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OFFICE OF THE AUDITOR-GENERAL

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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND
MALAVA CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2015**

**MALAVA
CONSTITUENCY
DEVELOPMENT
FUND**



**FINANCIAL
STATEMENT FOR
2014-15
FINANACIAL YEAR**



NG-CDF

**National Government Constituencies Development Fund
Malava Constituency**

P.O Box 281 – 50103, MALAVA

Tel: | **Cell:**

Email: malavacdf@yahoo.com, cdfmalava@cdf.go.ke

Website: www.cdf.go.ke

17th May, 2016

The Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084 – 00100, Nairobi

Through Ag. Director of Audit – Western Hub

Dear Sir/Madam,

RE: FINANCIAL STATEMENT FOR YEAR ENDING 30TH JUNE, 2015

Attached herewith Please find attached the following:-

1. Eight copies of the financial statements for the 2014-15 financial year for Malava CDF.
2. Response letter to the Draft Audit Report for the just ended audit exercise for 2014/15 financial year.

Thank you.

Yours Faithfully,

For: NG-Constituency Development Fund, Malava

 **FUND ACCOUNT MANAGER
MALAVA C.D.F.**

MARY G.M. WANJALA

FUND ACCOUNT MANAGER – 0724 286473



CONSTITUENCY DEVELOPMENT FUND- MALAVA CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

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

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

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

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

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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *Constituencies Development Fund*.

(b) Key Management

The *Malava 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	Mary Gorretti Machuma Wanjala
3	District Accountant	Eric Ochuka

(d) Fiduciary Oversight Arrangements

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

List the CDFC as gazetted

	Name	Membership Category	Category
1	Mr. Nelson Mukonyole Katavachi	Man Nominee (Youth)	Member
2	Mr. Henry Barasa Anaswa	Man Nominee	Member
3	Mr. Benson Kakani Sunguti	Man Nominee	Chairman
4	M/s Christine Chebet Sholle	Woman Nominee (Youth)	Member
5	Mrs. Edith Berita Wanyama	Woman Nominee	Member
6	Mrs. Jerusa Namale Ombunga	Woman Nominee	Member
7	Mr. Moses Kenyatta Wasike	Person with Disability	Member
8	Mr. Sylvan Kaitori Lambala	Nominee from NGO	Member
9	Deputy County Commissioner	Officer of the National Government	Member

CONSTITUENCY DEVELOPMENT FUND- MALAVA CONSTITUENCY
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For the year ended June 30, 2015

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

According to the 2009 population census report, the total population of people in Malava Constituency was 205,166 out of which 98,453 (48%) live below the poverty line (KNBS, GOK 2009). The constituency currently has 147 Primary and 46 Secondary schools in the public sector. It is one of the third highly populated constituencies and above all, a purely rural constituency. Owing to this, there is heavy pressure on the available funds in terms of infrastructure development as well as education bursary needs.

FUNDS RECEIVED IN THE YEAR

ITEM	DATE	AMOUNT
Cash Book Opening balance as at 1st July, 2014		8,972,184.47
Receipts in the year		
AIE - From CDF Board	21.07.2014	52,936,260.60
AIE - From CDF Board	07.11.2014	31,928,201.00
AIE - From CDF Board	29.12.2014	15,156,920.60
AIE - From CDF Board	10.02.2015	16,771,280.00
AIA - Sale of tender documents	05.06.2015	6,000.00
TOTAL RECEIPTS		125,770,846.67

EXPENDITURES

Vote	Amount
Administration/Recurrent	7,371,000
Monitoring and Evaluation/Capacity Building	4,155,000.00
Bursary/CATs/Mocks	15,623,250.00
Primary School Projects	22,226,688.00
Secondary School Projects	39,741,122.00
Tertiary Institutions Projects	374,487.00
Health Projects	9,537,168.00
Security Projects & Others	244,243.00
Roads Projects	8,509,276.00
Sports Activities	35,000.00
Environmental Projects	757,500.00
Purchase of Vehicles	6,158,753.00
CDF Offices	1,079,850.00
Emergency	398,900.00
TOTAL EXPENDITURE	116,212,237.00
Cash Book Closing balance as at 30th June, 2015	9,558,609.67

CONSTITUENCY DEVELOPMENT FUND- MALAVA CONSTITUENCY
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During the year, we were able to complete the historical ongoing projects thereby enabling the people to utilise the projects. In order to avoid future delayed project implementations, we have ensured that we allocate funds to complete the projects fully or to a safe level/complete phase which helps reduce on wastages.

