

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND
WAJIR SOUTH CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2015**

*Paper laid by
Leader of the
Majority
Health on 07/02/2017*
[Signature]

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



CONSTITUENCIES DEVELOPMENT FUND – WAJIR SOUTH

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)

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	1
II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC).....	4
III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES	6
IV. STATEMENT OF RECEIPTS AND PAYMENTS	8
V. STATEMENT OF ASSETS.....	9
VI. STATEMENT OF CASHFLOW.....	10
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	11
VIII. SIGNIFICANT ACCOUNTING POLICIES	13
IX. NOTES TO THE FINANCIAL STATEMENTS	16

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The CDF Act 2013 aligns the Fund with the Constitution of Kenya 2010 and the Public Finance Management Act 2012 that lay emphasis on citizen participation in public finance management and decision making, transparency and accountability together with equity in public resource utilization. The overall management of the Fund is the responsibility of the Constituencies Development Fund Board. The objective of the fund is to ensure that a specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

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

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

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Shafee Hassan
3.	Accountant	William T. Monari

(d) Fiduciary Oversight Arrangements

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

The physical and postal address of Wajir South Constituency Development Fund (CDF) is:
P.O. BOX 90-70201
CDF Offices Wajir South
Off Dilmanyale Road, Opposite Habaswein Community Library,
Habaswein, Wajir County, Kenya.

(f) Wajir South CDF Contacts:

Telephone: (254) 46421239
E-mail: cdfwajirsouth@cdf.go.ke/ cdf.wajirsouth@gmail.com
Website: www.go.ke

(g) Wajir South CDF Bankers

First Community Bank, Habaswein branch
Account No. 9535102
P.O. Box 67 -70201 Habaswein, Wajir County, Kenya.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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

The Constituency Development Fund (CDF) is a program initiated in 2003 through an Act of Parliament meant to promote poverty eradication through decentralization. The main aim of its establishment was to iron out imbalances brought about by patronage politics by providing funds to parliament jurisdictions, that is, Constituencies to fight poverty. The program is designed to fight poverty through the implementation of development projects at the local level and particularly those that provide basic needs like education, health care, water, agriculture services, security, electricity and food security.

During the Financial year under review, Wajir South Constituency was allocated a total of Kshs. 127,988,112. From the summary of appropriation statement, the overall budget performance stood at 65%. The absorption of funds on development expenditure was very good at 80%. The same cannot be said about development expenditure which averaged less than 50%. Since the CDF is a development fund, the achieved performance is commendable.

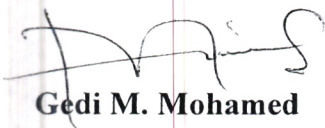
Wajir South CDF has made tremendous achievements during the financial year. The major beneficiary was the education sector. Firstly, more than 500 needy and poor students pursuing various courses in more than 50 tertiary institutions have benefitted from a bursary disbursement of 5.9 Million. Secondly, to improve education infrastructure and hence access, fifty (50) new classrooms in 28 primary schools were constructed during the financial year at a cost of 45 million. In addition, two administration blocks, two science laboratories and a staff house were constructed in five secondary schools at a cost of 11million. In the health sector, a new dispensary and two staff houses in two health centers were constructed at a cost of 10 million to improve health care. In the water sector, five water pans were rehabilitated at a cost of 25 million to harvest rain. Finally, taking the new security challenges facing the country into account, police staff houses comprising of four units each were constructed at three Administration police camps at a cost of 5.4 million.

The main emerging issue during the year under review was a court ruling about the constitutionality of the CDF. This is likely to impact negatively on the going concern concept in as far as preparation of financial statements is concerned. But I am hopeful that the relevant authorities are addressing the issue within the timelines given by the courts.

The main implementation challenge during the year under review was the erratic release of funds and Authority to Incur Expenditure (AIE) from the CDF Board. The funds were not received as

scheduled, that is, quarterly. In some instances, AIEs were not received two months after money was transferred to the CDF account. This meant that some development projects had to wait longer before implementation. The CDF Board should work closely with the National Treasury and strive towards timely release of funds so as to ensure effective and efficient implementation of projects at the constituency level.

