

REPUBLIC OF KENYA

PARLIAMENT  
OF KENYA  
LIBRARY



*PAPER LAID*  
*For the majority*  
*whip Hon*  
*Kaboo oke*  
*met to*



OFFICE OF THE AUDITOR-GENERAL

*on*  
*Tuesday*  
*31.1.2017*  
*[Signature]*



**REPORT**  
**OF**  
**THE AUDITOR-GENERAL**  
**ON**  
**THE FINANCIAL STATEMENTS OF**  
**CONSTITUENCIES DEVELOPMENT FUND**  
**MANDERA NORTH 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

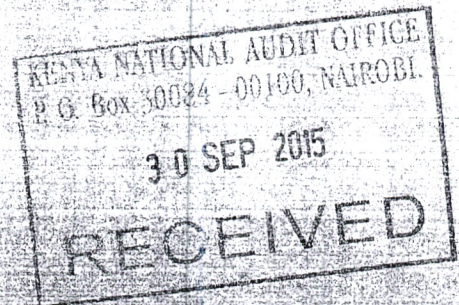
Visit Our Website  
<http://www.cdf.go.ke>

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

CDF BOARD/AUDITOR GENERAL/2015/041

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 North 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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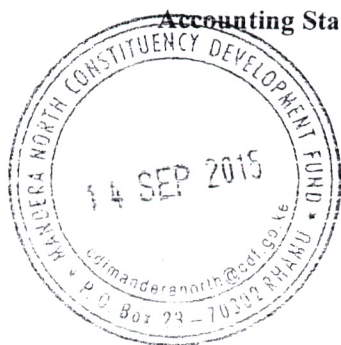
**CONSTITUENCY DEVELOPMENT FUND- MANDERA NORTH  
CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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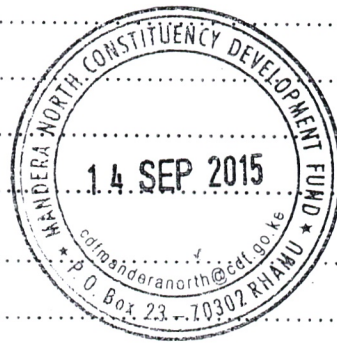
Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector  
Accounting Standards (IPSAS)

