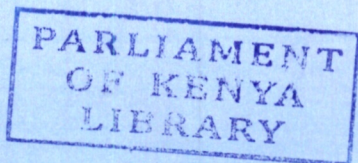


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*PAPER LAID*  
*By the majority*  
*Ship, Hon*  
*Katia De*  
*medis*  
*On Tuesday*  
*31.1.2017*  
*[Signature]*



**REPORT**  
**OF**  
**THE AUDITOR-GENERAL**  
**ON**  
**THE FINANCIAL STATEMENTS OF**  
**CONSTITUENCIES DEVELOPMENT FUND**  
**MANDERA EAST CONSTITUENCY**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**





# CONSTITUENCIES DEVELOPMENT FUND

BOARD SECRETARIAT

Harambee Plaza  
10<sup>th</sup> Floor  
Junction of Haille Sellasie Avenue & Uhuru Highway  
E mail: [cdf@wananchi.com](mailto:cdf@wananchi.com)  
NAIROBI

Visit Our Website  
<http://www.cdf.go.ke>

P.O Box 46682-00100  
Tel: 020-2230015/9, 2230027, 2230032  
Cell: 0712464160 & 0734260114  
Fax: 020-2230029  
NAIROBI

CDF BOARD/AUDITOR GENERAL/2015/043

SEPTEMBER 29, 2015

Mr. Edward Ouko, CBS  
The Auditor General  
P.O Box 30084 – 00100  
NAIROBI

Dear Sir

RE: **CONSTITUENCIES DEVELOPMENT FUND FINANCIAL STATEMENTS FOR  
2014/2015 FINANCIAL YEAR**

Pursuant to the Constituencies Development Fund (CDF) Act, 2013 Section 44 (4), we wish to submit 2014/2015 Annual Accounts of Mandera East Constituency for your necessary action in accordance with CDF Act Section 45 (4).

Yours faithfully

**YUSUF MBUNO**  
**Ag. CHIEF EXECUTIVE OFFICER**

Copy to:

Eng. Peter O. Mangiti  
Principal Secretary, Planning  
Ministry of Devolution and Planning  
P.O Box 30005 -00100  
NAIROBI.



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**CONSTITUENCY DEVELOPMENT FUND- MANDERA EAST  
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)

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

Table of Content		Page
I.	KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	1
II.	FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC).....	3
III.	STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES.....	4
IV.	STATEMENT OF RECEIPTS AND PAYMENTS.....	5
V.	STATEMENT OF ASSETS.....	6
VI.	STATEMENT OF CASHFLOW.....	7
VII.	SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	8
VIII.	SIGNIFICANT ACCOUNTING POLICIES.....	24
IX.	NOTES TO THE FINANCIAL STATEMENTS.....	26

## 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*. The objective of the fund is to ensure that a specific portion of the national annual budget is devoted to the constituencies for the purpose of infrastructure development, wealth creation and the fight against poverty at constituencies' level.

### (b) Key Management

The *Mandera East 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	Yusuf Mbuno
2.	A.I.E holder	Mohamed I. jattani
3.	Accountant	Mr.Macharia
4.		

### (d) Fiduciary Oversight Arrangements

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

P.O. Box 97-70300  
Mandera

**(f) Mandera East CDF Contacts**

Telephone: (254)0724998603  
E-mail: jmohamed@cdf.go.ke  
Website: www.cdf.go.ke

**(g) Mandera East CDF Bankers**

1. EQUITY BANK  
MANDERA BRANCH  
P.O. Box  
MANDERA

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

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

Mandera East constituency development fund has experienced so many insecurity threats in this financial year than any other years. The constituency experienced many terror attacks and this impacted negatively so much on the overall implementations of programmes. The constituency received over 92,000,000 in the year and utilized these funds and by the end of the financial year had a balance of 3,521,000.

