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A. A. A.



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
CONSTITUENCIES DEVELOPMENT FUND -  
WAJIR NORTH CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2015**

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**CONSTITUENCY DEVELOPMENT FUND- WAJIR NORTH CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

**CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY  
REPORTS AND FINANCIAL STATEMENTS  
For the year ended June 30, 2015**

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**CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH 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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 *WAJIR North 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 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>IBRAHIM ABASS</b>
3.	Accountant	<b>JOHN KYALO KIOKO</b>

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of CDF Board provide overall fiduciary oversight on the activities of Wajir north 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.

**(e) WAJIR NORTH CDF Headquarters**

P.O. Box 149- 70600  
MOYALE  
OPPOSITE DC OFFICE  
WAJIR, KENYA

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

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**(f) WAJIR NORTH CDF Contacts**

Telephone: (254) 710297850  
E-mail: iabdullahi @cdf.go.ke  
Website: www.cdf.go.ke

**(g) WAJIR NORTH CDF Bankers**

1. KENYA COMMERCIAL BANK  
Wajir-Moyale road  
P.O. Box  
Wajir ,Kenya

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY**  
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**II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC)**

*[Put the forward note by the Chairman CDFC]*

Include among others the following:

Mention in summary the budget performance against actual amounts for current year based on economic classification and programmes, **BUDGET**

**PERFORMANCE**

The budget performance was good with an average of 70% expenditure which means most of the funds have been absorbed as planned making most if not all projects complete.

The performance was across all sectors.

**Detail key achievements for the CDF**

2. 9000,000 FUNDS were distributed to needy and bright student in various university and colleges and secondary schools
3. -14 classrooms and 8 toilets were built and fully in use for primary schools .
4. -Three administration block were built, completed and in use for various schools
- Fencing of a girls sec secondary school was completed and currently in use
- Principal staffs house and a laboratory is also completed and in use
- Four roads were completed and are in use and

**List emerging issues related to the CDF,**

The court case which has declared the existence of CDF as illegal if not changes are not made to the Act governing its operation.

**List the implementation challenges and recommended way forward**

1. High illiteracy rate among the inhabitants of the constituency which reduces the proposal of quality projects which have high impact on the lives of the population.
  - Wajir north covers an area of about 11000km<sup>2</sup> and 37 locations which are scattered all over the constituency making it difficult to monitor ongoing projects on daily basis hence reducing quality of work and difficult in addressing emerging issues
  - Frequent cycle of drought as a result of climate change making emergency response more frequent and costly.

**CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY**  
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- Poor infrastructure especially in road, financial services and communication makes monitoring of projects difficult.
- Wajir north does not have a banking institution, no post office and has poor mobile network coverage.
- Frequent clan conflict between the neighbouring constituencies creates insecurity problem in the constituency thus it makes difficult to monitor projects situated in the far corners of the constituency.

*Sign*

**CHAIRMAN CDFC**



# CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH 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 *WAJIR NORTH CDF* 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 *WAJIR NORTH CDF* 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 *WAJIR NORTH CDF* 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.

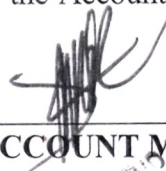
The Accounting Officer in charge of the *WAJIR NORTH CDF* confirms that the *CDF* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *CDF's* funds received during the year under audit were used for the eligible purposes 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 *CDF's* financial statements were approved and signed by the Accounting Officer on 23 SEPTEMBER 2015.



I. CHAIRMAN CDFC



FUND ACCOUNT MANAGER

FUND ACCOUNT MANAGER  
23 SEP 2015  
WAJIR NORTH CONSTITUENCY



# REPUBLIC OF KENYA

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NAIROBI



## OFFICE OF THE AUDITOR-GENERAL

### **REPORT OF THE AUDITOR-GENERAL ON CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH 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 North Constituency as set out on pages 8 to 26, which comprise, the statement of financial assets as at 30 June 2015 and the statement of receipts and payments, statement of cash flow, 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 (4) of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003. I have obtained all the information and explanation 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 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 misstatements.