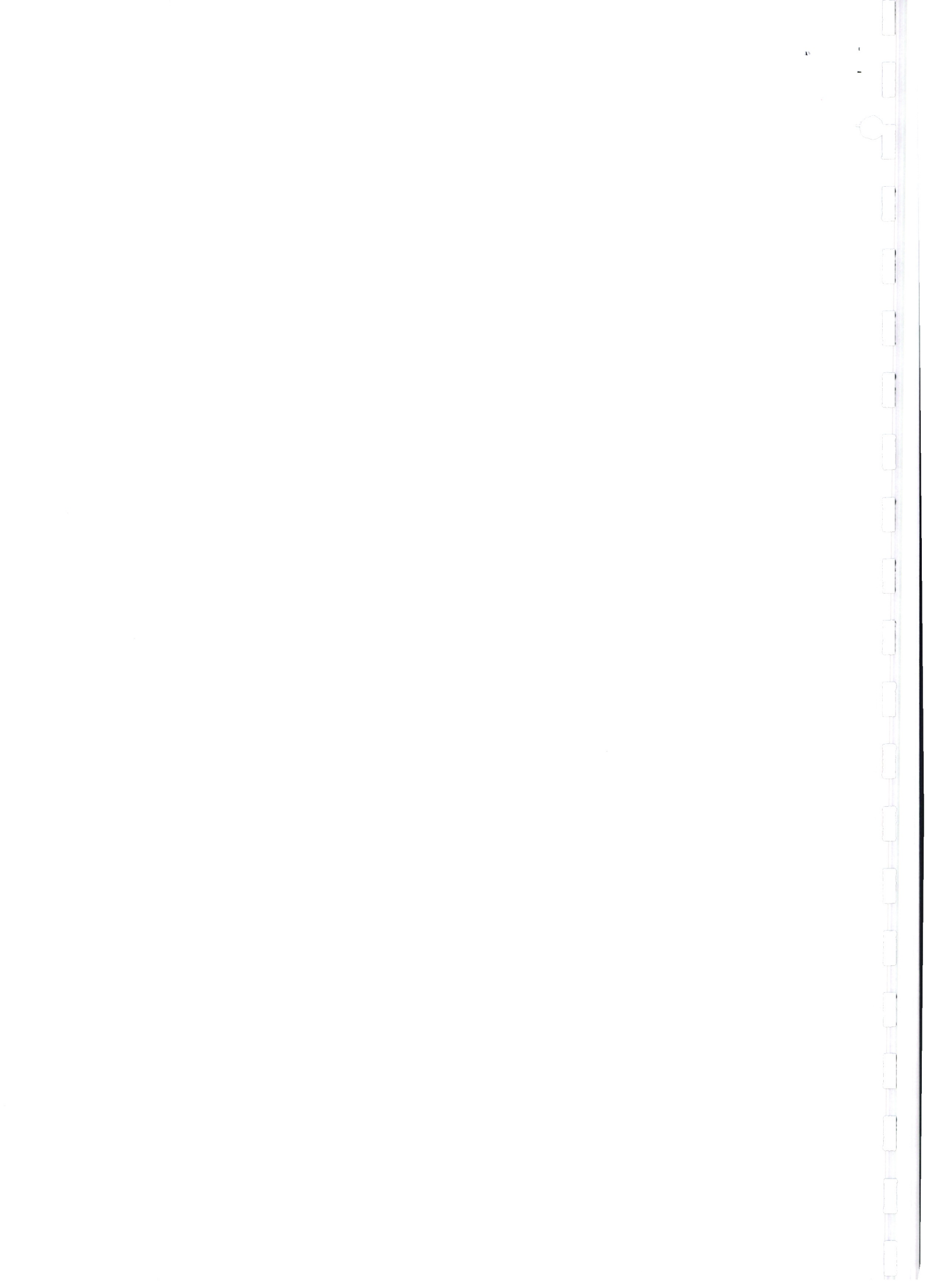




**CONSTITUENCY DEVELOPMENT FUND – MANDERA NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

Table of Content	Page
I. Key Constituency Information And Management .....	1
I. Forward By The Chairman Constituency Development Fund Committee (Cdfc).....	3
ii. Statement Of Cdf Management Responsibilities.....	4
iii. Statement Of Receipts And Payments .....	5
iv. Statement Of Assets .....	6
V. Statement Of Cashflow .....	7
Vi. Summary Statement Of Appropriation: Recurrent And Development Combined.....	8
Vii. Significant Accounting Policies.....	9
Viii. Note to Financial Statements.....	11
1. Transfer to Other Government Entities.....	11
4. Compensation of Employees.....	12
5. Use of Goods and Services.....	13
Committee Expenses.....	13
Transfer to Other Government Entities.....	14
Other Grants and Other Payments.....	14
Social Security Benefits.....	14
Requisition of Assets.....	15
12A. Bank Accounts (Cash book bank balance).....	16
13. Balance Brought forward.....	17
15. Other Important Disclosures.....	17
15:3 other pending payable.....	17
Annex 3 – Analysis pending payable.....	18
Annex 4 – Summary of Fixed Register.....	19





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

**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 *MANDERA 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>Adan S. Mustafa</b>
3.	Accountant	<b>David Cuna Njuguna.</b>

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 23-70302  
RHAMU TOWN  
MANDERA - NAIROBI ROAD  
MANDERA, KENYA.