During the financial year however the constituency undertook some major projects to mention just a few as listed below

1. Purchase of 32 sitter school bus for Arabia Girls secondary school-7,000,000/=
2. Purchase of school bus for Mandera secondary school-7,000,000/=
3. Construction of boarding facility 80 capacity bed at moi girls secondary school
4. Construction of boarding facility 80 capacity bed at khalaio girls secondary school
5. Construction of laboratory facility at kamor secondary school-4,300,000/=

In the subsequent allocation we intend to undertake other major projects as mentioned below

1. Construction of a dining hall at khadija girls Secondary school-6,000,000/=
2. Construction of boarding facility 80 capacity bed at khalaio boys secondary school-4,000,000/=

With the improvement of the insecurity issues in the constituency we hope to implement our projects within the scheduled time and on this note we wish to request the board humbly to send all the funds for the FY within the same financial year.

  
MOHAMED SAHAL SHURIE  
CHAIRMAN CDFC-Mandera East Constituency

### 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 *Mandera East 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 *Mandera East 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 *Mandera East 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 *Mandera East 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 20/07/15 2015.

  
Chairman CDFC Mandera East

  
Fund Account Manager- Mandera East



# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund – Mandera East Constituency as set out on pages 5 to 25, which comprise the statement of financial assets as at 30 June 2015, and the statement of receipts and payments, statement of cash flow, summary statement of appropriation; recurrent and development combined with 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.

#### Management's Responsibility for the Financial Statements

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

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

#### Auditor-General's Responsibility

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

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

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 Presentation and Completeness of the Financial Statements**

The financial statements for the year ended 30 June 2015 presented for audit by the Constituencies Development Fund - Mandera East management displayed the name of Yatta Constituency in its statement of receipts and payments, statements of assets, cash flow statements and notes to the financial statements. Further, the explanation page in the significant accounting policies was for Nakuru Town Constituency. In addition, Note 15.1 indicates outstanding office rent of Kshs.60,000 while Annex 1 shows Kshs.70,000 and the variance has not been explained. Although the errors were highlighted to management, no responses were received as at the time of audit nor were amendments made.

The International Public Sector Accounting Standards (Cash Basis) present action reporting format prescribed by National Treasury, requires management to include action taken on previous year audit issues raised. In the year 2013/2014, the Fund had a disclaimer of opinion. However, no action on follow up of the audit issues was included in the 2014/2015 financial statements as required. The financial statements presented for audit do not conform to IPSAS 1 and the reporting format prescribed by National Treasury.

In view of the foregoing, the accuracy, completeness and presentation of the financial statements for the year ended 30 June 2015 could not be confirmed.

### **2.0 Understatement of Expenditure**

In the summary statement of appropriation an amount of Kshs.2,000,000 was indicated as acquisition of assets and Kshs.500,000 under other payments as audit fees. However, the amounts were not reflected in the statement of receipts and payments. Further, the amounts were not disclosed in Note 10 and 11 to the financial statements. No explanation was given for the omission.

Consequently, the statement of receipts and payments was understated by Kshs.2,500,000.

### **3.0 Cash and Equivalentents**

The statement of assets as at 30 June 2015 reflects cash and cash equivalentents balance of Kshs.4,613,617 consisting of a bank balance of Kshs.3,152,617 as at 30 June 2015 and outstanding imprest of Kshs.1,461,000. Although the bank balance was supported by a bank balance certificate, however, there was no analysis for the outstanding imprest. Further, there was no Board of survey conducted at the closure of business on 30 June 2015.

In view of the foregoing, it has not been possible to confirm the accuracy of the cash and cash equivalentents balance of Kshs.4,613,617 stated in the financial statements.

### **4.0 Irregular Award of Contracts**

Examination of payment vouchers, project files and other records held at the Constituency Development Fund - Mandera East Office revealed that contracts amounting to Kshs.25,899,980 were awarded during the year under review. However, scrutiny of the project files revealed that:-

- i. There were no contract agreements between the contractors and the projects management committees as stipulated in Section 68(2) of the Public Procurement and Disposal Act, 2005.
- ii. In most instances request for quotations were lacking reference numbers, date floated as well as date and time of opening.
- iii. Some contractors were not tax compliant at the time of tendering since there were no certificates from Kenya Revenue Authority (KRA).
- iv. Notification to unsuccessful bidders were not done as required by Section 67(2) of Public Procurement and Disposal Act, 2005.
- v. Project management committee members who opened the bids did not sign on one or more pages of the bills of quantities as required by the Public Procurement and Disposal Act, 2005.
- vi. In some instances the summary page of Bill of Quantities were not witnessed.

