

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Paper laid by the
Chairperson DC Health
on 07/02/2017
Gundu*

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REPORT

*Paper laid by
the Leader of
Majority on
07/02/2017
Gundu*

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND
WAJIR EAST CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2015



CONSTITUENCIES DEVELOPMENT FUND – WAJIR EAST

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
WAJIR EAST CONSTITUENCY
DEVELOPMENT FUND
P.O. BOX 417
WAJIR.

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FUND ACCOUNT MANAGER
WAJIR EAST-CONSTITUENCY
DEVELOPMENT FUND
P.O. BOX 417
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FUND ACCOUNT MANAGER
WAJIR EAST CONSTITUENCY
DEVELOPMENT FUND
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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The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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.

(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)

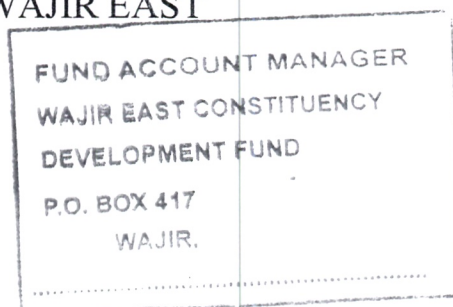
(c) Fiduciary Management

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	ABDISALAN BILLOW ABDI
3.	District Accountant	JOHN KIOKO

(d) Fiduciary Oversight Arrangements

- | | | |
|-----|--------------------------|------------------|
| 1. | ABDINASIR SAMAN ALI | - CDFC CHAIRMAN |
| 2. | ABDISALAN BILLOW ABDI | - FUND MANAGER |
| 3. | JAMAL SALIM AHMED | - CDFC MEMBER |
| 4. | ABDI ABIKAR | - CDFC MEMBER |
| 5. | ROBLE OSMAN JEHOW | - CDFC MEMBER |
| 6. | BASHOW SHEIKH MOHAMED | - CDFC MEMBER |
| 7. | SAFI ABDULLAHI | -CDFC MEMBER |
| 8. | FATUMA ABDULLAHI | -CDFC MEMBER |
| 9. | ZEITUN ISSACK | -CDFC MEMBER |
| 10. | J N RENGO | - DC, WAJIR EAST |
| 11. | HON ABASS SHEIKH MOHAMED | -MP |



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

(e) Entity Headquarters

\\WAJIR EAST CDF

P.C. Box 417-70200
Opposite Wajir county assembly
Nairobi, KENYA

(f) Entity Contacts

Telephone: (254) 0708581358
E-mail: wajireastcdf@go.ke
Website: cdf.go.ke

(g) Entity Bankers

Constituency CDF main banker (provide the bank, branch, account number and address)

1. Kenya Commercial Bank
Wajir branch
A/C 1105254224

(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. 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.

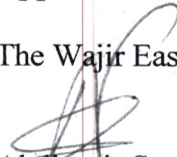
The Fund Account Manager in charge of the WAJIR EAST CDF is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 2015. This responsibility 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 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.

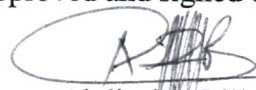
The Fund Account Manager in charge of the WAJIR EAST CDF accepts responsibility for the Constituency's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the Wajir East CDF financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2015, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the Wajir East 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 Wajir East 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 Wajir East CDF financial statements were approved and signed on 6-4- 2016.


Abdinasir Saman Ali
Chairman - CDFC


Abdisalan Billow
Fund Account Manager


FUND ACCOUNT MANAGER
WAJIR EAST CONSTITUENCY
DEVELOPMENT FUND
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CONSTITUENCIES DEVELOPMENT FUND – WAJIR EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs'000)