To ensure reduced risks of funds misappropriation by the project implementers, we have strictly adhered to the use of the Inspection and Acceptance certificate which is duly signed by the institution's management and CDF representative/ clerk of works. The cheques are only cleared after presentation of the bank schedule duly signed by the Fund Account Manager.

Instances were noted of poor workmanship and delayed project completion even when the funds were already on the project accounts. In order to counter this, the committee has embarked on the prequalification of contractors and suppliers so as to ensure that only registered and qualified contractors are engaged. The institutions are to be encouraged to implement the projects on full contract as opposed to labour contract. A meeting will be held for both contractors and PMCs so as to brief/train them on procurement and other project management issues as well as contract management. The allocation of funds towards construction of classrooms shall be for total completion so as to help reduce the time taken to complete the projects. The monitoring and evaluation team in conjunction with the clerk of works to be more vigilant in follow ups of the project implementations by the institutions.

Sign _____



CHAIRMAN CDFC

CONSTITUENCY DEVELOPMENT FUND- MALAVA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES

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

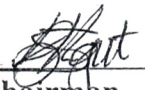
The Accounting Officer in charge of the **Malava Constituency Development Fund** is responsible for the preparation and presentation of the *CDF's* financial statements, which give a true and fair view of the state of affairs of the *CDF* for and as at the end of the financial year (period) ended on 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 *CDF*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *CDF*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the **Malava Constituency Development Fund** accepts responsibility for the *CDF's* financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *CDF's* financial statements give a true and fair view of the state of *CDF's* transactions during the financial year ended June 30, 2015, and of the *CDF's* financial position as at that date. The Accounting Officer charge of the **Malava Constituency Development Fund** further confirms the completeness of the accounting records maintained for the *CDF*, which have been relied upon in the preparation of the *CDF's* financial statements as well as the adequacy of the systems of internal financial control.

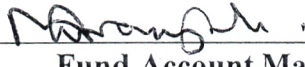
The Accounting Officer in charge of the **Malava Constituency Development Fund** confirms that the *CDF* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *CDF's* funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the *CDF's* financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The *constituency's* financial statements were approved and signed on **11th September, 2015.**



Chairman - CDFC



Fund Account Manager

**FUND ACCOUNT MANAGER
MALAVA C.D.F.**

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-MALAVA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund – Malava Constituency set out on pages 8 to 25, which comprise the statement of assets as at 30 June 2015, and the statement receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined 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 provisions of Section 7 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of

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

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. 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 financial statements submitted for audit, a report on action taken to address previous year auditor's recommendations. In the year 2013/2014, Malava CDF had a qualified audit opinion. However, no report on the follow-up of the audit issues raised in the report was 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) prescribed by the National Treasury with the Public Finance Management Act, 2012.

2. Budgetary Control and Performance

The Fund's budgeted receipts totalled to Kshs.189,621,249, but only Kshs.116,792,662 was received and therefore the CDF was underfunded by Kshs.72,828,587 as detailed below:

Receipt/Expense Item	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	Funds Utilization
	(Kshs)	(Kshs)	(Kshs)	f=d/c %
RECEIPTS				
Transfers from CDF Board	189,621,249	116,792,662	72,828,587	62
Other Receipts (AIA)	6,000	6,000	-	100
TOTALS	189,627,249	116,798,662	72,828,587	62
PAYMENTS			-	
Compensation of Employees	2,251,000	1,473,420	777,580	65
Use of Goods and Services	9,294,531	4,392,830	4,901,701	47
Committee Expenses	6,514,197	5,920,890	593,307	91
Transfers to Other Government	112,451,436	71,879,465	40,571,971	64

Units				
Other Grants and Transfers	49,580,437	25,569,269	24,011,168	52
Social Security Benefits	137,760	137,760	-	100
Acquisition of Assets	9,391,888	6,838,603	2,553,285	73
TOTALS	189,621,249	116,212,237	73,409,012	61

The delayed release of funds by the Constituencies Development Fund Board caused delay in implementation of projects.