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

**(f) MANDERA NORTH CDF Contacts**

Telephone: (254) 722471247  
E-mail: [cdmmanderanorth@cdf.go.ke](mailto:cdmmanderanorth@cdf.go.ke)  
Website: [www.cdf.go.ke](http://www.cdf.go.ke)

**(g) MANDERA NORTH CDF Bankers**

1. Equity Bank  
Mandera Branch  
P.O. Box  
Mandera, 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





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

The entity has utilised its allocated budget for undertaking the slotted projects for the financial year. More than 59% of the fund has been utilised despite receiving the final disbursement towards the end of the financial year. Over the years the entity improved water, sanitation, education access road through Construction of Water pans in various villages, construction of various public toilets, construction of primary and secondary schools, payment of fees to over 27,000 needy and vulnerable students across the constituency.

**EMERGING ISSUES RELATED TO CDF**

Increasing population

Increasing school enrolment

**IMPLEMENTATION CHALLENGES**

Security threat

Poor Infrastructures i.e Roads, Telecommunication networks, Electricity e.t.c

Drought

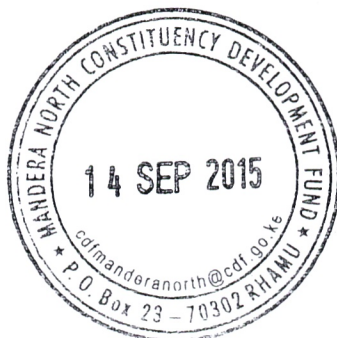
Ignorance/ Illiteracy

For the fund to thrive there should be minimal interference from political figures and no project should be undertaken in a boundary conflict zone without the involvement of the concerned organs of government.



*Sign*

**CHAIRMAN CDFC**





**II. 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 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 *MANDERA 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 *MANDERA 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.

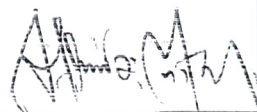
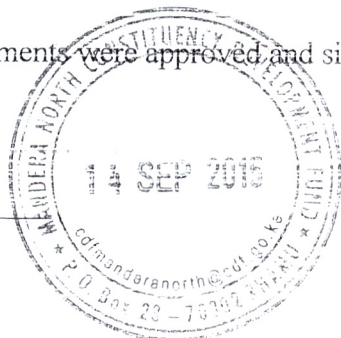
The Accounting Officer in charge of the *MANDERA NORTH CDF* confirms that the *CDF* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *CDF's* funds received during the year under audit were used for the eligible purposes 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 \_\_\_\_\_ 2014.



Chairman - CDFC



Fund Accounts Manager



# REPUBLIC OF KENYA

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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 – MANDERA NORTH 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 North Constituency set out on pages 5 to 17, 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 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

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



the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

## **Basis for Qualified Opinion**

### **1.0 Award of Capital Project Contracts**

Project contracts worth Kshs.19,762,900.00 were awarded during the financial year under review. However, examination of the procurement process revealed that various important procurement documents were in the project files and were not attached to the payment vouchers. These included:

- i. Confidential business questionnaires were not filled properly.
- ii. In some instances, bills of quantities were not made available for audit verification.
- iii. Some payments were done without the mandatory certificate of practical completion.
- iv. The award of contracts, acceptance of offers and signing of contract agreements was done on the same day which is not practical as each of these steps takes more than a day to complete.
- v. Notifications to unsuccessful bidders were not done as required by the Public Procurement regulations.

Under the circumstances, it has not been possible to confirm that the Fund obtained value-for-money from the transactions on capital projects.