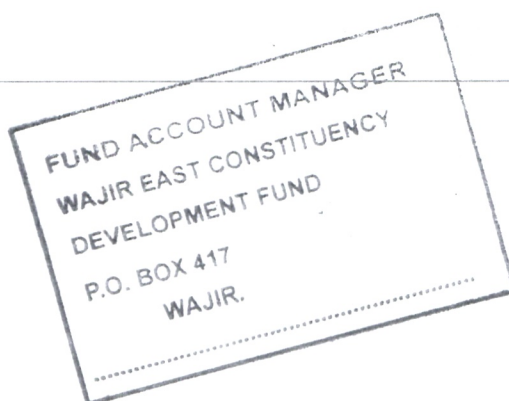
III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-2015	2013-2014
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	118,884,921	147,659,644.50
TOTAL RECEIPTS		118,884,921	147,659,644.50
PAYMENTS			
Compensation of employees	2	1,300,193.00	945,764.60
Use of goods and services	3	8,523,324.50	4,015,782.20
Committee Expenses	4	1,487,000.00	1,757,250.00
Transfers to Other Government Units	5	80,173,905.20	110,922,899.75
Other grants and transfers	6	28,472,999.50	19,730,153.20
Social Security Benefits	7	34,600.00	34,160.00
Acquisition of Assets	8	1,150,000.00	2,600,000.00
Other Payments	9	6,043,500.00	-
TOTAL PAYMENTS		127,185,522.20	140,006,009.75
SURPLUS/DEFICIT		(8,300,601.20)	7,653,634.75

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Wajir East CDF financial statements were approved on 6-4 2016 and signed by:


Abdinasir saman
Chairman - CDFC


abdisalan billow abdi
Fund Account Manager



REPUBLIC OF KENYA

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Website: www.kenao.go.ke



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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON CONSTITUENCIES DEVELOPMENT FUND – WAJIR EAST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Wajir East Constituency as set out on pages 4 to 23, which comprise the statement of financial assets as at 30 June 2015, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation: recurrent and development combined and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 (4) 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 for the financial statements.

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 Institution (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

Report of the Auditor-General On Constituencies Development Fund – Wajir East Constituency for the year ended 30 June 2015

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 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 Accuracy, Presentation and Completeness of the Financial Statements

In 2013/2014 financial year, the Fund had a disclaimer of opinion with five (5) audit issues. However, the financial statements of Wajir East CDF presented for audit did not include progress on action taken on previous year audit issues raised as required by the IPSAS Cash Basis that prescribed financial reporting presentation by National Treasury. Further, Note 12 has prior year adjustments of Kshs.315,788 described as bank accounts but not explained. In addition, the name of the Fund changed to National CDF Wajir East, however, the financial statements reflect the former name.

In the circumstances, the accuracy, completeness and presentation of the financial statements do not confirm with IPSAS Cash Basis prescribed reporting format.

2.0 Irregular Award of Capital Projects

National CDF Board approved a total allocation of Kshs.118,884,921 for Wajir East Constituency for the financial year 2014/2015. Further, an amount of Kshs.88,988,829 was allocated to various projects in education, security, agriculture, water and roads. However, examination of payment vouchers, Bills of Quantities and request for quotations for projects worth Kshs.12,890,000 revealed the following irregularities;

- i. The tender notices used to advertise the projects did not set the criteria to be used for evaluation of tenders. It was therefore not clear how the tenders were evaluated.
- ii. Some of the bills of quantities, confidential business questionnaires and other tender documents for some projects were not properly filled. The BQs were not signed or stamped by the bidders, confidential business questionnaires were not filled to show details of the contractors.

- iii. The tender committee did not sign one or more pages of BQs as required by Section 60 (7) of the Public Procurement and Disposal Act, 2005.
- iv. In one case contract agreement for a project was entered between the Project Management Committee (PMC) and a contractor after the project was completed and certificate of completion issued hence the project was implemented without signed contract agreement as required by Public Procurement and Disposal Act, 2005.

In view of the foregoing, contracts for projects worth Kshs.12,890,000 were irregularly awarded to the various contractors.

2.0 Unaccounted for Expenditure

2.1 Unaccounted for Goods

The CDF office procured various goods worth Kshs.1,711,000 for office use. The goods were however not received vide counter receipt vouchers (S13), not taken on charge in the stores register. Further, no issue notes were availed to confirm how they were used.