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

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

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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. Presentation, Disclosure and Accuracy of the Financial Statements**

The financial statements for the year ended 30 June 2015 presented for audit did not include action taken on audit issues raised in the previous year as required by the financial reporting template by the National Treasury. Further, the name of the entity did not comply with the CDF Act, 2013 which changed the name to "National Constituency Development Fund Wajir North". In addition, the Fund had a disclaimer of opinion in 2013/2014, whose impact on the opening balances has not been explained.

In the circumstances, the presentation, disclosure and accuracy of the financial statements for the year ended 30 June 2015 could not be ascertained.

#### **2. Irregular Award of Capital Projects**

The national CDF Board approved a total budget allocation of Kshs.134,925,630 for Wajir North Constituency for the financial year 2014/2015. However, an amount of Kshs.112,600,000 was allocated for various sector projects in education, security, health, water, roads among others. Examination of payment vouchers, Bills of Quantities (BQ) and request for quotations for projects worth Kshs.27,387,000 revealed the following irregularities:-

- i. The tender notices used to advertise the projects did not include the set criteria to be used for evaluation of tenders.
- ii. Some of the project files and minutes of both the opening and contract awarding committees were not made available for audit review.
- iii. Some Bill of Quantities were not signed or stamped by the bidders and Confidential Business Questionnaires were not filled to show details of the contractors.
- iv. The tender committee did not sign one or more pages of Bill of Quantities as required by Section 60 (7) of the Public Procurement and Disposal Act, 2005.

- v. Hydrological survey, drilling report and certificate of practical completion for a borehole drilled were not made available for audit review. It was, therefore, not possible to ascertain whether the drilling works were successfully done.

In view of the foregoing, it has not been possible to confirm the authenticity of the payments of Kshs.27,387,000 and whether the constituents got value for money in the transactions.

## **2. Unsupported Expenditure on Administration, Monitoring and Evaluation**

During the year under review, the National CDF Board approved Kshs.8,705,321 for administration, monitoring and evaluation for Wajir North Constituency. However, an expenditure amounting to Kshs.2,223,000 was found to have the following anomalies;

- i. The CDF management hired private vehicles while carrying out monitoring and evaluation exercises. The hired vehicles, however, had no temporary work tickets and logbooks as required by the Code of Regulations (Revised) 2006.
- ii. In some instances, list of the projects visited and the progress report on the projects were neither attached to the payment vouchers nor availed for audit review. It was, therefore, not possible to ascertain the projects visited by the monitoring and evaluation team
- iii. Payment of sitting allowances paid to the CDFC members were not supported with attendance registers and minutes of the CDFC meetings to confirm the meetings conducted.

Consequently, the accuracy, completeness and propriety of the expenditure of Kshs.2,223,000 could not be confirmed.

### **Adverse Opinion**

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

##### **1.1 Budget Performance Analysis**

During the year under review, the approved Budget for Wajir North Constituency Development Fund was Kshs.134,925,630. Further, the CDF office had an amount of Kshs.60,397,401 as unspent from financial year 2013/2014.

The percentage allocations compared to the requirement from CDF Act is as follows:-

Item	Budgeted Allocation	% Allocation	% Requirement By The CDF Act
Bursary	10,000,000	7%	25%
M&E	2,367,291	2%	3%
Administration	4,558,080	3%	6%
Emergency	5,400,259	4%	5%
Projects	112,600,000	83%	-

A review of the National CDF Board Projects allocation budget for Wajir North Constituency Development Fund for the financial year under review showed that allocations for various items were carried out within the requirements of Section 7 to Section 11 of the Constituencies Fund Act, 2013.

## 1.2 Development Projects

Item	Actual Expenditure (Kshs.)	Budget Allocation (Kshs.)	Absorption Rate	No. Of Projects Implemented	No. Of project Budgeted	Remarks
<b>Development (Projects)</b>						
Education	27,086,288	31,700,000	85%	27	27	Completed
Health	3,800,000	0		1	1	Completed
Water	84,302,452	45,700,000	184%	2	2	Difference between the total allocation and actual expenditure was finance by unspent balance from F/Y 2013/2104
Security	4,498,000	0		1	-	Financed from unspent balance from F/Y 2013/2014
Roads	6,700,000	28,200,000	24%	1	1	
Emergency	6,100,000	5,400,259	113%			Difference between the total allocation and actual expenditure was finance by unspent balance from F/Y 2013/2104
Bursary	9,565,000	10,000,000	96%	6	6	
Others		7,000,000	0%	3	3	Projects were on going but completed after the end of the F/Y
<b>Totals</b>	<b>142,051,740</b>	<b>128,000,259</b>	<b>111%</b>			

An expenditure of Kshs.60,397,401 was incurred on the 2013/2014 projects implemented in 2014/2015.