3. Transfer to other Government units

The Fund disbursed a total amount of Kshs.2,530,050 to various project management committees to purchase land for four schools in the constituency. However, the respective land title documents were not obtained by the Fund. Consequently, ownership of the land parcels by the Fund could not be confirmed.

4. Other Grants and other Transfers – Unsupported expenditure on Joint Evaluation Tests (Mock)

During the year under review, the Fund disbursed Kshs.25,569,269 as Other Grants and Transfers to various beneficiaries. Further, the Fund released Kshs.1,000,000.00 to Kakamega North Sub-County Secondary Schools Association to facilitate the Sub-County's joint evaluation tests for 2670 form four candidates. However, there were no budget estimates or signed schedules to support the expenditure.

In view of the foregoing, the propriety of the expenditure of Kshs.1,000,000 could not be confirmed.

5. Project Implementation and Management

Out of one hundred and seventy one (171) projects allocated funds to Malava CDF during the two years ending 30 June 2015, fifty five (55) projects allocated Kshs.116,096,445 were ongoing as at 30 June 2015, forty nine (49) projects costing Kshs.36,019,590 had not started while two projects had stalled as detailed below:

Sector/Status	Stalled		Not Started		Ongoing		Complete	
	No	Value (Kshs)	No	Value (Kshs)	No	Value (Kshs)	No	Value (Kshs)
Administration	1	1,800,000	3	1,198,900	4	13,494,152	4	14,481,234
Agriculture						0		
Education			32	25,100,000	43	89,108,028	53	37,630,000
Environment			2	600,000	2	1,900,000	3	1,300,000

Health	1	1,120,690	4	3,620,690	4	4,141,379	3	3,155,479
Market						0		-
Road			1	2,000,000		0	2	11,564,466
Security			7	3,500,000		5,327,999		
Sports					2	2,124,887		
Total	2	1,920,690	49	36,019,590	55	116,096,445	65	68,131,179

The delay in implementing the projects impacted negatively on service delivery to residents of the Constituency.

Adverse Opinion

In my opinion, because of the significance the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of Constituencies Development Fund-Malava 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.



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

Nairobi

06 December 2016

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-2015	2013-2014
		Kshs	Kshs
RECEIPTS			
Transfers from Other Government Entities	1	116,792,662.20	87,954,477.90
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	6,000.00	-
TOTAL RECEIPTS		116,798,662.20	87,954,477.90
PAYMENTS			
Compensation of Employees	4	1,473,420.00	1,625,800.00
Use of goods and services	5	4,392,830.00	1,962,946.00
Committee Expenses	6	5,920,890.00	3,377,600.00
Transfers to Other Government Units	7	71,879,465.00	48,971,312.80
Other grants and transfers	8	25,569,269.00	23,000,526.00
Social Security Benefits	9	137,760.00	62,400.00
Acquisition of Assets	10	6,838,603.00	-
Other Payments	11	-	-
TOTAL PAYMENTS		116,212,237.00	79,000,584.80
SURPLUS/DEFICIT		586,425.20	8,953,893.10

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MALAVA CDF financial statements were approved on 11th September, 2015 and signed by:


 Chairman - CDFC


 Fund Account Manager

FUND ACCOUNT MANAGER
MALAVA C.D.F.

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

V. STATEMENT OF ASSETS

	Note	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12A	9,558,609.67	8,972,184.47
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	12C	-	-
TOTAL FINANCIAL ASSETS		9,558,609.67	8,972,184.47
REPRESENTED BY			
Fund balance B/fwd 1st July...	13	8,972,184.47	18,291.37
Surplus/Deficit for the year		586,425.20	8,953,893.10
Prior year adjustments	14	-	-
NET LIABILITIES		9,558,609.67	8,972,184.47

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MALAVA CDF financial statements were approved on 11th September, 2015 and signed by:


 Chairman - CDFC


 Fund Account Manager

FUND ACCOUNT MANAGER
MALAVA C.D.F.