Under the circumstances, it has not been possible to confirm that the goods worth Kshs.1,711,000 were procured, received and used for the intended purpose and properly accounted for.

2.2 Unaccounted For CDC Bursary

The CDF National Board approved Kshs.13,226,190 for bursary for the financial year 2014/2015 for Wajir East Constituency. However, Kshs.1,389,000 was not supported with acknowledgement letters/receipts from the institutions that received the payments on behalf of the needy students.

As a result, the propriety of the expenditure of Kshs.1,389,000 could not be confirmed.

3. Unsupported Expenditure on Administration, and Monitoring and Evaluation

The CDF National Board approved Kshs.11,345,117 for administration, monitoring and evaluation of projects for the financial year 2014/2015 for Wajir East Constituency. However, Kshs.3,464,000 was found to have anomalies as described below:-

- i. Some of the payment schedules supporting the payments were not signed by the payees hence no evidence the payments were actually made to the rightful recipients.

- ii. It was also noted that some payments were not supported with travel documents, casting doubts on the journeys made to warrant the payments of the allowances.
- iii. Payments of allowances to CDFC members and other officials while on monitoring and evaluation exercises were not supported with temporary work tickets of the vehicles used, list of the projects visited and the reports of the tours.
- iv. The sitting allowances paid to the CDFC members were not supported with payment schedules and the attendance register.

In view of the foregoing, it has not been possible to confirm the propriety of the expenditure of Kshs.3,464,000.

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 - Wajir East Constituency as at 30 June 2015, and of its financial performance and of 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 Budgetary Control and Performance

During the year under review, the National CDF Board approved budget for Wajir East Constituency Development Fund was Kshs.118,884,921. Further, the CDF office had cash balance brought forward amounting to Kshs.7,653,635 relating to the financial year 2013/2014.

The percentage allocations compared to the requirement of the CDF Act, 2003 is as follows:-

ITEM	BUDGETED ALLOCATION (Kshs.)	% REQUIREMENT BY THE CDF ACT
Bursary	13,226,190.00	25%
M&E	3,769,643.00	3%
Administration	7,500,000.00	6%
Emergency	5,400,259.00	5%
Projects	88,988,829.00	-

The above allocations for various items were in line with the requirements of Section 7

to Section 11 of the Constituencies Fund Act, 2013.

1.1 Development Projects

ITEM	Actual Expenditure	Budget Allocation	Absorption Rate	No. of Projects Implemented	No. of Projects Budgeted	Remarks
DEVELOPMENT (PROJECTS)	Kshs.	Kshs.				
Education	71,982,905	72,257,931	100%	61	61	
Health	8,191,000			1		An expenditure of Ksh4,191,000 not supported with reallocation approval
Water	2,000,000	5,250,000	38%	5	5	On first payments were made for the projects as at 30/6/2015
Security	3,420,000	7,405,500	46%	1	6	
Emergency	6,728,000	5,400,259	125%			
Sports	1,032,000	2,037,698	51%	4	4	
Environment	1,061,000	2,037,698	52%	4	4	
Bursary	14,232,000	13,226,190	108%			
Acquisition of assets	1,150,000			1		Expenditure from unspent balance from f/y 2013/2014
Other Payments	6,043,500					Expenditure from unspent balance from f/y 2013/2014
Totals	115,840,405	107,615,277	108%	76	80	

1.2 Recurrent Expenditure

ITEM	ACTUAL EXPENDITURE	BUDGET ALLOCATION	% ABSORPTION	Remarks
ADMINISTRATION	Kshs.	Kshs.		
Employee Compensation	1,300,193	1,750,000	74%	

Report of the Auditor-General On Constituencies Development Fund – Wajir East Constituency for the year ended 30 June 2015

Use of Goods & Services	8,523,324	5,500,000	155%	
Committee Expenses	1,487,000	3,769,644	39%	
Social Security	34,600	250,000	14%	
Total	11,345,117	11,269,644		