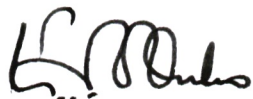
### 1.3 Recurrent Expenditure

Item	Actual Expenditure (Kshs.)	Budget Allocation (Kshs.)	% Absorption	Remarks
<b>Administration</b>				
Employee Compensation	1,447,024	2,024,000	71%	
Use of Goods & Services	3,375,297	1,930,400	175%	Financed from unspent balance from F/Y 2013/2014
Committee Expenses	3,859,000	2,367,291	163%	Financed from unspent balance from F/Y 2013/2014
Social Security	24,000	103,680	23%	
Audit Fees		500,000		
<b>Total</b>	<b>8,705,321</b>	<b>6,925,371</b>		

The budget performance for CDF Wajir North indicates Kshs.150,757,061 was spent out of the budgeted amount of Kshs.195,323,031 (77%). However, no proper explanation was given for not utilizing all the funds allocated to the benefit of the constituents.

In the circumstances, the Fund did not meet its budget targets and service delivery goals to the constituents.

My opinion is not qualified in respect of this matter.



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

**Nairobi**

**08 December 2016**

**CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2015**

**1. STATEMENT OF RECEIPTS AND PAYMENTS**

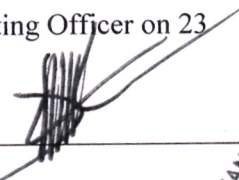
<b>RECEIPTS</b>		<b>2014-2015</b>	<b>2013-2014</b>
		<b>Kshs</b>	<b>Kshs</b>
Transfers from CDF board –	1	192,550,062.95	93,230,795.00
<b>TOTAL RECEIPTS</b>		<b>192,550,062.95</b>	<b>93,230,795.00</b>
 <b>PAYMENTS</b>			
Compensation of employees	2	1,447,024.10	1,376,000.40
Use of goods and services	3	3,375,297.00	3,687,886.65
Committee expenses	4	3,859,000	2,306,000.00
Transfer to other Government units	5	30,886,288.00	46,735,000.00
Other grants and transfers	6	111,165,452.00	39,405,460.00
Social security benefits	7	24,000.00	19,200.00
<b>TOTAL PAYMENTS</b>		<b>150,757,061.10</b>	<b>93,529,547.05</b>
 <b>SURPLUS/DEFICIT</b>		 <b>41,793,001.85</b>	 <b>(298,752.05)</b>

**Approval of the financial statements**

The CDF's financial statements were approved and signed by the Accounting Officer on 23 SEPTEMBER 2015



**1. CHAIRMAN**



**FUND MANAGER**

**FUND ACCOUNT MANAGER**  
23 SEP 2015  
Wajir North Constituency

**CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
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**II. STATEMENT OF ASSETS**

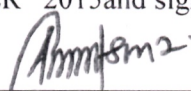
	Note	2014-2015 Kshs	2013-2014 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances (as per cash book)	8A	45,651,117.95	2,772,968.40
Outstanding Imprest	8B	259,000.00	1,078,000.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>45,910,117.95</b>	<b>3,850,968.40</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	9	3,850,968.40	0.00
Surplus/Deficit for the year		41,793,001.85	4,149,720.45
Prior year adjustments	10	266,148.00	(298,752.05)
<b>NET FINANCIAL POSSITION</b>		<b>45,910,117.35</b>	<b>3,850,968.40</b>

**CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
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**VI STATEMENT OF CASH FLOW**