No explanation was provided for the anomalies in the award of these contracts.

In the circumstances, the expenditure of Kshs.25,899,980 could not be ascertained as a proper charge to public funds.

### **5.0 Irregular Procurement of School Buses**

Examination of payment vouchers and other records made available for audit revealed that CDF spent Kshs.13,999,440 on the purchase of 2no. 21 seater Isuzu FRR cabin

and chassis and body fabrication bus at a cost price of Kshs.6,999,720 each for use by Arabia Girls Secondary School and Mandera Boys Secondary School respectively.

However, the following anomalies were noted:

- i. The advertisement for the procurement of buses was done within the Constituency instead of a national open tender as prescribed by Section 54 (2) of the Public Procurement and Disposal Act, 2005 and the threshold provided by the First schedule of the Public Procurement and Disposal Regulations, 2006.
- ii. No inspection and acceptance committee certificate was made available for audit review to confirm that the motor vehicles met the required specifications.
- iii. There was no contract agreement signed and entered for the purchase of the cabin and chassis as well as the fabrication works.
- iv. There was no fixed asset register to confirm whether the motor vehicles were taken on charge as required by Government Financial Regulations and Procedures.

Although the buses were physically verified and were in use, no explanation was provided as to why the procurement regulations and procedures were not adhered to in awarding the contract. It was therefore, not possible to determine if the constituency got value for money and fair price in the transaction worth Kshs.13,999,440.

## 6.0 Unaccounted For Bursary Expenses

During the year under review, the CDF committee disbursed bursaries amounting to Kshs.19,953,535 to various schools and universities to benefit needy students. However, an amount of Kshs.6,144,500 of the funds disbursed had no fees payment receipts and acknowledgement letters from the institutions paid. Further, the list of beneficiaries of the students in secondary schools lacks the level of study.

Under the circumstances, it was not possible to ascertain that the total of Kshs.6,144,500 reached the stated institutions or that the funds benefited the deserving cases as intended.

## 7.0 Unaccounted For Grants

During the year under review, Mandera East CDF Committee allocated and issued grants amounting to Kshs.29,963,880 out of which grants totaling Kshs.5,668,000 was issued to education sector for various projects as follows:-

Payee	Activity	Amount (Kshs)
Moi Girls Secondary School	Construction of 60 bed dormitory	2,668,000
Kamor Secondary School	Construction of 1 No classroom	800,000

Neboi Secondary School	Construction of 1 No classroom	800,000
Saro Hindi Primary School	Construction of 1 No underground water tank	700,000
Neboi Primary School	Construction of 1 No underground water tank	700,000
<b>TOTAL</b>		<b>5,668,000</b>

Although the projects were physically verified in April 2016 and found to be complete and in use, project procurement files were not made available for audit verification to confirm whether proper procurement procedures were followed in awarding these contracts and that the prices were fair and the project specifications were adhered to.

In view of the foregoing, the propriety of the expenditure of Kshs.5,668,000 could not be confirmed.

### **8.0 Payments for Emergency Water Trucking Services**

Examination of payment vouchers, supporting documents and other records of the CDF Mandera East revealed that an amount of Kshs,5,765,000 was spent on emergency water trucking services to various settlement schemes within the constituency as mitigation of drought in the area.

However, the schedules of water trucking were lacking identity card numbers of the committee members who received water. Further notification to unsuccessful bidders were not done as required by Section 67(2) of Public Procurement and Disposal Act, 2005.

Under the circumstances, it was not possible to confirm the expenditure of Kshs.5,765,000 as a proper charge to public funds.

### **9.0 Unaccounted for Administration/ Monitoring and Evaluation Expenses**

The Mandera East CDF spent Kshs.9,583,249.00 on administration, monitoring and evaluation expenses in the period under review. However, the expenditure on monitoring and evaluation was not supported by a list of projects visited temporary work tickets for the vehicles hired and the progress reports for projects visited and evaluated.