- i. The Fund implemented seventy six (76) projects out of the eighty (80) projects budgeted for implementation. Four (4) projects were not implemented.
- ii. The budget performance revealed that CDF Wajir East Spent Kshs.127,185,522 (98%) out of the budgeted amount of Kshs.129,538,555.
- iii. An expenditure of Kshs.7,653,634 was spillover from 2013/2014 paid in the financial year 2014/2015.
- iv. In financial year 2014/2015, there was no project allocated to the health sector. However, the sector had an unspent balance of Kshs.4,000,000 from the previous financial year. Further, the sector had a total expenditure of Kshs.8,191,000 during the financial year 2014/2015.
- v. No approval for the reallocation was made available to support the over expenditure of Kshs.4,191,000.

In the circumstances, the Fund did not meet its budgetary goals and services delivery objectives to the constituents.

My Opinion is not Qualified in respect of this matter.



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

Nairobi

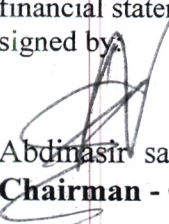
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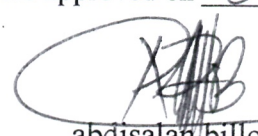
Reports and Financial Statements
For the year ended June 30, 2015 (Kshs'000)

IV. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10	1,228,740.15	8,289,553.35
Cash Balances (sale of tenders,hire of grader)	11		924,000.00
TOTAL FINANCIAL ASSETS		<u>1,228,740.15</u>	<u>9,213,553.35</u>
 REPRESENTED BY			
Fund balance b/fwd 1st July 2014	12	9,213,553.35	1,559,918.60
Surplus/Deficit for the year		(8,300,601.20)	7,653,634.75
Prior year adjustments	13	315,788.00	-
NET LIABILITIES		<u>1,228,740.15</u>	<u>9,213,553.35</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Wajir East CDF financial statements were approved on 6-4 2015 and signed by


 Abdinasir saman ali
Chairman - CDFC


 abdisalan/billow
Fund Account Manager

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CONSTITUENCIES DEVELOPMENT FUND – WAJIR EAST CONSTITUENCY
Reports and Financial Statements
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V.STATEMENT OF CASHFLOW.

CASH FLOW AS AT JUNE 2015.

Receipts for operating Activities		2014-2015	2013-2014
Transfers from the CDF Board	1	118,884,921	147,659,644.50
		<hr/>	<hr/>
		118,884,921.00	147,659,644.50
Payments for operating expenses			
Compensation of Employees	2	1,300,193.00	945,764.60
Use of goods and services	3	8,523,324.50	4,015,782.20
Committee Expenses	4	1,487,000.00	1,757,250.00
Transfers to Other Government Units	5	80,173,905.20	110,922,899.75
Other grants and transfers	6	28,472,999.50	19,730,153.20
Social security	7	34,600.00	34,160.00
Other payments	8	6,043,500.00	0.00
		126,035,522.20	137,406,009.75
Adjusted for :			
Adjustments during the year .	9	315,788.00	0.00
Net cashflow from operating activities		(6,834,813.20)	10,253,634.75

CASHFLOW FROM INVESTING ACTIVITIES

Acquisition of Assets	10	1,150,000.00	2,600,000.00
Net cash flows from Investing Activities		(1,150,000.00)	(2,600,000.00)

NET INCREASE IN CASH AND CASH EQUIVALENT

	11	(7,984,813.20)	7,653,634.75
Cash and cash equivalent at the BEGINNING of the year		<hr/> 9,213,553.35	<hr/> 1,559,918.60
Cash and cash equivalent at the END of the year	12	1,228,740.15	9,213,553.35

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Reports and Financial Statements

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


V: SUMMARY STATEMENT OF APPROPRIATION


Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
RECIPT						
Transfers from CDF Board	121,884,921.00	7,653,634.75	129,538,555.75	118,884,921.00	10,653,634.75	34.10
PAYMENTS						
Compensation of employees	4,112,317.50	100,000	4,212,317.5	1,300,193.00	2,912,124.50	30.87
Use of goods and services	4,637,800.00	1,000,000	5,637,800.0	8,523,324.50	-2,885,524.50	151.18
Committee Expenses	686,399.00	1,000,000	1,686,399.0	1,487,000.00	199,399.00	88.18
Transfers to Other Government Units	76,673,905.00	4,000,000	80,673,905.0	80,173,905.20	499,999.80	99.38