<b>Receipts for operating income</b>		<b>2014 – 2015</b>	<b>2013 – 2014</b>
Transfers from CDF Board	1	192,550,062.95	93,230,795
<b>Payments for operating expenses</b>			
Compensation of Employees	2	1,447,024.10	1,376,000.40
Use of goods and services	3	3,375,297.00	3,687,886.65
Committee Expenses	4	3,859,000	2,306,000.00
Transfers to Other Government Units	5	30,886,288.00	46,735,000
Other grants and transfers	6	111,165,452.00	39,405,460
Social Security Benefits	7	24,000.00	19,200
		<b>150,757,061.10</b>	<b>93,529,547.05</b>
<b>Adjusted for:</b>			
Adjustments during the year	8	266,148.00	0
<b>Net cash flow from operating activities</b>		<b>42,059,149.85</b>	<b>(298,752.05)</b>
<b>Cashflow From Investing Activities</b>			
<b>Net cash flows from Investing Activities</b>		<b>0.00</b>	<b>0.00</b>
<b>net increase in cash and cash equivalent</b>		<b>42,059,149.85</b>	<b>(298,752.05)</b>
<b>Cash and cash equivalent at beginning of the year</b>	9	<b>3,850,968.40</b>	<b>0</b>
<b>Cash and cash equivalent at end of the year</b>	10	<b>45,910,118.35</b>	<b>(298,752.05)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The wajir North CDF financial statements were approved on 23<sup>RD</sup> SEPTEMBER 2015 and signed by:

  
 \_\_\_\_\_  
**Chairman - CDFC**      **Fund Account Manager**

  
 \_\_\_\_\_  
**FUND ACCOUNT MANAGER**  
 20 SEP 2015  
 WAJIR NORTH CONSTITUENCY



**CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY**  
**REPORTS AND FINANCIAL STATEMENTS**  
**For the year ended June 30, 2015**

**V11. 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 %
<b>RECEIPTS</b>						
Transfers from CDF Board	134,925,630.00	60,397,401.40	195,323,031.40	192,816,211.05	2,506,820.35	99
Proceeds from Sale of Assets				-	-	
Other Receipts				-	-	
	<b>134,925,630.00</b>	<b>60,397,401.40</b>	<b>195,323,031.40</b>	<b>192,816,211.05</b>	<b>2,506,820.35</b>	
<b>PAYMENTS</b>						
Compensation of Employees	2,024,000.00	783,280.00	2,807,280.00	1,447,024.10	1,360,255.90	52
Use of goods and services	2,280,400.00	1,200,000	3,480,400.00	3,375,297.00	105,103.00	97
Committee Expenses	2,017,371.00	1,000,000	3,017,371.00	3,859,000	841,629	92
Transfers to Other Government Units	31,700,000.00	10,349,655	42,049,655.40	30,886,288.00	11,163,367.40	73
Other grants and transfers	<b>96,800,259.00</b>	47,064,466	143,864,725.00	111,165,452.00	32,699,273.00	77
Social Security Benefits	103,600.00	0	103,600.00	24,000.00	79,600.00	23
Acquisition of Assets	-			-	-	
Other Payments				-	-	
<b>TOTALS</b>	<b>134,925,630.00</b>	<b>60,397,401.40</b>	<b>195,323,031.40</b>	<b>150,757,061.10</b>	<b>50,657,611.00</b>	<b>77</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The wajir north CDF financial statements were approved on 23<sup>RD</sup> SEPTEMBER 2015 and signed by:

Chairman - CDFC

Fund Account Manager

FUND ACCOUNT MANAGER  
 23 SEP 2015  
 WAJIR NORTH CONSTITUENCY

**CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY  
REPORTS AND FINANCIAL STATEMENTS**

**For the year ended June 30, 2015**

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

- i. *Social Security benefit was under-utilised as it was initially budgeted for higher rates as gazetted by NSSF which was later abandoned.*

The Wajir North Cdf Financial Statements Were Approved On 23<sup>rd</sup> September 2015 And Signed By:



Chairman CDF



Fund Account Manager

FUND ACCOUNT MANAGER  
23 SEP 2015  
WAJIR NORTH CONSTITUENCY

### **III. 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 – WAJIR NORTH 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 – WAJIR NORTH CONSTITUENCY****Reports and Financial Statements**