### **2.0 Irregular Procurement of Goods and Works**

During the year under review, the Fund allocated and issued grants to water-users and primary schools totaling to Kshs.13,180,500.00 for construction of earth and pan dams and purchase of desks for various primary schools in the constituency. However;

- i. Advertisement for the supply of goods and works were limited to the Constituency instead of national open tendering prescribed for the respective contract values 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. The request for quotation method used to procure the goods and services was inappropriate procurement procedure, contrary to Section 26 3(b), Section 29 (1) and Section 88 of the Public Procurement and Disposal Act, 2005.
- iii. Further, the bills of quantities were not signed by the respective tender committees on one or more pages as required by Section 60 (7) of the Public Procurement Disposal Act, 2005.
- iv. Payment for the purchase and supply of school desks amounting to Kshs.5,494,500 was not subjected to value-added-tax. Therefore the supplier was paid without deduction of withholding tax. Further, the contractor acknowledged receipt of the L.P.O on the same day he accepted the offer hence the contract was effected immediately without waiting for 7 days as required under public procurement regulations.

### **3.0 Emergency Projects**

The CDF Mandera North spent Kshs.5,048,200 on water trucking services to Seven (7no) settlement centres within the constituency and on repair and maintenance of tractor belonging to Rhamu Farmers Association. However, notifications to unsuccessful bidders were not made, and further inspection report on the repairs and maintenance of the tractors were not made available for audit review. Further, water trucking schedules to confirm the recipient of the water supplied, copies of the logbooks, insurance covers and driver's licenses for the vehicles hired to transport the water were neither attached to the payment vouchers nor presented for audit verification. Consequently, it has not been possible to confirm if the constituents got value-for-the-money from the expenditure of Kshs.5,048,200.

### **4.0 Unsupported Environment Projects**

Records maintained at Mandera North District Treasury indicated that the Constituency Development Fund Committee (CDFC) spent Kshs.3,172,800 on supply, delivery and planting of trees at six (6 No) schools within the constituency. However, the payments were made without vital supporting documents like inspection and acceptance committee reports, and minutes of award of contracts among other records. Further, the acceptance of offer letter and signing of the contact agreement were done on the same day contrary to Public Procurement and Disposal Act, 2005.

In view of the foregoing, the propriety of the expenditure totaling to Kshs.3,172,800 incurred on the projects could not be confirmed as at 30 June 2015.

### **5.0 Unaccounted For Bursary Expenses**

During the year under review, the CDF committee disbursed bursaries totaling to Kshs.18,364,930.00 to various schools and universities to benefit needy students.

Although the funds were disbursed as allocated, there were no fees payment receipts and acknowledgement letters from the beneficiary institutes for bursaries to Kshs.2,181,000.00. Further, the list of beneficiaries' lacked level of study and admission numbers of the students and criteria or basis of how the students were identified.

Under the circumstance, it has not been possible to ascertain that the expenditure of Kshs.2,181,000 reached the intended institutions and that the funds benefited the deserving students.

## 6.0 Supply of Office Furniture and Equipment

Examination of payment vouchers and supporting documents revealed that CDF Mandera North made payments totalling to Kshs.1,447,500.00 for supply of furniture and equipment during the year under review. Records made available indicated that the stores were received and recorded in stores ledgers. However, issue notes were not raised and hence point-of-use was not known. Further, the furniture and equipment purported to have been purchased were not in the store and were also not physically presented for audit verification.

In view of these anomalies, it has not been possible to confirm whether the items of furniture valued at Kshs.1,447,500.00 were supplied and put to intended purpose.

### Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Constituencies Development Fund – Mandera North 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 and comply with the Constituencies Development Fund Act 2013.

### Other Matter

#### 1.0 Budget and Budgetary Control

##### 1.1 Budget Performance

During the year under review, the Budget for CDF Mandera North was Kshs.212,461,207.35 with Kshs.17, 141,657.81 (8.6 per cent) allocated to recurrent expenditure and Kshs.181,435,607.59(91.4 per cent) to development projects. However, the CDF received Kshs.111,333,063 (52.4 per cent) of their total budget of Kshs.212,461,207 for the year from the CDF Board and had Ksh.64,017,123.35 (30.1 per cent) as balance brought forward from the financial year 2013/2014.