Reports and Financial Statements
For the year ended June 30, 2015 (Kshs'000)

Other grants and transfers	28,472,999.50	1,000,000	29,472,999.5	28,472,999.50	1,000,000.00	96.61
Social Security Benefits	108,000	100,000	208,000.0	34,600.00	173,400.00	16.63
Acquisition of Assets	1,150,000	0	1,150,000.0	1,150,000.00	0.00	100
Other Payments	6,043,500	453,634.75	6,497,134.8	6,043,500.00	453,634.75	93.02
TOTALS	121,884,921.00	7,653,635.75	129,538,555.75	127,185,522.20	2,353,033.55	

The Wajir East CDF financial statements were approved on 6-2 2016 and signed by:


Abdinasir saman ali
Chairman - CDFC


abdisalan billow abdi
Fund Account Manager

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TRIAL BALANCE AS AT 30TH JUNE 2015

		DR	CR.
Receipts			
	Transfer from the board		118,884,921.00
	Prior year adjustment		315,788.00
	Fund Balance b/f as 1st July 2014		9,213,553.35
Payments	Compensation of employees	1,300,193.00	
	Use of goods and services	8,523,324.50	
	Committee expenses	1,487,000.00	
	Transfer to other government units	80,173,905.20	
	Other grants and transfers	28,472,999.50	
	Social security	34,600.00	
	Acquisition of assets	1,150,000.00	
	Other payments	6,043,500.00	
Cash and cash equivalents.	Cash at Bank as at 30th June 2015	1,228,740.15	
TOTAL		128,414,262.35	128,414,262.35

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VI. 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

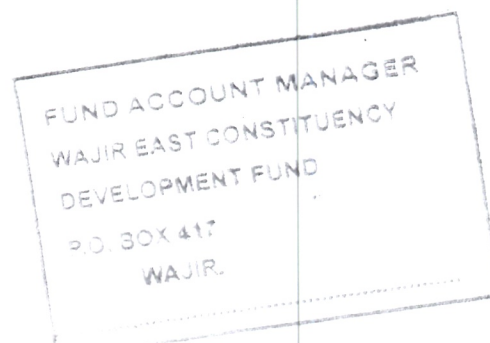
The Constituency recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the Constituency. In addition, the Constituency recognises all expenses when the event occurs and the related cash has actually been paid out by the Constituency.

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



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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.

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

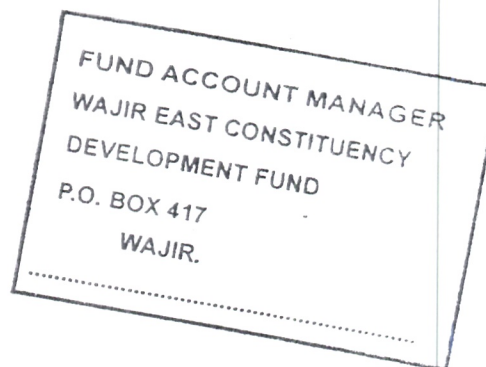
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Constituency's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment 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.



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VII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM CDF BOARD

	Description	2014 - 2015	2013 - 2014
		Kshs	Kshs
Normal Allocation	AIE FROM CDF BOARD	7,300,000.00	63,279,263.50
	AIE FROM CDF BOARD	53,642,460.50	33,752,152.40
	AIE FROM CDF BOARD	15,000,000.00	50,628,228.60
	AIE FROM CDF BOARD	42,942,460.50	
	TOTAL	118,884,921.00	147,659,644.50