For the year ended June 30, 2015

## IV.

**NOTES TO THE FINANCIAL STATEMENTS****1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2014 - 2015	2013 - 2014
		Kshs	Kshs
<b>CDF Board</b>			
<b>AIE NO A750195</b>	57,624,433.00	192,550,062.95	93,230,795.00
<b>AIE NO A796169</b>	33,731,407.50	0	0
<b>AIE NOA796661</b>	18,238,844.45	0	0
<b>AIE NO.796893</b>	15,492,563.00	0	0
<b>AIE NO A759609</b>	33,731,407.50	0	
<b>AIE NO A797161</b>	33,731,407.50		
<b>TOTAL</b>		192,550,062.95	93,230,795.00

**2. COMPENSATION OF EMPLOYEES**

	2014 - 2015	2013 - 2014
	Kshs	Kshs
<b>Basic wages of contractual employees</b>	1,447,024.10	1,376,000.40
<b>Basic wages of casual labour</b>	00	00
<b>Personal allowances paid as part of salary</b>		
<b>House allowance</b>	00	00
<b>Transport allowance</b>	00	00
<b>Leave allowance</b>	00	00
<b>Gratuity</b>	00	00
<b>Other personnel payments</b>	00	00
<b>Total</b>	1,447,024.10	1,376,000.40

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. USE OF GOODS AND SERVICES**

	<b>2014-2015</b>	<b>2013 -2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	00	00
Communication, supplies and services	00	00
Domestic travel and subsistence	1,087,000.00	3,882,286.65
Printing, advertising and information supplies & services		650,000.00
Rentals of produced assets	00	00
Training expenses	00	00
Hospitality supplies and services	00	00
Insurance costs	00	00
Specialized materials and services	208,912.00	19,600.00
Office and general supplies and services	-	780,000.00
Other operating expenses	-	700,000.00
Routine maintenance – vehicles and other transport equipment	2,079,385.00	1,150,000.00
Routine maintenance – other assets	00	00

<b>TOTAL</b>	<b>3,375,297.00</b>	<b>3,687,886.65</b>
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**4. COMMITTEE EXPENSES**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee allowances	1,553,000.	890,000.00
Other committee expenses	2,306,000.00	1,416,000.00
<b>Total</b>	<b>3,859,000.00</b>	<b>2,306,000.00</b>

**CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2015***- NOTES TO THE FINANCIAL STATEMENTS (Continued)***5. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2014 - 2015 Kshs</b>	<b>2013 - 2014 Kshs</b>
Transfers to National Government entities		
Transfers to primary schools (see attached list)	11,100,000.00	26,370,000.00
Transfers to secondary schools (see attached list)	15,986,288.00	12,075,000.00
Transfers to tertiary institutions (see attached list)	00	00
Transfers to health institutions (see attached list)	3,800,000.00	8,290,000.00
<b>TOTAL</b>	<b>30,886,288.00</b>	<b>46,735,000.00</b>

**6. OTHER GRANTS AND OTHER PAYMENTS**

	<b>2014 – 2015 Kshs</b>	<b>2013- 2014 Kshs</b>
Bursary – secondary schools (see attached list)	3,117,000.00	6,183,500.00
Bursary – tertiary institutions (see attached list)	6,448,000.00	13,864,000.00
Bursary – special schools (see attached list)	00	00
Mock & CAT (see attached list)	00	00
Water projects (see attached list)	84,302,452.00	14,050,460.00
Agriculture projects (see attached list)	00	00
Electricity projects (see attached list)	00	00
Security projects (see attached list)	4,498,000.00	00
Roads projects (see attached list)	6,700,000.00	1,200,000.00
Sports projects (see attached list)	00	00
Environment projects (see attached list)	00	00
Emergency projects (see attached list)	6,100,000.00	4,107,500.00
<b>Total</b>	<b>111,165,452.00</b>	<b>39,405,460.00</b>

**CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2015**

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**7. SOCIAL SECURITY BENEFITS**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Employer contribution to NSSF	24,000.00	19,200.00
<b>Total</b>	<b>24,000.00</b>	<b>19,200.00</b>