Consequently, it was not possible to ascertain that the funds were used for the intended purpose and were properly accounted for.

### **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 – Mandera East Constituency as at 30 June 2015, and of its financial performance and its cash flows for the year then ended,

in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Constituencies Development Fund Act, 2013.

## Other Matter

### 1.0 Budgetary Control and Performance

#### 1.1 Budget Performance Analysis

During the year under review, the budget for Constituencies Development Fund - Mandera East was Kshs.131,041,957 with Kshs.14,321,776 (11 per cent) allocated to recurrent expenditure and Kshs.116,720,181(89 per cent) to development activities. However, the actual receipts for the CDF was Kshs.92,406,368 (71 per cent) as transfers from the CDF Board and had Kshs.7,154,063 (5.5 per cent) cash balance brought forward from the Financial year 2013/2014 to finance the approved budget.

Item	Budget Allocation (Kshs)	Actual Expenditure (Kshs)	Absorption (%)	% of Total Expenditure
Recurrent Expenditure	14,321,776	7,129,079	50	7.5
Development Expenditure	116,720,181	87,817,736	75	92.5
<b>TOTAL</b>	<b>131,041,957</b>	<b>94,946,815</b>	<b>72.5</b>	

During the year, the CDF received Kshs.92,406,369 which was 71% of the approved budget with the remaining Kshs.38,635,589 representing 29.5 percent not financed as at 30 June 2015. The Fund could only absorb 72.5% of the budgeted amount. Further, the CDF spent Kshs.7,817,736 on Development activities in education, health, roads, and water projects within the constituency which represents 92.5 percent of total expenditure. No explanation has been provided for failure to disburse all the approved budget for the Fund.

#### 1.2 Under Expenditure

Item	Budget (Ksh)	Actual (Ksh)	Under (Kshs.)
Compensation of Employees	3,200,000	1,253,682	1,964,318
Use of Goods and Services	2,688,323	2,264,318	424,005.40
Committee Expenses	7,833,453	3,535,479	4,297,974
Transfers to other Government Units	78,597,949	57,853,856	20,744,093
Other Grants and transfers	36,122,232	29,963,880	6,158,352

Social Security Benefits	100,000	75,600	24,400
Acquisition of assets	2,000,000	-	-
Other payments (Audit fees)	500,000	-	-
<b>TOTAL</b>	<b>131,041,957</b>	<b>94,946,815</b>	<b>36,095,142</b>

The Constituencies Development Fund – Mandera East under spent on compensation of employees, committee expenses, transfers to other government units & other grants, acquisition of assets by Kshs.36,095,142 thus the Fund could not utilize 27.5 % of its budget. However, no explanation was given for not utilizing the allocation for the benefit of the constituents.

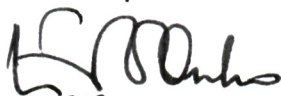
### 1.3 Projects Budgeted for 2014/2015

A total of Kshs.93,288,433 was allocated during the year to finance sixty three (63) projects. However, only Kshs.57,853,856 was spent on fifty six (56) projects in the development funds allocation as outlined below:-

Sector	No of Budgeted Projects	Budget Allocation (Kshs)	Actual expenditure (Kshs)	No. of projects implemented	No. of projects not Executed
Education	54	79,065,573	52,381,380	53	1
Health	3	5,472,860	5,472,476	3	
Security	3	5,000,000	-	-	3
Water	1	1,750,000	-	-	1
Others	2	2,000,000	-	-	2
<b>TOTAL</b>	<b>63</b>	<b>93,288,433</b>	<b>57,853,856</b>	<b>56</b>	<b>7</b>

No explanation has been provided for failure to implement seven (7) projects that were earmarked for implementation during the year.

My opinion is not qualified in respect of this matter.