Item	Actual (Kshs)	Budget Allocation (Kshs)	Absorpti on (%)	% of Total Expenditure
Recurrent Expenditure	11,133,446.60	17,141,657.81	64.9%	8.1%

Development Expenditure	126,672,232.00	181,435,607.59	69.8%	91.9%
<b>Total</b>	<b>137,805,678.69</b>	<b>198,577,265.40</b>	<b>69.4%</b>	

However, the balance of Kshs.37,111,021.00 representing 25% of the budget had not been disbursed as at 30 June 2015. Therefore the CDF absorbed only 69.4% of the budget. The budget of Kshs.212,461,207.35 included Ksh.64,017,123.35 for projects budgeted for financial year 2013/2014. The CDF Mandera North spent Kshs.126,672,232.00 for Development activities in Education, Health, security and water projects which represents 69.2 percent of total expenditure incurred during the year under review.

No proper explanation was given for the failure to complete the projects budgeted for 2013/2014. The delayed implementation affected allocations for the year under review adversely.

## 1.2 Under/Over Expenditure

The Constituency Development Fund – Mandera North under spent by a total of Kshs.74,655,528.75 on compensation of employees, use of goods and services, committee expenses, transfer to other government Units, Other Grants and transfers, acquisition of Assets, as reflected in the table below.

The under expenditure adversely affected implementation of development projects meant to provide service delivery to the constituents:

Item	Budget (Kshs)	Actual (Kshs)	Over expenditure (Kshs.)	Under expenditure (Kshs.)
Compensation of Employees	2,576,600.80	2,019,728.60		556,872.20
Use of Goods and Services	6,968,386.91	3,420,828.00		3,547,558.91
Committee Expenses	7,127,105.91	5,669,490.00		1,457,615.91
Transfers to other Government Units	133,123,940.00	74,490,637.00		58,633,303.00
Other Grants and transfers	60,693,573.73	50,734,095.00		9,959,478.73
Social Security Benefits	21,600.00	23,400.00	1,800.00	
Acquisition of	1,450,000.00	1,447,500.00		2,500.00

Assets				
Other payments	500,000			500,000
<b>Total</b>	<b>212,461,207.35</b>	<b>137,805,678.60</b>	<b>1,800.00</b>	<b>74,655,528.75</b>

### 1.3 Implementation of Budgeted Projects

A total of Kshs.104,537,931.00 was allocated during the year to finance fifty one (51) projects. All the projects were implemented as planned. However, some of the projects were partly paid for while others were not paid for at all. As a result, the CDF had pending bills totaling to Kshs.74,655,528.75 as at 30 June 2015.

Sector	No of Budgeted Projects	Budget Allocation (Kshs)	Actual expenditure (Kshs)	No. of projects implemented	No. of projects not Executed
Education (Primary & Secondary)	44	88,837,931	30,168,390.00	44	Nil
Health	1	200,000.00	190,000.00	1	nil
Security	3	6,900,000	2,115,000.00	3	nil
Water	3	8,600,000	8,207,815.00	3	nil
<b>TOTAL</b>	<b>51</b>	<b>104,537,931</b>	<b>40,681,205.00</b>	<b>51</b>	<b>nil</b>

Further, although the CDF implemented all the budgeted projects as planned, those not paid for were not handed to the management and thus could not be put to use. Therefore the delayed payments had a negative impact on service delivery.

### 2.0 Under Funding

During the year under review the Constituency was allocated Kshs.212,461,207.35 for use on various projects which were earmarked for implementation. However, the CDF Board released only Kshs.137,805,678.60 resulting in a shortfall of Kshs.74,655,528.75.

No explanation has been provided for the underfunding of the approved budget.

### 3.0 Unresolved Prior Year Issues 2013/2014

#### 3.1 Irregular Award of Contracts

Contracts valued at Kshs.17,896,750 were awarded during the year under review without adherence to the Public Procurement and Disposal Act, 2005 and Procurement Regulations of 2006. However, out of these audit queries were raised on contracts valued at Kshs.12,996,750 for use of inappropriate procurement methods but adequate responses to the queries were not provided. Therefore the queries remain unresolved.

