.00	-
Net cash flow from operating activities			
		45,297,777.46	5,146,732.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0.00	-
Acquisition of Assets	10	-8,594,500.00	
Net cash flows from Investing Activities			
		-8,594,500.00	0.00
NET INCREASE IN CASH AND CASH EQUIVALENT			
		36,703,277.46	5,146,732.00
Cash and cash equivalent at BEGINNING of the year	15	11,928,604.00	6,781,872.00
Cash and cash equivalent at END of the year		48,631,881.46	11,928,604.00

CONSTITUENCIES DEVELOPMENT FUND - KITUI RURAL CONSTITUENCY**Reports and Financial Statements**

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

III: SUMMARY STATEMENT OF APPROPRIATION

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	106,317,029.99	48,980,974.00	155,298,003.99	141,243,085.85	14,054,918.14	91
Proceeds from Sale of Assets				-	-	
Other Receipts				-	-	
PAYMENTS						
Compensation of Employees	2,215,023.42	307,644.00	2,522,667.42	1,071,296.00	1,451,371.42	42
Use of goods and services	3,152,000.00	1,049,619.00	4,201,619.00	1,713,664.39	2,487,954.61	41
Committee Expenses	5,433,926.47	3,000,000.00	8,433,926.47	4,589,500.00	3,844,426.47	54
Transfers to Other Government Units	58,464,272.10	17,652,759.00	76,117,031.10	34,750,931.00	41,366,100.10	46
Other grants and transfers	36,657,908.00	18,760,952.00	55,418,860.00	53,810,517.00	1,608,343.00	97
Social Security Benefits	9,400.00		9,400.00	9,400.00	-	100
Acquisition of Assets	384,500.00	8,210,000.00	8,594,500.00	8,594,500.00	-	100
Other Payments				-	-	
TOTALS	106,317,029.99	48,980,974.00	155,298,003.99	104,539,808.39	64,813,113.74	

Explanations:

CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015 (Kshs'000)

- Compensation for employees was utilized at 42% for the financial year. This is because the fund includes staff gratuities which have not been paid.
- Use of goods and services fund was utilized at 41 % because the funds includes cash for fuels and other office running expenses which have not been utilized at the year end.
- Transfer to other Government units was utilized at 46% .This is because the funds includes items such as KENAO Audit fees and project funds not released

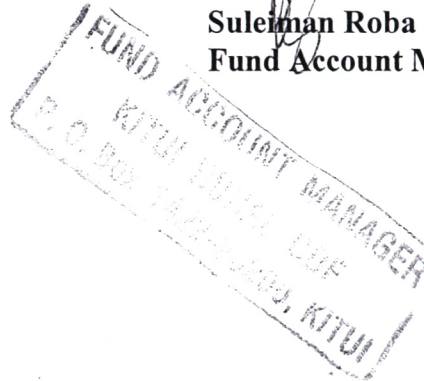
The Kitui Rural CDF financial statements were approved on __10th September__ 2015 and signed by



**Patrick Muasya
Chairman - CDFC**



**Suleiman Roba
Fund Account Manager**



IV. SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Constituency and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Constituency.

b) Recognition of revenue and expenses

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

c) In-kind contributions

In-kind contributions are donations that are made to the Constituency in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Constituency includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also

CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015 (Kshs'000)

include short term cash imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

e) **Receivables and payables**

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

f) **Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Constituency's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Constituency's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

g) **Comparative figures**

This is the first year the Constituency is preparing financial statements and hence we do not have comparative figures.

h) **Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2015.

CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs'000)

V. 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..A796087	24,452,923.35	2,000,000.00
		AIE NO..A796013	26,579,264.00	35,052,370.00
		AIE NO..A797014	18,579,264.50	
		AIE NO..A796923	10,000,000.00	
		AIE NO..A796677	24,579,264.00	
		AIE NO..A750174	37,052,370.00	-
1330408	Conditional grants		-	-
			-	
1330409	Receipt from other Constituency		-	
	TOTAL		141,243,085.85	37,052,370.00

2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS

3510000				
	Description		2014 - 2015	2013 - 2014
			Kshs	Kshs

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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		-	-
		<i>Total</i>	-	-

3 OTHER RECEIPTS

1400000	Description	2014 - 2015	2013- 2014
		Kshs	Kshs
1410107	Interest Received	-	-
1410405	Rents	-	-
1420601	Sale of tender documents	-	-
1450207	Other Receipts Not Classified Elsewhere (specify)	-	-
	Total	-	-

4 COMPENSATION OF EMPLOYEES

2110000	Description	2014 - 2015	2013- 2014
		Kshs	Kshs
2110201	Basic wages of contractual employees	1,043,296.00	118,968.00
2110202	Basic wages of casual labour	28,000.00	100,000.00

CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL CONSTITUENCY

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	Personal allowances paid as part of salary			
2110301	House allowance		-	-
2110314	Transport allowance		-	-
2110320	Leave allowance		-	-
2110326	Other personnel payments			116,796.00
2710120	gratuity		-	-
	Total		1,071,296.00	335,764.00

5 USE OF GOODS AND SERVICES

2200000	Description		2014 - 2015	2013 - 2014
			Kshs	Kshs
2210100	Utilities, supplies and services		415,700.00	600,000.00
2210104	Office rent		-	
2210200	Communication, supplies and services		95,000.00	100,000.00
2210300	Domestic travel and subsistence		100,000.00	400,000.00
2210500	Printing, advertising and information supplies & services		9,524.00	
2210600	Rentals of produced assets		-	
2210700	Training expenses		124,350.00	291,000.00
2210800	Hospitality supplies and services		-	400,000.00
2210900	Insurance costs			
2211000	Specialised materials and services			
2211100	Office and general supplies and services			43,000.00

CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL CONSTITUENCY
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2211200	Fuel ,oil & lubricants		450,000.00	
2211300	Other operating expenses		519,090.39	107,000.00
2220100	Routine maintenance – vehicles and other transport equipment			
2220200	Routine maintenance – other assets		-	117,771.00
			-	
	Total		1,713,664.39	2,058,771.00

6 COMMITTEE EXPENSES

2210800	Description		2014 - 2015	2013 - 2014
			Kshs	Kshs
2210802	Other committee expenses		1,900,000.00	442,000.00
2210809	Committee allowance		2,689,500.00	1,233,028.00
	TOTAL		4,589,500.00	1,675,028.00

7 TRANSFER TO OTHER GOVERNMENT ENTITIES

2630200	Description		2014 - 2015	2013 - 2014
			Kshs	Kshs
2630204	Transfers to Primary schools		9,287,931.00	350,000.00
2630205	Transfers to Secondary schools		21,263,000.00	9,400,000.00
2630206	Transfers to Tertiary institutions		-	8,177,490.00

CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL CONSTITUENCY

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For the year ended June 30, 2015 (Kshs'000)

2630207	Transfers to Health institutions		4,200,000.00	800,000.00
	TOTAL		34,750,931.00	18,727,490.00

8 OTHER GRANTS AND OTHER PAYMENTS

2640000	Description		2014 - 2015	2013 - 2014
			Kshs	Kshs
2640101	Bursary -Secondary		15,726,726.00	6,339,000.00
2640102	Bursary -Tertiary		4,496,000.00	1,498,500.00
2640104	Bursary-Special schools		-	50,000.00
2640105	Mocks & CAT		6,300,832.00	1,223,085.00
2640504	Water		5,356,817.00	
2640505	Strategic Plan/website		2,260,000.00	-
2640506	Public Toilets		600,000.00	-
2640507	Security		4,281,162.00	
2640508	Prefab Houses		4,482,759.00	
2640509	Sports		3,518,781.00	
2640510	Environment		1,392,440.00	
2640200	Emergency Projects (specify)		5,395,000.00	
	Total		53,810,517.00	9,110,585.00

9 SOCIAL SECURITY BENEFITS

2120000			2014 - 2015	2013 - 2014
			Kshs	Kshs
2120101	Employer contribution to NSSF		9,400.00	4,000.00

CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs'000)

	Total		9,400.00	4,000.00

10 ACQUISITION OF ASSETS

3100000	<u>Non Financial Assets</u>		2014- 2015	2013 - 2014
			Kshs	Kshs
3110102	Purchase of Buildings		-	-
3110202	Construction of Buildings		-	-
3110302	Refurbishment of Buildings		-	-
3110701	Purchase of Vehicles		5,950,000.00	
3110704	Purchase of Bicycles & Motorcycles		-	-
3110801	Overhaul of Vehicles		-	-
3111001	Purchase of Office furniture and fittings		-	-
3111002	Purchase of computers ,printers and other IT equipments		252,500.00	-
3111005	Purchase of photocopier		132,000.00	-
3111009	Purchase of other office equipments		-	-

CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015 (Kshs'000)

311112	Purchase of soft ware		2,260,000.00	
3130101	Acquisition of Land		-	-
				-
	Total		8,594,500.00	-

12A: Bank Balances (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2014 - 2015	2013 - 2014
		Kshs (30/6/2015)	Kshs (30/6/2014)
<i>Equity Bank, kitui Branch A/C no.0720261934286</i>	720261934286	45,261,781.46	8,636,758.00
		-	-
		-	-
Total		45,261,781.46	8,636,758.00

12C: OUTSTANDING IMPRESTS

Name of Officer	Date imprest taken	Amount Taken	Amount Surrendered	Balance (30/6/2015)
		Kshs	Kshs	Kshs

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<i>Suleiman Roba</i>	24/06/2015	2,427,200.00	All	2,427,200.00
<i>Balance b/f-Peter Ngugi</i>	30/02/2015	942,900.00	All	942,900.00
Total				3,370,100.00

13 BALANCES BROUGHT FORWARD

		2014 - 2015	2013 - 2014
		Kshs (1/7/2014)	Kshs (1/7/2013)
Bank accounts		8,636,758.00	6,781,872.00
Cash in hand		-	-
Imprest		3,291,846.00	-
Total		11,928,604.00	6,781,872.00

15 OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE			
		2014 - 2015	2013 - 2014
		Kshs	Kshs
Construction of buildings		-	-
Construction of civil works		-	-
Supply of goods		-	-

CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL CONSTITUENCY
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Supply of services		40,000.00	-
TOTAL		40,000.00	-

15.2: PENDING STAFF PAYABLES

		2014-2015	2013-2014
		Kshs	Kshs
Senior management		-	-
Middle management		-	-
Unionisable employees		-	-
Others (specify)-staff Gratuities		615,288.00	307,644.00
		-	-
	totals	615,288.00	307,644.00

15.3: OTHER PENDING PAYABLES

		Kshs	Kshs
Amounts due to other Government entities (see attached list)		39,912,184.00	-
Amounts due to other grants and other transfers (see attached list)		500,000.00	-
Others (<i>specify</i>)		-	-

CONSTITUENCIES DEVELOPMENT FUND – KITUI RURAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs'000)

		40,412,184.00		-
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance		Comments
				2015	2014	
	a	b	c	d=a-c		
Supply of services						
10. Zuru360	1,800,000.00		1,760,000.00	40,000.00	0	
11.						
12.						
Sub-Total						
Grand Total	1800000		1760000	40000		