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

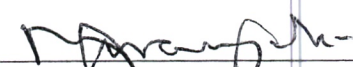
VI. STATEMENT OF CASHFLOW

Receipts for operating income		2014 - 2015	2013 - 2014
Transfers from CDF Board	1	116,792,662.20	87,954,477.90
Other Receipts	3	6,000.00	-
		116,798,662.20	87,954,477.90
Payments for operating expenses			
Compensation of Employees	4	1,473,420.00	1,625,800.00
Use of goods and services	5	4,392,830.00	1,962,946.00
Committee Expenses	6	5,920,890.00	3,377,600.00
Transfers to Other Government Units	7	71,879,465.00	48,971,312.80
Other grants and transfers	8	25,569,269.00	23,000,526.00
Social Security Benefits	9	137,760.00	62,400.00
Non financial Assets	10	6,838,603.00	-
Other Payments	11	-	-
		116,212,237.00	79,000,584.80
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		586,425.20	8,953,893.10
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		586,425.20	8,953,893.10
Cash and cash equivalent at BEGINNING of the year	13	8,972,184.47	18,291.37
Cash and cash equivalent at END of the year		9,558,609.67	8,972,184.47

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MALAVA CDF financial statements were approved on 11th September, 2015 and signed by:



 Chairman CDFC

FUND ACCOUNT MANAGER
MALAVA C.D.F.


 Fund Account Manager

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

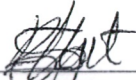
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	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	127,712,804.00	61,908,445.07	189,621,249.07	116,792,662.20	72,828,586.87	62
Proceeds from Sale of Assets	-		-	-	-	
Other Receipts (AIA)	6,000.00		6,000.00	6,000.00	-	100
TOTALS	127,718,804.00	61,908,445.07	189,627,249.07	116,798,662.20	72,828,586.87	62
PAYMENTS						
Compensation of Employees	1,920,480.00	330,520.00	2,251,000.00	1,473,420.00	777,580.00	65
Use of Goods and Services	5,764,000.00	3,530,531.07	9,294,531.07	4,392,830.00	4,901,701.07	47
Committee Expenses	4,831,384.00	1,682,813.00	6,514,197.00	5,920,890.00	593,307.00	91
Transfers to Other Government Units	63,487,931.00	48,963,505.00	112,451,436.00	71,879,465.00	40,571,971.00	64
Other Grants and Transfers	36,830,462.00	12,749,975.00	49,580,437.00	25,569,269.00	24,011,168.00	52
Social Security Benefits	86,400.00	51,360.00	137,760.00	137,760.00	-	100
Acquisition of Assets	9,391,888.00	-	9,391,888.00	6,838,603.00	2,553,285.00	73
Other Payments – Emergency	5,400,259.00	(5,400,259.00)	-	-	-	0
TOTALS	127,712,804.00	61,908,445.07	189,621,249.07	116,212,237.00	73,409,012.07	61

(a) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- i. *Use of goods and services was underutilised to 47% as the second half allocation for 2014/15 financial year was received in the next financial year.*

The MALAYA CDF financial statements were approved on 11th September, 2015 and signed by:


 Chairman CDF


 Fund Account Manager

FUND ACCOUNT MANAGER
MALAYA C.D.F.

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *CDF* and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

CONSTITUENCIES DEVELOPMENT FUND – MALAVA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *CDF* at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

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

7. Comparative figures

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

8. Subsequent events

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

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1.1.1.1.1.1.1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
CDF Board	52,936,260.60	52,663,637.50
AIE NO	31,928,201.00	2,000,000.00
AIE NO	15,156,920.60	33,290,840.40
AIE NO	16,771,280.00	-
(other constituency e.g, parent constituency)	-	-
TOTAL	116,792,662.20	87,954,477.90

1.1.1.1.1.1.2 PROCEEDS FROM SALE OF ASSETS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from sale of office and general equipment		
Receipts from the Sale Plant Machinery and Equipment		
Total	xxx	xxx

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.3 OTHER RECEIPTS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Interest Received	xxx	xxx
Rents	xxx	xxx
Receipts from Sale of tender documents	6,000.00	xxx
Other Receipts Not Classified Elsewhere	xxx	xxx
Total	6,000.00	xxx

1.1.1.1.1.1.4 COMPENSATION OF EMPLOYEES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Basic wages of contractual employees	1,326,120.00	1,625,800.00
Basic wages of casual labour	85,000.00	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	5,400.00	-
Gratuity	-	-
Other personnel payments	56,900.00	
Total	1,473,420.00	1,625,800.00