#### 3.2 Bursary Expenses

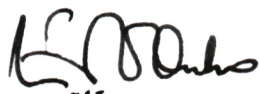
Similarly audit queries were raised on bursary expenses totalling to Kshs.8,409,800.

However, the CDF management presented for audit verification official receipts for fees paid totaling to Kshs.1,321,200 only and therefore the balance of the bursary grants amounting to Kshs.7,088,600 reportedly disbursed to universities and schools was not unaccounted for.

### **3.3 Monitoring and Evaluation Expenses**

Audit queries on monitoring and evaluation expenses totaling to Kshs.1,675,349.20 were not adequately responded to and thus remain unresolved to date.

My opinion is not qualified in respect of these matters.



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

**NAIROBI**

**13 December 2016**

**CONSTITUENCY DEVELOPMENT FUND- MANDERA NORTH CONSTITUENCY**

**Reports and Financial Statements**

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

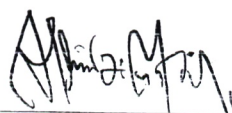
**III. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	111,333,063.00	101,910,878.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>111,333,063.00</b>	<b>101,910,878.00</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,019,728.60	1,094,999.20
Use of goods and services	5	3,420,828.00	2,351,805.45
Committee Expenses	6	5,669,490.00	1,988,000.00
Transfers to Other Government Units	7	- 74,490,637.00	16,896,750.00
Other grants and transfers	8	50,734,095.00	15,562,200.00
Social Security Benefits	9	23,400.00	-
Acquisition of Assets	10	1,447,500.00	-
Other Payments	11	-	-
<b>TOTAL PAYMENTS</b>		<b>137,805,678.60</b>	<b>37,893,754.65</b>
<b>SURPLUS/DEFICIT</b>		<b>(26,472,615.60)</b>	<b>64,017,123.35</b>
<b>RECEIPTS</b>			

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



Chairman - CDFC

Fund Account Manager





**CONSTITUENCY DEVELOPMENT FUND- MANDERA NORTH CONSTITUENCY**

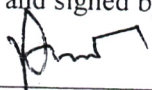
**Reports and Financial Statements**

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

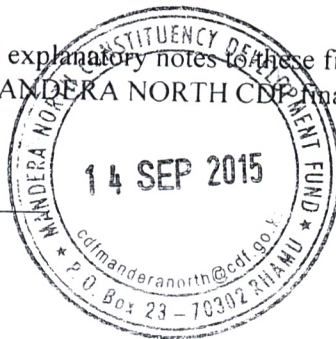
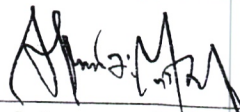
**IV. STATEMENT OF ASSETS**

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	12A	37,544,507.75	64,017,123.35
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	12C	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>37,544,507.75</b>	<b>64,017,123.35</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	13	64,017,123.35	-
Surplus/Deficit for the year		(26,472,615.60)	64,017,123.35
Prior year adjustments	14	-	-
<b>NET FINANCIAL POSSITION</b>		<b>37,544,507.75</b>	<b>64,017,123.35</b>

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



**Chairman - CDFC**

**Fund Account Manager**

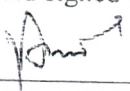


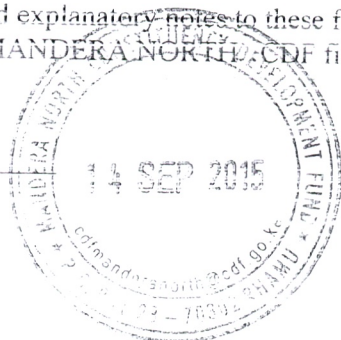
**CONSTITUENCY DEVELOPMENT FUND- MANDERA NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