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

**Nairobi**

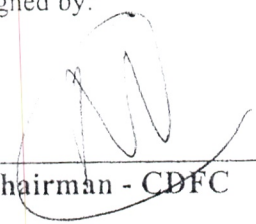
**04 January 2017**


Reports and Financial Statements  
For the year ended June 30, 2015

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>RECEIPTS</b>			
Transfers from Other Government Entities	1	92,406,368.50	121,251,294.80
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	0	0
<b>TOTAL RECEIPTS</b>		<b>92,406,368.50</b>	<b>121,251,294.80</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	1,253,682.00	3,683,000.00
Use of goods and services	5	2,264,318.00	2,868,445.00
Committee Expenses	6	3,535,479.00	5,034,000.00
Transfers to Other Government Units	7	57,853,856.00	68,010,606.80
Other grants and transfers	8	29,963,880.00	34,521,178.00
Social Security Benefits	9	75,600.00	-
Acquisition of Assets	10	-	-
Other Payments	11	-	-
<b>TOTAL PAYMENTS</b>		<b>94,946,815.00</b>	<b>114,117,229.80</b>
<b>SURPLUS/DEFICIT</b>		<b>(2,540,446.50)</b>	<b>7,134,065.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The *Mandera East* CDF financial statements were approved on 30/2/15 2015 and signed by:

  
Chairman - CDFC

  
Fund Account Manager

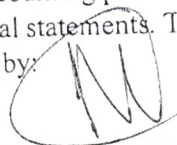


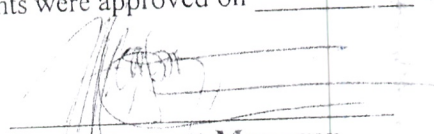
Reports and Financial Statements  
For the year ended June 30, 2015

V. 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)	12A	3,152,616.90	7,154,063.40
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	12C	1,461,000.00	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>4,613,616.90</b>	<b>7,154,063.40</b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>	13	7,154,063.40	19,998.40
<b>Surplus/Deficit for the year</b>		(2,540,446.50)	7,134,065.00
<b>Prior year adjustments</b>	14	0	0
<b>NET FINANCIAL POSITION</b>		<b>4,613,616.90</b>	<b>7,154,063.40</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The *Mandera East* CDF financial statements were approved on \_\_\_\_\_ 2015 and signed by:

  
Chairman - CDFC

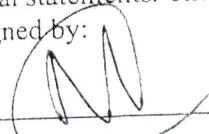
  
Fund Account Manager

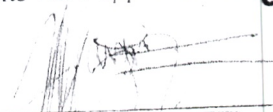
**CONSTITUENCY DEVELOPMENT FUND- YATTA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

**VI. STATEMENT OF CASHFLOW**

		2014 - 2015	2013 - 2014
Receipts for operating income			
Transfers from CDF Board	1	92,406,368.50	121,251,294.80
Other Receipts	3	0	0
		<u>92,406,368.50</u>	<u>121,251,294.80</u>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,253,682.00	3,683,000.00
Use of goods and services	5	2,264,318.00	2,868,445.00
Committee Expenses	6	3,535,479.00	5,034,000.00
Transfers to Other Government Units	7	57,853,856.00	68,010,606.80
Other grants and transfers	8	29,963,880.00	34,521,178.00
Social Security Benefits	9	75,600.00	-
Other Payments	11	0	0
		<u>94,946,815.00</u>	<u>114,117,229.80</u>
<b>Adjusted for:</b>		0	0
Adjustments during the year			
		<u>(2,540,446.50)</u>	<u>7,134,065.00</u>
<b>Net cash flow from operating activities</b>			
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	10	0	0
<b>Net cash flows from Investing Activities</b>			
			<u>7,134,065.00</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<u>(2,540,446.50)</u>	
Cash and cash equivalent at BEGINNING of the year	13	7,154,063.40	19,998.40
Cash and cash equivalent at END of the year	16	4,613,616.90	7,154,063.40

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MANDERA EAST CDF financial statements were approved on 25/7/2015 2015 and signed by:

  
 \_\_\_\_\_  
 Chairman CDFC

  
 \_\_\_\_\_  
 Fund Account Manager

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

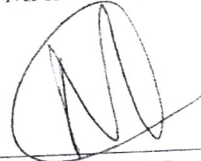
Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	123,887,894.00	7,154,063.40	131,041,957.40	92,406,368.50	38,635,588.90	71
Proceeds from Sale of Assets	0	0	-	-	-	0
Other Receipts	0	0	-	-	-	0
	<b>123,887,894.00</b>	<b>7,154,063.40</b>	<b>131,041,957.40</b>	<b>92,406,368.50</b>	<b>38,635,588.90</b>	<b>71</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,600,000.00	600,000.00	3,200,000.00	1,253,682.00	1,946,318.00	39
Use of goods and services	1,116,636.00	1,571,687.40	2,688,323.40	2,264,318.00	424,005.40	84
Committee Expenses	7,333,453.00	500,000.00	7,833,453.00	3,535,479.00	4,297,974.00	45
Transfers to Other Government Units	74,115,573.00	4,482,376.00	78,597,949.00	57,853,856.00	20,744,093.00	74
Other grants and transfers	36,122,232.00		36,122,232.00	29,963,880.00	6,158,352.00	83
Social Security Benefits	100,000.00		100,000.00	75,600.00	24,400.00	76
Acquisition of Assets	2,000,000.00		2,000,000.00	-	2,000,000.00	0
Other Payments( Auditors fees)	500,000.00		500,000.00	-	500,000.00	0
<b>TOTALS</b>	<b>123,887,894.00</b>	<b>7,154,063.40</b>	<b>131,041,957.40</b>	<b>94,946,815.00</b>	<b>36,095,142.40</b>	

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

Reports and Financial Statements  
For the year ended June 30, 2015

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

The MANDERA EAST CDF financial statements were approved on 30/2/ 2015 and signed by:

  
\_\_\_\_\_  
Chairman CDF

  
\_\_\_\_\_  
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. 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.

*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 – YATTA CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2015

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2014 - 2015	2013 - 2014
CDF Board		Kshs	Kshs
	AIE NO.A735687	2,000,000.00	74,601,308.00
	AIE NO.A750232	42,851,211.00	40,851,241.00
	AIE NO.A759698	28,971,973.50	5,798,745.80
	AIE NO.A796819	18,583,184.00	
		-	
		0	0
(other constituency e.g, parent constituency)		0	0
<b>TOTAL</b>		<b>92,406,368.50</b>	<b>121,251,294.80</b>

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. COMPENSATION OF EMPLOYEES

	2014 - 2015 Kshs	2013 - 2014 Kshs
Basic wages of contractual employees	1,233,522.00	3,683,000.00
Basic wages of casual labour	-	-
<b>Personal allowances paid as part of salary</b>		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	20,160.00	-
Other personnel payments	-	-
<b>Total</b>	<b>1,253,682.00</b>	<b>3,683,000.0</b>



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1 USE OF GOODS AND SERVICES

	2014 - 2015 Kshs	2013 - 2014 Kshs
Utilities, supplies and services	31,108.00	
Communication, supplies and services	421,000.00	
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services		210,445.00
Rentals of produced assets		
Training expenses		
Hospitality supplies and services	1,206,000.00	740,000.00
Insurance costs		
Specialized materials and services		
Office and general supplies and services		
Other operating expenses	252,210.00	120,000.00
Routine maintenance – vehicles and other transport equipment		
Routine maintenance – other assets	354,000.00	1,798,000.00
Fuel, oil and Lubricants		
<b>Total</b>	<b>2,264,318.00</b>	<b>2,868,445.00</b>

1.1.1.1.1.1.2 COMMITTEE EXPENSES

	2014 - 2015 Kshs	2013 - 2014 Kshs
Committee allowances	935,479.00	1,250,000.00
Other committee expenses	2,600,000.00	3,784,000.00
<b>Total</b>	<b>3,535,479.00</b>	<b>5,034,000.00</b>

CONSTITUENCIES DEVELOPMENT FUND - VATA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.3 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2014 - 2015 Kshs	2013 - 2014 Kshs
Transfers to primary schools (see attached list)	21,263,900.00	37,099,999.80
Transfers to secondary schools (see attached list)	30,667,480.00	25,842,557.00
Transfers to tertiary institutions (see attached list)	450,000.00	5,068,050.00
Transfers to health institutions (see attached list)	5,472,476.00	-
<b>TOTAL</b>	<b>57,853,856.00</b>	<b>68,010,606.80</b>