CONSTITUENCIES DEVELOPMENT FUND – MALAVA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.5 USE OF GOODS AND SERVICES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Utilities, supplies and services	298,515.00	12,810.00
Communication, supplies and services	360,470.00	265,830.00
Domestic travel and subsistence	805,650.00	-
Printing, advertising and information supplies & services	78,353.00	12,570.00
Training expenses	24,500.00	-
Hospitality supplies and services	332,037.00	146,012.00
Specialized materials and services	188,000.00	182,900.00
Office and general supplies and services	884,883.00	410,023.00
Fuel ,oil & lubricants	254,020.00	261,550.00
Other operating expenses	140,992.00	28,965.00
Routine maintenance – vehicles and other transport equipment	797,160.00	504,986.00
Routine maintenance – other assets	228,250.00	137,300.00
Total	4,392,830.00	1,962,946

1.1.1.1.1.1.6 COMMITTEE EXPENSES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Committee allowances	1,492,300.00	459,000.00
Other committee expenses	4,428,590.00	2,918,600.00
Total	5,920,890.00	3,377,600.00

1.1.1.1.1.1.7 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	22,226,688.00	9,154,042.00
Transfers to secondary schools (see attached list)	39,741,122.00	26,477,620.80
Transfers to tertiary institutions (see attached list)	374,487.00	10,903,462.00
Transfers to health institutions (see attached list)	9,537,168.00	2,436,188.00
TOTAL	71,879,465.00	48,971,312.80

CONSTITUENCIES DEVELOPMENT FUND – MALAYA CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2015***NOTES TO THE FINANCIAL STATEMENTS (Continued)***1.1.1.1.1.1.8 OTHER GRANTS AND OTHER PAYMENTS**

	2014 – 2015	2013- 2014
	Kshs	Kshs
Bursary – secondary schools (see attached list)	2,260,680.00	2,212,203.00
Bursary – tertiary institutions (see attached list)	11,434,570.00	16,462,000.00
Bursary – special schools (see attached list)	428,000.00	205,000.00
Mock & CAT (see attached list)	1,500,000.00	1,000,000.00
Water projects (see attached list)		-
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	-	-
Other projects (see attached list)	244,243.00	-
Roads projects (see attached list)	8,909,276.00	2,908,773.00
Sports projects (see attached list)	35,000.00	52,550.00
Environment projects (see attached list)	757,500.00	160,000.00
Emergency projects (see attached list)		
Total	25,569,269.00	23,000,526.00

1.1.1.1.1.1.9 SOCIAL SECURITY BENEFITS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Employer contribution to NSSF	137,760.00	62,400.00
Total	137,760.00	62,400.00

CONSTITUENCIES DEVELOPMENT FUND – MALAVA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.10 ACQUISITION OF ASSETS

Non Financial Assets	2014 - 2015	2013 - 2014
	Kshs	Kshs
Purchase of Buildings	xx	xx
Construction of Buildings	xx	xx
Refurbishment of Buildings	130,000.00	xx
Purchase of Vehicles and Other Transport Equipment	6,158,753.00	xx
Overhaul of Vehicles and Other Transport Equipment	xx	xx
Purchase of Household Furniture and Institutional Equipment	xx	xx
Purchase of Office Furniture and General Equipment	190,994.00	xx
Purchase of ICT Equipment, Software and Other ICT Assets	89,994.00	xx
Purchase of Specialized Plant, Equipment and Machinery	268,862.00	xx
Rehabilitation and Renovation of Plant, Machinery and Equip.	xx	xx
Acquisition of Land	xx	xx
Acquisition of Intangible Assets	xx	xx
Total	6,838,603.00	xx

1.1.1.1.1.1.11 OTHER PAYMENTS

	2014 – 2015	2013 – 2014
	Kshs	Kshs
Specify		
	xxx	xxx

12A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2014 - 2015	2013 - 2014
	Kshs	Kshs
<i>Cooperative Bank, Kakamega Branch A/C no. 01141165163100</i>	9,558,609.67	8,972,184.47
Total	9,558,609.67	8,972,184.47

· CONSTITUENCIES DEVELOPMENT FUND – MALAVA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12B: CASH IN HAND

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Location 1	xxx	xxx
Location 2	xxx	xxx
Location 3	xxx	xxx
Other Locations (<i>specify</i>)	xxx	xxx
Total	xxx	xxx

[Provide cash count certificates for each]

12C: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
Total				xxx

[Include an annex if the list is longer than 1 page.]