In conclusion, let me take this opportunity to sincerely register my appreciation to all those who have worked relentlessly in the entire Financial statements preparation process through the consultative forums organized by the CDF Board. In particular, I would thank the Fund Account Manager, Wajir South who has taken a lead role in the process and the support provided by the District Treasury, Habaswein.



Gedi M. Mohamed
Chairman - CDFC

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 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 Accounting Officer in charge of the Wajir South *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 Accounting Officer in charge of the Wajir South *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 Accounting Officer is of the opinion that the Wajir South *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 Accounting Officer in charge of the Wajir South *CDF* further confirms the completeness of the accounting records maintained for the Constituency, which have been relied upon in the preparation of the Constituency's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Wajir South *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 Accounting Officer 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 South CDF financial statements were approved and signed on 24th, April 2015



Gedi M. Mohamed
Chairman - CDFC



Shafee Hassan Odhwa
Fund Account Manager

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Notes	2014-2015	2013-2014
		Kshs	Kshs
RECEIPTS			
Transfers from CDF Board- AIEs' Received	1	120,488,112.00	143,686,871.00
Other Receipts	2	58,410.32	142,988.05
TOTAL RECEIPTS		120,546,532.32	143,829,859.05
PAYMENTS			
Compensation of Employees	3	1,719,487.40	1,400,440.00
Use of goods and services	4	4,575,789.00	976,216.13
Committee Expenses	5	1,470,460.00	1,896,400.00
Transfers to Other Government Units	6	63,870,820.00	37,322,176.00
Other grants and transfers	7	58,515,920.00	53,428,415.52
Social Security Benefits	8	16,400.00	17,744.00
Acquisition of Assets	9		330,000.00
TOTAL PAYMENTS		130,168,876.40	95,371,391.65
SURPLUS/DEFICIT		(9,622,354.08)	48,458,467.40

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **24th, April 2016** and signed by:



.....
Gedi M. Mohamed
Chairman, CDFC



.....
Shafee Hassan
Fund Account Manager

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON CONSTITUENCIES DEVELOPMENT FUND-WAJIR SOUTH 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 South Constituency as set out on pages 8 to 20, which comprise the statement of financial assets as at 30 June 2015, and the statement of 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

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 7 of the Public Audit Act, 2003.

Auditor-General's Responsibility

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

Report of The Auditor-General on the Financial Statements on Constituencies Development Fund-Wajir South Constituency for the year ended 30 June 2015

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 Disclosure of the Financial Statements

The International Public Sector Accounting Standards (IPSAS) Cash Basis financial reporting presentation format presented by the National Treasury that requires the management to include among financial statements presented for audit, action taken on audit issues raised in the previous year. In 2013/2014 the Fund had a disclaimer of opinion audit report but no action taken on the issues raised has been included in the financial statements for the year under review.

Consequently, the presentation of the financial statements for the year ended 30 June 2015 do not conform to the format prescribed by IPSAS and the National Treasury.

2.0 Irregular Award of Capital Projects

The National CDF Board approved a total allocation of Kshs.120,488,112 for Wajir South Constituency for the financial year under review. Sum of Kshs.98,769,931 was allocated to various projects in Education, Security, Water and Roads. However, examination of payment vouchers, Bills of Quantities (BQs) and requests for quotations for projects worth Kshs.24,407,700 revealed various irregularities:

- i. Tender notices used to advertise the projects did not set the criteria for evaluation. It was therefore not clear how the tenders were evaluated. Further, Bills of Quotation were not signed or stamped by the bidders, while Confidential Business Questionnaires were not filled to show details of the contractors.
- ii. Although the tenders for desilting Gothai, Alioismail and Mathahlibah Water pans were in the months of September and October 2015, Project Management Committees of the Water Users Association for the region were registered one month later in November, 2015. Therefore, it was not clear how the Project Management Committees processed the tenders before committee and Water Users Association Members were registered.

In view of these anomalies, the propriety of the expenditure totaling to Kshs.24,407,700 incurred on various projects could be confirmed.