**CONSTITUENCIES DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2015**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2014 - 2015	2013 - 2014
	<b>Kshs</b>	<b>Kshs</b>
<i>KENYA COMMERCIAL BANK WAJIR BRANCH ACCOUNT NO 1105253643</i>	45,651,117.95	2,772,968.40
<i>Name of Bank, Account No.</i>	000	000
<i>Name of Bank, Account No.</i>	000	000
<b>Total</b>	<b>45,651,117.95</b>	<b>2,772,968.40</b>

**8B: 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>
		<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<i>IBRAHIM ABASS</i>	15/6/2015	138000	138000	138000
<i>ABDIWAHID H. SOMO</i>	18/6/2015	121000	121000	121000
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	
<b>Total</b>				<b><u>259,000</u></b>

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

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**9. BALANCES BROUGHT FORWARD**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	2,772,968.40	2,772,968.40
Cash in hand	0	1,078,000.00
Imprest	1,078,000.00	00
<b>Total</b>	<b><u>3,850,968.40</u></b>	<b><u>3,850,968.40</u></b>

*[Provide short appropriate explanations as necessary]*

**10. PRIOR YEAR ADJUST**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary cheques reversed	266,148.00	00-
<b>Total</b>	<b><u>266,148.00</u></b>	<b><u>00-</u></b>

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

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**12. OTHER IMPORTANT DISCLOSURES**

**12.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	<b>2014 - 2015</b>	<b>2013 – 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings	10,540,000	1,000,000.00
Construction of civil works	34,830,000.00	1,200,000.00
Supply of goods	00	572,968.40
Supply of services	281,117.95	00
	<b>45,651,117.95</b>	<b>2,772,968.40</b>

Reports and Financial Statements

For the year ended June 30, 2014 (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		
<b>Construction of buildings</b>						
2. 1.PRIMARY SCHOOLS PROJECT	15,200,000	VARIOUSE DATES BY PMC	7,900,000	7300,000		
3. .SECONDARY SCHOOL PROJECTS	18,100,000	VARIOUSE DATES BY PMC	14860,000	3240,000		
4. CONSTRUCTION OF SOCIAL HALL AND OTHER BUILDINGS	9400,000	VARIOUSE DATES BY PMC	6,300,000	3100,000		
<b>Sub-Total</b>	<b>42,700,000</b>		<b>29,060,000</b>	<b>13,640,000</b>		
<b>Construction of civil works</b>						
1. Construction of other civil works	34,400,000	VARIOUSE DATES BY PMC	4200,000	30,200,000		
2.						
3.						
<b>Sub-Total</b>	<b>34,400,000</b>		<b>4200,000</b>	<b>30,200,000</b>		
<b>Supply of goods</b>						
4. 00	00	00	00	00		
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
7. Bursry	10,000,000	may/june	9,718,882	281,118		
8.						
9.						

**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**

**Reports and Financial Statements**

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

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
Sub-Total	10,000,000		9,718,882			
Grand Total	87,100,000		42,978,882	44,121,118		

**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		
<b>Senior Management</b>							
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Middle Management</b>							
4.							
5.							
6.							
<b>Sub-Total</b>							
<b>Unionisable Employees</b>							
7.							
8.							
9.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
10.							
11.							
12.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

Reports and Financial Statements

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

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	B	c	d=a-c		
<b>Amounts due to other Government entities</b>							
1.							
2.							
3.							
	Sub-Total						
<b>Amounts due to other grants and other transfers</b>							
4.							
5.							
6.							
	Sub-Total						
	Sub-Total						
<b>Others (specify)</b>							
7.							
8.							
9.							
	Sub-Total						
	Grand Total						





ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2014/15	2013/14
Land	0	0
Buildings and structures	5,300,000	5,300,000
Transport equipment		0
Office equipment, furniture and fittings	415,900	415,900
ICT Equipment, Software and Other ICT Assets	258,000	258,000
Other Machinery and Equipment	3,524,000	3,524,000
Heritage and cultural assets	0	0
Intangible assets	0	0
<b>Total</b>	<b>9,497,900</b>	<b>9,497,900</b>