1.1.1.1.1.1.4 OTHER GRANTS AND OTHER PAYMENTS

	2014 - 2015 Kshs	2013 - 2014 Kshs
Bursary – secondary schools (see attached list)	6,000,000.00	75,000.00
Bursary – tertiary institutions (see attached list)	13,953,535.00	23,979,178.00
Bursary – special schools (see attached list)		-
Mock & CAT (see attached list)	696,558.00	-
Water projects (see attached list)		-
Agriculture projects (see attached list)		-
Electricity projects (see attached list)		-
Security projects (see attached list)		-
Roads projects (see attached list)		-
Sports projects (see attached list)	1,624,395.00	-
Environment projects (see attached list)	1,624,392.00	1,450,000.00
Emergency projects (see attached list)	6,065,000.00	2,850,000.00
<b>Total</b>	<b>29,963,880.00</b>	<b>34,521,178.00</b>

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

1.1.1.1.1.1.5	SOCIAL SECURITY BENEFITS	2014 - 2015 Kshs	2013 - 2014 Kshs
	Employer contribution to NSSF	75,600.00	-
	<b>Total</b>	<b>75,600.00</b>	<b>-</b>

CONSTITUENCIES DEVELOPMENT FUND – TATTA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.6 ACQUISITION OF ASSETS

Non Financial Assets

	2014 - 2015 Kshs	2013 - 2014 Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of a photo copier	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

12A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2014 - 2015 Kshs	2013 - 2014 Kshs
EQUITY Bank, MANDERA Branch A/C no.1000296543528	3,152,616.90	7,154,063.40
	-	-
	-	-
<b>Total</b>	<b>3,152,616.90</b>	<b>7,154,063.40</b>

CONSTITUENCIES DEVELOPMENT FUND - VATTA CONSTITUENCY

Reports and Financial Statements  
For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2014 - 2015 Kshs	2013 - 2014 Kshs
Bank accounts	7,154,063.40	-
Cash in hand	-	-
Imprest	-	-
	<u>7,154,063.40</u>	<u>-</u>
<b>Total</b>	<u><u>7,154,063.40</u></u>	<u><u>-</u></u>

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2014 - 2015 Kshs	2013 - 2014 Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services (office rent)	60,000	0
	<u>60,000</u>	<u>0</u>

15.2: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	52,938,573.00	
Amounts due to other grants and other transfers (see attached list)	20,799,242.00	
Others ( <i>specify</i> )		
	<u>73,737,815.00</u>	

Reports and Financial Statements  
For the year ended June 30, 2015

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2015 d=a-c	Outstanding Balance 2014	Comments
<b>Construction of buildings</b>						
1.	0			0		
2.						
3.	0			0		
Sub-Total	0			0		
<b>Construction of civil works</b>						
4.	0			0		
5.						
6.	0			0		
Sub-Total	0			0		
<b>Supply of goods</b>						
7.	0			0		
8.						
9.	0			0		
Sub-Total	0			0		
<b>Supply of services</b>						
10. Office rent	70,000.00			70,000.00		Rent for 2Months
11.						
12.						
Sub-Total	70,000.00			70,000.00		
Grand Total	70,000.00			70,000.00		

Reports and Financial Statements  
For the year ended June 30, 2015



ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

		Brief Transaction Description	Original Amount	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	Arabia Primary School	Construction of 2NO classroom	1,800,000		1,800,000		
2	Arabia Primary School	Construction of adm block	2,000,000		2,000,000		
3	Odha primary	Construction of 1NO water tank	700,000		700,000		
4	Odha primary	Construction of 1NO classroom	900,000		900,000		
5	Omar jilow pri	Construction of admi Block	2,000,000		2,000,000		
6	Omar jilow pri	Construction of 2NO toilets	250,000		250,000		
7	Sarohindi pri	Procure 100 Desks	400,000		400,000		
8	Farey pri	Construction of 1NO water tank	700,000		700,000		
9	Farey pri	Construction of 1NO classroom-renovation	837,931		837,931		
10	Omar jilow pri	Construction of 2no toilets	250,000		250,000		
11	Barwaqo pri	Construction of 1NO water tank	700,000		700,000		
12	Barwaqo pri	Construction of 2NO toilets	250,000		250,000		
13	Khadija girls pri	Construction of adm block	2,000,000		2,000,000		
14	Hareri hosle pri	Construction of 1NO	900,000		900,000		