3.0 Unsupported Emergency Expenditure

During the year under review, the CDF National Board approved Kshs.5,819,920 to cater for unforeseen occurrences in the Constituency. However, sum of Kshs.2,949,855 was not properly supported as detailed below:

- i. A sum of Kshs.1,689,855 was paid in respect of vehicle hire services while carrying out water trucking services within the constituency. However, the payments were not supported with schedules showing distribution of water to the centres and where the water was tracked. Further, temporary work tickets were not maintained for the vehicles. Therefore it was not possible to ascertain details of the journeys covered by the vehicles including the number of centres visited and the distance covered.
- ii. The water trucking services were procured before the CDFC approved use of the Emergency Funds for water trucking.
- iii. Various borehole equipments worth Kshs.1,260,000 were procured for Lagboqol South borehole. Although the goods were received vide counter receipt vouchers, they were not recorded in the stores register and as a result, it was not possible to confirm that they were received in the stores. The items were alleged to have been issued to Borehole Management Committee vide SII No.2588595 but there was no evidence to confirm that the equipment were delivered and fitted to the borehole. Further, there was no end user requisition from the borehole management committee.

As a result of these irregularities the propriety of the expenditure totalling Kshs.2,949,855 incurred on water trucking and borehole rehabilitation could not be ascertained.

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 South Constituency as at 30 June 2015, and 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 South Constituency Development Fund was Kshs.120,488,112.00. Further, the CDF office had an opening cash balance of Kshs.56,669,595.73 as unspent balance from financial year 2013/2014.

The following issues were however noted:

1.1.1 Development Projects

ITEM	Actual Expenditure (Kshs.)	Budget Allocation (Kshs.)	Absorption Rate %	No. of Projects Implemented	No. of Projects Budgeted	Remarks
DEVELOPMENT(PROJECTS)						
Education	53,864,820	47,337,931	114%	28	28	Difference between budgeted amount and the actual expenditure was financed by the unspent balance from F/Y 2013/2014
Health	10,006,000	6,000,000	167%	4	4	Difference between budgeted amount and the actual expenditure was financed by the unspent balance from F/Y 2013/2014
Water	30,574,070	30,532,000	100%	7	9	Seven projects completed during the financial year, two were on going as at 30 June 2015 but were completed after the end of the F/Y 2014/2015
Security	4,610,000	11,100,000	42%	7	7	
Roads	11,299,995	11,300,000	100%	4	4	
Emergency	5,819,855	5,400,259	108%			
Bursary	6,212,000	7,085,016	88%			
Totals	122,386,740	118,755,206				

CDF Wajir South Spent Kshs.130,168,876 (70%) out of the total budgeted amount of Kshs.184,657,708. No explanation has been provided for the failure to utilize all the

funds allocated for the benefit of communities in the constituency. Only projects costing Kshs.6,490,000 had not been completed as at 30 June 2015. Further, expenditure totaling Kshs.56,669,595 was incurred on projects initiated in during the 2013/14 financial year.

1.1.2 Recurrent Expenditure

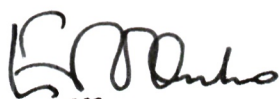
ITEM	ACTUAL EXPENDITURE (Kshs.)	BUDGET ALLOCATION (Kshs.)	% ABSORPTION	Remarks
ADMINISTRATION				
Employee Compensation	1,719,487	2,000,000	86%	
Use of Goods & Services	4,575,789	3,900,000	117%	
Committee Expenses	1,470,460	2,732,906	54%	
Social Security	16,400	100,000	16%	
Audit Fees		500,000		
Total	7,782,136	9,232,906		

Recurrent expenditure spending was well within the approved budget except for over-expenditure of Kshs.675,789 incurred on use of goods and services.

In view of the foregoing, the Fund did not fully meet its targets and service delivery goals to the constituent in the year under review.