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. COMPENSATION OF EMPLOYEES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Basic salaries of permanent employees	1,300,193.00	945,764.60
Basic wages of temporary employees	0.00	0
Personal allowances paid as part of salary	0.00	.00
Personal allowances paid as reimbursements	0.00	0
Personal allowances provided in kind	0.00	.00
Pension and other social security contributions	0.00	0
Compulsory national social security schemes	0.00	.00
Compulsory national health insurance schemes	0.00	0
Social benefit schemes outside government	0.00	.00
Other personnel payments	0.00	0
Total	1,300,193.00	945,764.60

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2014-2015	2013.2014
	Kshs	Kshs
Utilities, supplies and services	8,523,324.50	500,000.00
Communication, supplies and services	0.00	500,000.00
Domestic travel and subsistence	0.00	500,000.00
Foreign travel and subsistence	0.00	0.00
Printing, advertising and information supplies & services	0.00	100,000.00
Rentals of produced assets	0.00	0.00
Training expenses	0.00	100,000.00
Hospitality supplies and services	0.00	100,000.00
Insurance costs	0.00	0.00
Specialised materials and services	0.00	0.00
Office and general supplies and services	0.00	1,200,000.00
Other operating expenses	0.00	0.00
Routine maintenance – vehicles and other transport equipment	0.00	0.00
Routine maintenance – other assets	0.00	1,015,782.20
Total	8,523,324.50	4,105,782.20

4. COMMITTEE EXPENSES

	2014-2015	2013-2104
Committee allowance	1,000,000.00	-
Other committee allowance	487,000.00	-
TOTAL	1,487,000.00	1,757,250.00

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5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2014 - 2015 Kshs	2013 - 2014 Kshs
Transfers to primary school	47,165,000.00	56,110,700.00
Transfer to secondary school	24,817,905.20	11,700,000.00
Transfer to health institution	8,191,000.00	21,047,199.75
Transfer to tertiary institution	-	22,065,000.00
TOTAL	80,173,905.20	110,922,899.75

6. OTHER GRANTS AND OTHER PAYMENTS

Description	2014-2015	2013-2104
Bursary –secondary	2,818,999.50	10,000,950.00
Bursary tertiary	11,413,000.00	1,174,000.00
Bursary –special schools ,mocks and CATS	0.00	0.00
Water	2,000,000.00	4,780,000.00
Agriculture (food security)	0.00	0.00
Electricity	0.00	0.00
Security	3,420,000.00	1,349,999.00
Roads	0.00	0.00
Sports	1,032,000.00	0.00
Environment	1,061,000.00	0.00
Emergency	6,728,000.00	2,425,204.20
TOTAL	28,472,999.50	19,730,153.20

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7. SOCIAL SECURITY BENEFITS

	2014 - 2015 Kshs	2013 - 2014 Kshs
Social security benefits in cash and in kind	34,600	34,160
Total	34,600.00	34,160.00

8. ACQUISITION OF ASSETS

Non Financial Assets

	2014 - 2015 Kshs	2013 - 2014 Kshs
Purchase of Office Furniture and General Equipment	750,000.00	2,600,000.00
Purchase of computers, printers and other IT equipments	400,000.00	0.00
Total	1,150,000.00	2,600,000.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

	2014 - 2015 Kshs	2013 - 2014 Kshs
Others	6,043,500.00	0.00
	6,043,500.00	0.00

10. Bank Balances (cash book bank balance)

Name of Bank, Account No. & currency	Amount in bank account currency	Exc rate	2014 - 2015	2013 - 2014
<i>Kenya commercial bank</i>			1,228,740.15	8,289,553.35
<i>Wajir branch</i>				
<i>a/c no: 1105254224</i>				
Total			1,228,740.15	8,289,553.35

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1. BALANCES BROUGHT FORWARD

	2014 - 2015	2013 2014
	Kshs	Kshs
Bank accounts	8,289,553.00	1,599,918.60
Cash in hand	924,000.00	0.00
Total	9,213,553.35	1,599,918.60

12. PRIOR YEAR ADJUSTMENTS

	2014 - 2015	2013- 2014
	Kshs	Kshs
Bank accounts	315,788.00	-
Total	315,788.00	-

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13. OTHER IMPORTANT DISCLOSURES

FIXED ASSETS REGISTER

REGISTER AS AT 30TH JUNE, 2015

FURNITURE AND FITTINGS.