Outstanding Balance 2014	Outstanding Balance 2015	Amount Paid To-Date	Original Amount	Brief Transaction Description
	250,000		250,000	Construction of 2NO toilets
	700,000		700,000	Kitchen construction
	772,178		772,178	Procure 183 desk
	400,000		400,000	Procure 100desk
	3,000,000		3,000,000	Construction of a dormitory
	800,000		800,000	Procure 200desk
	600,000		600,000	Procure 150desk
	1,800,000		1,800,000	Construction of 2NO classroom
	400,000		400,000	Procure 100desk
	900,000		900,000	Construction of 1NO classroom
	900,000		900,000	Construction of 1NO classroom
	900,000		900,000	Bulla hajji pri
	900,000		900,000	Figow primar
	1,500,000		1,500,000	Fencing compound
	1,600,000		1,600,000	Construction of 2NO classroom
	800,000		800,000	Mandera township primary
	800,000		800,000	Procure 200desk
	2,000,000		2,000,000	Construction of adm block
	700,000		700,000	Construction of 1NO. water tank
	750,000		750,000	Dawa intergrated pri
	750,000		750,000	Construction of 1NO. classroom
	3200,000		3,200,000	Sheriff elley pri
	1,600,000		1,600,000	Arabia girls sec
	1,600,000		1,600,000	Fencing compound
	6000,000		6000,000	Construction of 2NO. classroom
	6000,000		6000,000	Barwago sec school
	6000,000		6000,000	Construction of Dining hall
	4,000,000		4,000,000	Construction of a dormitory
	250,000		250,000	Construction of 2NO. toilets
	250,000		250,000	Construction of 1NO. water tank
				Arabia boys sec

NATIONAL GOVERNMENT ENTITY – YATTA CONSTITUENCY DEVELOPMENT FUND

Reports and Financial Statements

For the year ended June 30, 2015

		Brief Transaction Description	Original Amount	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
38	Arabia boys sec	Solar panels	628,464		628,464		
39	Arabia AP camp	Armoury block	2,000,000		2,000,000		
41	Kamor chief-security project	Construction of chiefs office	1500,000		1500,000		
42	Karo chief-security project	Construction of chiefs office	1500,000		1500,000		
			52,938,573		52,938,573.00		
<b>Amounts due to other grants and other transfers</b>							
1.	Payment of Audit Fees to KENAO	Payment of Audit Fees to KENAO	500,000.00		500,000.00		
2.	Payment of bursary to needy student	Payment of university/college bursary	12,271,973,000		12,271,973,000		
3.	Bitu community Dam	Excavation of dam	1,750,00		1,750,00		
4.	CDF office repairs	Office repairs and maintenance	1,000,000		1,000,000		
5.	CDF office furnitures	Repairs of office furnitures	1,000,000		1,000,000		
6.	Emergencies	For constituency emergency operations	2,000,259		2,000,259		
7.	Monitoring and evaluations	Cdfc monitoring activities	114,657		114,657		
8.	Administrations	Administrative expenditures	3,912,353		3,912,353		
			20,799,242.00		20,799,242.00		

NATIONAL GOVERNMENT ENTITY – YATTA CONSTITUENCY DEVELOPMENT FUND  
 Reports and Financial Statements  
 For the year ended June 30, 2015

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2014/15	Historical Cost (Kshs) 2013/14
Land		
Buildings and structures	3,000,000	3,000,000
Transport equipment		
Office equipment, furniture and fittings	175,50	175,50
ICT Equipment, Software and Other ICT Assets	115,000	115,000
Other Machinery and Equipment	173,000	173,000
Heritage and cultural assets		
Intangible assets		
<b>Total</b>	<b>3,463,000</b>	<b>3,463,000</b>