2.0 Award of Contract to an Unregistered Company

Examination of payment voucher No.40710 dated 19 February, 2014 and other records revealed that Nihal and Kalson Construction Co. Ltd was awarded the tender for bush clearing and grading of Mathahlibah – Alidumal Road. However, the company was awarded the contract before it was registered. M/s Nihal & Kalson Construction Co. Ltd was registered by National Construction Company as a contractor on 2 December, 2013 and also through Public Procurement and Disposal Act (Preference & Reservations) on 19 December, 2013. The tender process was initiated on 11 November, 2013 and ended on 30 November, 2013. Consequently, it is not clear how the company could have participated in the tender before it was registered to do such works.



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

Nairobi

05 January 2017

V. STATEMENT OF ASSETS

	Notes	2014-2015	2013-2014
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	46,997,241.65	56,619,595.73
Outstanding Imprests	10B	50,000.00	50,000.00
TOTAL FINANCIAL ASSETS		47,047,241.65	56,669,595.73
REPRESENTED BY			
Fund Balance b/fwd 1st July.....	11	56,669,595.73	8,211,128.33
Surplus/Deficit for the year (from stm of receipt & expenditure)		(9,622,354.08)	48,458,467.40
NET LIABILITIES		47,047,241.65	56,669,595.73

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Wajir South CDF financial statements were approved on 24th, April 2015 and signed by:



Gedi M. Mohamed
Chairman - CDFC




Shafee Hassan
Fund Account Manager

VI. STATEMENT OF CASHFLOW

		2014 - 2015	2013 - 2014
Receipts for operating income			
Transfers from CDF Board	1	120,488,112.00	143,686,871.00
Other Receipts	2	58,410.32	142,988.05
		120,546,522.32	143,829,859.05
Payments for operating expenses			
Compensation of Employees	3	1,719,487.40	1,400,440.00
Use of goods and services	4	4,575,789.00	976,216.13
Committee Expenses	5	1,470,460.00	1,896,400.00
Transfers to Other Government Units	6	63,870,820.00	37,322,176.00
Other grants and transfers	7	58,515,920.00	53,428,415.52
Social Security Benefits	8	16,400.00	17,744.00
		130,168,876.40	95,041,391.65
Net cash flow from operating activities		(9,622,354.08)	48,788,467.40
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	9	0	330,000.00
Net cash flows from Investing Activities		0	(330,000.00)
NET INCREASE IN CASH AND CASH EQUIVALENT			
		(9,622,354.08)	48,788,467.40
Cash and cash equivalent at BEGINNING of the year	10	56,619,595.73	8,211,128.33
Cash and cash equivalent at END of the year	11	47,047,241.65	56,999,595.73

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Wajir South CDF financial statements were approved on 24th, April 2016 and signed by:


Gedi M. Mohamed
Chairman - CDFC


Shafee Hassan
Fund Account Manager

VII: SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

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 %
RECEIPTS						
Transfer from CDF Board	127,988,112.00	56,669,595.73	184,657,707.73	120,488,112.00	64,169,595.73	65.24943555
Other Receipts			0	58,410.32	58,410.32	
TOTALS	127,988,112.00	56,669,595.73	184,657,707.73	120,546,522.32	64,228,006.05	65.28106723
PAYMENTS						
Compensation of Employees	2,000,000.00	1,350,522.00	3,350,522.00	1,719,487.40	1,631,034.60	51.31998536
Use of goods and services	3,900,000.00	3,870,000.00	7,770,000.00	4,575,789.00	3,194,211.00	58.89046332
Committee Expenses	2,732,906.00	1,847,296.00	4,580,202.00	1,470,460.00	3,109,742.00	32.10469757
Transfers to Other Government Units	53,337,931.00	40,846,313.86	94,184,244.86	63,870,820.00	38,139,330.10	67.81476041
Other grants and transfers	65,417,275.00	8,687,937.87	74,105,212.87	58,515,920.00	8,687,937.87	78.9632979
Social Security Benefits	100,000.00	67,526.00	167,526.00	16,400.00	151,126.00	9.789525208
TOTALS	127,988,112.00	56,669,595.73	184,157,707.73	130,168,876.40	54,913,381.57	70.68337134

Explanation for Underutilisation (below 50%)

a. Committee Expenses

There was underutilization in committee expenses because of funding challenges from the CDF Board. Funds were not received as scheduled, that is, quarterly, and the funds received were used to implement development projects hence most of the committee activities were postponed to the end of the financial year.

b. Social Security Benefits

The amount of social security benefits budgeted for during the financial year was not utilised because of a court order halting the new rates which were gazetted by National Social Security Fund (NSSF). This meant that the contributions were based on the old rates which were substantially lower than the budgeted amount.