• **CONSTITUENCIES DEVELOPMENT FUND – MALAVA CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2014 - 2015 Kshs	2013 - 2014 Kshs
Bank accounts	8,972,184.47	18,291.37
Cash in hand	-	-
Imprest	-	-
Total	8,972,184.47	18,291.37

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

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

CONSTITUENCIES DEVELOPMENT FUND – MALAVA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Construction of buildings	xxx	xxx
Construction of civil works	xxx	xxx
Supply of goods	47,446.00	xxx
Supply of services	xxx	xxx
	47,446.00	xxx

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	xxx	xxx
Middle management	xxx	xxx
Unionisable employees	xxx	xxx
Others – gratuity for contractual employees	369,000.00	xxx
	369,000.00	xxx

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	38,901,675.00	41,344,005.00
Amounts due to other grants and other transfers (see attached list)	21,831,393.00	2,753,734.00
Others (<i>specify</i>)	12,312,945.00	17,810,706.07
	73,046,013.00	61,908,445.07

MALAVA CONSTITUENCY DEVELOPMENT FUND

Reports and Financial Statements

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

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
	a	B	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7. Generator	316,308.00	April, 2015	268,862.00	47,446.00	0	Generator supplied and in use
8.						
9.						
Sub-Total	316,308.00		268,862.00	47,446.00	0	
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

	Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
			a	B	C	d=a-c		
	Others – gratuity for contractual employees							
1	Felistus Inyanji Mukonyi	J	99,000	May, 2013	0	99,000	46,200	
2	Jane Mutili	H	72,000	May, 2013	0	72,000	31,500	
3	Ian Lavusa Madaga	H	58,500	September, 2013	0	58,500	16,800	
4	Micheal Sayia Mulupi	G	67,500	May, 2013	0	67,500	33,600	
5	Nathan Lumuli Lumbasi	E	36,000	May, 2013	0	36,000	16,800	
6	Mirriam N. Shinachi	E	36,000	May, 2013	0	36,000	22,500	
			Sub-Total			369,000	167,400	
			Grand Total			369,000	167,400	

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

	Name	Brief Transaction Description	Original Amount	Date Payable Contracted
			a	b
	Amounts due to other Government entities			
1	Primary Schools	Allocation balance	20,768,271	
2	Secondary Schools	Allocation balance	14,812,161	
3	Tertiary Institutions	Allocation balance	821,242	
4	Health Institutions	Allocation balance	2,500,000	
		Sub-Total	38,901,674	
	Amounts due to other grants and other transfers			
5	Bursary - Secondary	Allocation balance	8,560,782	
6	Bursary - Tertiary	Allocation balance	9,352,969	
7	Bursary - Special institutions	Allocation balance	72,000	
8	Bursary - Mocks & Cats	Allocation balance	500,000	
9	Security Projects	Allocation balance	1,500,000	
10	Environment Activities	Allocation balance	1,582,500	
11	Roads	Allocation balance	263,142	
		Sub-Total	21,831,393	
	Others (specify)			
12	Administration/Recurrent	Allocation balance	3,879,664	
13	KENAO Audit fee	Allocation balance	500,000	
14	Monitoring & Evaluation	Allocation balance	1,312,357	
15	Sports Activities	Allocation balance	89,887	
16	Strategic Plan	Allocation balance	1,800,000	
17	CDF Motor Vehicle	Allocation balance	541,247	
18	Constituency Office	Allocation balance	4,189,790	
		Sub-Total	12,312,945	
		Grand Total	73,046,012	

MALAVA CONSTITUENCY DEVELOPMENT FUND
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2014/15	2013/14
Land	400,000	400,000
Buildings and structures	19,000,000	19,000,000
Transport equipment	10,627,703	4,468,950
Office equipment, furniture and fittings	407,840	241,107
ICT Equipment, Software and Other ICT Assets	623,048	541,049
Other Machinery and Equipment	481,993	165,685
Heritage and cultural assets	0	0
Intangible assets	0	0
Total	31,540,584	24,816,791