S/NO	TYPE OF ASSET	QUANTITY	SERIAL NO	ACQ. DATE	COST
01	Conference tables	6	CDF/036/TAB/1-6	10/4/2007.	165,000
02	Conference chairs	20	CDF/036/CH/1-20	10/4/2007.	181,000
03	Office chairs	4	CDF/036/CH/1-4	10/4/2007.	120,000
04	Metallic cabinet	4	CDF/036/MCAB/1-4	10/4/2007.	229,000
05	Book shelves	3	CDF/036/BS/1-3	10/4/2007.	585,500
06	Office tables	4	CDF/036/OT/1-4	15/5/207.	220,000
07	Secretary chairs	1	CDF/036/SC/01	15/5/207	10,250,
08	Secretary desk	1	CDF/036/STAB/1	15/5/207	35,050
09	Executive table	3	CDF/036/ETAB/1-3	7/9/011	150,500
10	Executive chair	3	CDF/036/EC/1-3	7/9/011	200,000
11	Office cupboard	2	CDF/036/OCU//2	7/9/011	50,000
12	Tables	4	Cdf /034/OT/1-4	10/5/2014.	1000.000.00
	Chairs	20	CDF/034/OC1-10	10/5/2014	1,000,000.00
	cupboards	10	CDF/034/CU1-4	10/5/2014	600,000.00

PROPERTY ,PLANTS AND EQUIPMENTS.

S/NO	TYPE OF ASSET	QUANTITY	SERIAL NO.	ACQ.DATE	COST
01	Water pump	1	CDF/036/WP/01	NOT IN RECORD	N/A
02	Office building s	1	CDF036/OB/	21/5/2006	5,000,000

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OFFICE EQUIPMENTS ,COMPUTERS AND ACCESSORIES.

<u>S/NO</u>	<u>TYPE OF ASSET</u>	<u>QUANTITY</u>	<u>SERIAL NO</u>	<u>ACQ.DATE</u>	<u>COST</u>
01	Laptops	2	CDF/036/LAP/1-2	07/09/011	250,000
02	Printers	3	CDF/036/CP/1-3	12/082009	154,000
03	Desk top computers	4	CDF/036/DC/1-4	13/10/2010	80,000
04	Fax machine	1	CDF/036/FM/01	13/10/2010	30,000
05	Telephone heads	1	CDF/036/TEL/01	13/10/2010	25,000
06	Photocopier	1	CDF/036/PC/01	1/10/2010	215000
07	Paper puncher	2	CDF/036/PP/1-2	15/03/2011	2000
08	Staplers	3	CDF/036/ST/1-3	18/09/2011	1500
09	Zuku decoder and TV	1	CDF/036/ZUKU TV/1	15/10/2012	30,000
10	Fridge	1	CDF/036/FR/1	15/10/2012	35,000

18.2 RECEIVABLES FROM CDF BOARD AND OTHER RECEIVABLES

<i>RECEIVABLES FROM THE BOARD</i>	
<i>AMOUNT</i>	<i>FINANCIAL YEAR</i>
<i>NIL</i>	<i>2013/2014</i>
<i>OTHER RECEIVABLES (SPECIFY)</i>	

18.3 PAYABLES

RETENTIONS

Kshs
1,000,000.00

Kshs

xxx
xxx
xxx
xxx

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1,000,000.00

xxx

18.4 FUNDS DUE TO PROJECTS

<i>S/NO</i>	<i>DESCRIPTION</i>	<i>AMOUNT</i>
	<i>Funds due to primary school projects</i>	<i>2000,000.00</i>
	<i>Funds due to secondary school projects</i>	<i>1,000,000.00</i>
	<i>Funds due to tertiary institutions</i>	<i>0.00</i>
	<i>Funds due to health projects</i>	<i>4,000,000.00</i>
		<i>7,000,000.00</i>

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