The Wajir South CDF financial statements were approved on 24th, April 2015 and signed by:



Gedi M. Mohamed
Chairman - CDFC



Shafee Hassan
Fund Account Manager

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 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 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 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.

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 are 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.

IX. NOTES TO THE FINANCIAL STATEMENTS

GFS CODES	1 TRANSFERS FROM CDF BOARD			
		Description	2014 - 2015	2013 - 2014
			Kshs	Kshs
1330407	Normal Allocation	AIE NO. A759554	31,997,028.00	55,278,051.00
		AIE NO. A796662	15,198,216.80	2,000,000.00
		AIE NO. A796914	16,798,811.00	33,363,528.00
		AIE NO. A797207	31,997,028.00	53,045,292.00
		AIE NO. A796170	24,497,028.20	
		TOTAL	120,488,112.00	143,686,871.00
1400000	2 OTHER RECEIPTS			
			2014 - 2015	2013 - 2014
			Kshs	Kshs
	1410107	Interest Received	58,410.32	142,988.05
		Total	58,410.32	142,988.05
2110000	3 COMPENSATION OF EMPLOYEES			
			2014 - 2015	2013 - 2014
			Kshs	Kshs
	2110201	Basic wages of contractual employees	1,719,487.40	1,400,440.00
		Total	1,719,487.40	1,400,440.00
2200000	4 USE OF GOODS AND SERVICES			
			2014 - 2015	2013 - 2014
			Kshs	Kshs
	2210100	Utilities, supplies and services	134,620.00	135,300.00
	2210200	Communication, supplies and services	66,960.00	8,000.00
	2210300	Domestic travel and subsistence	791,200.00	573,400.00
	2210500	Printing, advertising and information supplies & services	20,000.00	-
	2210600	Rentals of produced assets	-	-
	2210700	Training expenses	64,950.00	-
	2211000	Specialized materials and services	2,302,470.00	-
	2211100	Office and general supplies and services	470,590.00	207,680.00
	2211300	Other operating expenses	724,999.00	31,836.13

CONSTITUENCIES DEVELOPMENT FUND - WAJIR SOUTH 2014/2015
Reports and Financial Statements for the year ended June 30, 2015

	2220200	Routine maintenance – other assets	-	200,000.00
		Total	4,575,789.00	976,216.13
2210800	5 COMMITTEE EXPENSES			
		Description	2014 - 2015	2013 - 2014
			Kshs	Kshs
	2210809	Committee Allowances	1,470,460.00	1,896,400.00
		TOTAL	1,470,460.00	1,896,400.00
2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES			
		Description	2014 - 2015	2013 - 2014
			Kshs	Kshs
	2630204	Transfers to primary schools	42,030,000.00	8,657,176.00
	2630205	Transfers to secondary schools	11,834,820.00	25,440,000.00
	2630207	Transfers to Health institutions	10,006,000.00	3,225,000.00
		TOTAL	63,870,820.00	37,322,176.00
2640000	7 OTHER GRANTS AND OTHER PAYMENTS			
			2014 - 2015	2013 - 2014
			Kshs	Kshs
	2640101	Bursary -Secondary	-	870,000.00
	2640102	Bursary -Tertiary	6,212,000.00	8,800,000.00
	2640504	Water	30,574,070.00	26,859,032.00
	2640507	Security	4,610,000.00	
	2640508	Roads	11,299,995.00	11,791,882.56
	2640200	Emergency Projects	5,819,855.00	5,107,500.00
		Total	58,515,920.00	53,428,415.52
2120000	8 SOCIAL SECURITY BENEFITS			
			2014 - 2015	2013 - 2014
			Kshs	Kshs
	2120101	Employer contribution to NSSF	16,400.00	17,744.00
		Total	16,400.00	17,744.00
3100000	9 ACQUISITION OF ASSETS			
	Non Financial Assets		2014 - 2015	2013 - 2014
			Kshs	Kshs
	3111002	Purchase of computers , printers and other IT equipments	-	130,000.00
	3111009	Purchase of other office equipments	-	200,000.00
		Total		330,000.00

CONSTITUENCIES DEVELOPMENT FUND - WAJIR SOUTH | 2014/2015
Reports and Financial Statements for the year ended June 30, 2015

10 A Bank Balances (cash book bank balance)			
	Name of Bank, Account No. & currency	2014 - 2015	2013 - 2015
		Kshs	Kshs
	First Community Bank, Habaswein Branch 9535102, KHS.	46,997,241.65	56,619,595.73
	Total	46,997,241.65	56,619,595.73
10B OUTSTANDING IMPRESTS			
	Name of Officer	Amount Taken	Amount Surrendered
		Kshs	Kshs
	Boniface Otieno Agoro	50,000.00	50,000.00
	Total	50,000.00	50,000.00
11 BALANCES BROUGHT FORWARD			
		2014-2015	2013-2014
		Kshs	Kshs
	Bank Accounts	56,619,595.73	8,161,128.33
	Imprests	50,000.00	50,000.00
	Total	56,669,595.73	8,211,128.33
12. OTHER DISCLOSURES			
12.1 FUNDS DUE TO PROJECTS			
		2014-2015	2013-2014
		Kshs	Kshs
	2630200 Amounts due to other government entities	20,837,931.00	40,232,759.00
	2640000 Amounts due to other grants and other transfers	15,285,016.00	-
	Total	36,122,947.00	40,232,759.00

CONSTITUENCIES DEVELOPMENT FUND WAJIR SOUTH 2014/2015
Reports and Financial Statements for the year ended June 30, 2015

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Outstanding Balance 2015
Amounts due to other Government entities		
Secondary Schools		
Inshaalah High School	Fencing of the school	2,000,000.00
Primary Schools		
Salalma Primary School	Renovation of four classrooms	837,931.00
Fadiwein Primary School	Construction of one new classroom	900,000.00
Elgal Primary School	Construction of one new classroom	900,000.00
Qoqar Primary School	Construction of one new classroom	900,000.00
Tesorie Primary School	Construction of one new classroom	900,000.00
Agtalehel Primary School	Construction of one new classroom	900,000.00
Meygag Primary School	Construction of one new classroom	900,000.00
Eyrib Primary School	Construction of one new classroom	900,000.00
Karu Primary School	Construction of one new classroom	900,000.00
Getwab Primary School	Construction of two new classrooms	1,800,000.00
Arablow Primary School	Construction of two new classrooms	1,800,000.00
Abakdere Primary School	Construction of two new classrooms	1,800,000.00
Bulla Juu Primary School	Construction of two new classrooms	1,800,000.00
Allanus Primary School	Construction of two new classrooms	1,800,000.00
Dalsan Primary School	Construction of two new classrooms	1,800,000.00
Sub-Total		20,837,931.00
Amounts due to other grants and other transfers		
Bursary to Tertiary	Bursary to colleges and universities	7,085,016.00
Water		
Gerille Borehole	Drilling of a borehole	3,000,000.00
Security		
Meri Administration Police Camp	Construction of staff houses	1,200,000.00
Wajir Bor South AP Camp	Construction of office block and 2 toilets	1,200,000.00
Kiwanja Ndege Chief Office	Renovation of Administration block	1,000,000.00
Burder AP camp	Construction of staff houses	1,800,000.00
Sub-Total		15,285,016.00
Grand Total		36,122,947.00

ANNEX 4 - SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2014/15	Historical Cost (Kshs) 2013/14
Land		
Buildings and structures	6,300,000.00	6,300,000.00
Office equipment, furniture and fittings	2,004,140.00	2,004,140.00
ICT Equipment, Software and Other ICT Assets	369,000.00	369,000.00
Total	8,673,140.00	8,673,140.00