**V. STATEMENT OF CASHFLOW**

		2014 - 2015	2013 - 2014
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	111,333,063.00	101,910,878.00
Other Receipts	3	-	-
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,019,728.60	1,094,999.20
Use of goods and services	5	3,420,828.00	2,351,805.45
Committee Expenses	6	5,669,490.00	1,988,000.00
Transfers to Other Government Units	7	74,490,637.00	16,896,750.00
Other grants and transfers	8	50,734,095.00	15,562,200.00
Social Security Benefits	9	23,400.00	-
Other Payments	11	-	-
		136,358,178.60	37,893,754.65
<b>Adjusted for:</b>			
Adjustments during the year		-	-
<b>Net cash flow from operating activities</b>		(25,025,115.60)	64,017,123.35
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	(1,447,500.00)	-
<b>Net cash flows from Investing Activities</b>		(1,447,500.00)	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		(26,472,615.60)	64,017,123.35
<b>Cash and cash equivalent at BEGINNING of the year</b>	15	64,017,123.35	-
<b>Cash and cash equivalent at END of the year</b>	16	37,544,507.75	64,017,123.35

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

  
**Chairman CDFC**



  
**Fund Account Manager**



VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

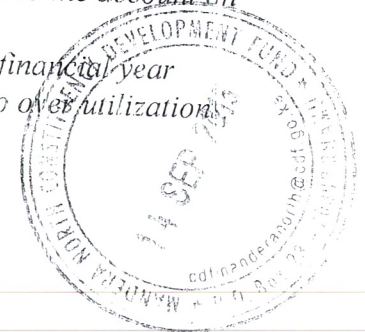
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f= d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	148,444,084.00	64,017,123.35	212,461,207.35	111,333,063.00	101,128,144.35	52
Proceeds from Sale of Assets				-	-	0
Other Receipts				-	-	0
<b>PAYMENTS</b>						
Compensation of Employees	2,336,000.00	240,600.80	2,576,600.80	2,019,728.60	556,872.20	78
Use of goods and services	5,320,192.36	1,648,194.55	6,968,386.91	3,420,828.00	3,547,558.91	49
Committee Expenses	5,682,175.20	1,444,930.71	7,127,105.91	5,669,490.00	1,457,615.91	80
Transfers to Other Government Units	89,037,931.00	44,086,009.00	133,123,940.00	74,490,637.00	58,633,303.00	56
Other grants and transfers	44,096,185.44	16,597,388.29	60,693,573.73	50,734,095.00	9,959,478.73	84
Social Security Benefits	21,600.00	-	21,600.00	23,400.00	(1,800.00)	108
Acquisition of Assets	1,450,000.00	-	1,450,000.00	1,447,500.00	2,500.00	00
Other Payments	500,000.00	-	500,000.00	-	500,000.00	0
<b>TOTALS</b>	<b>148,444,084.00</b>	<b>64,017,123.35</b>	<b>212,461,207.35</b>	<b>137,805,678.60</b>	<b>74,655,528.75</b>	<b>59</b>

- (a) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]
- Use of goods and Services has being underutilized because the 50% AIE was delay by the board to channel to the account on time.
  - Social Security benefit was over utilized because the Salary of June 2014 was paid after the closure of the financial year 2013/14 as result employer contribution for the Months of June was being paid on July 2014 thus results to over utilization.

The MANDERA NORTH CDF financial statements were approved on \_\_\_\_\_ 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.





# CONSTITUENCIES DEVELOPMENT FUND – MANDERA 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

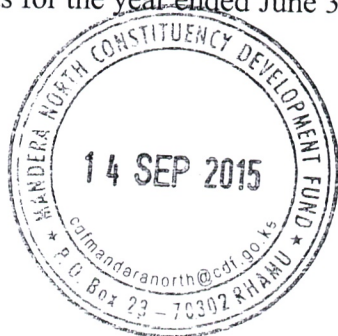
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *CDF*'s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment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





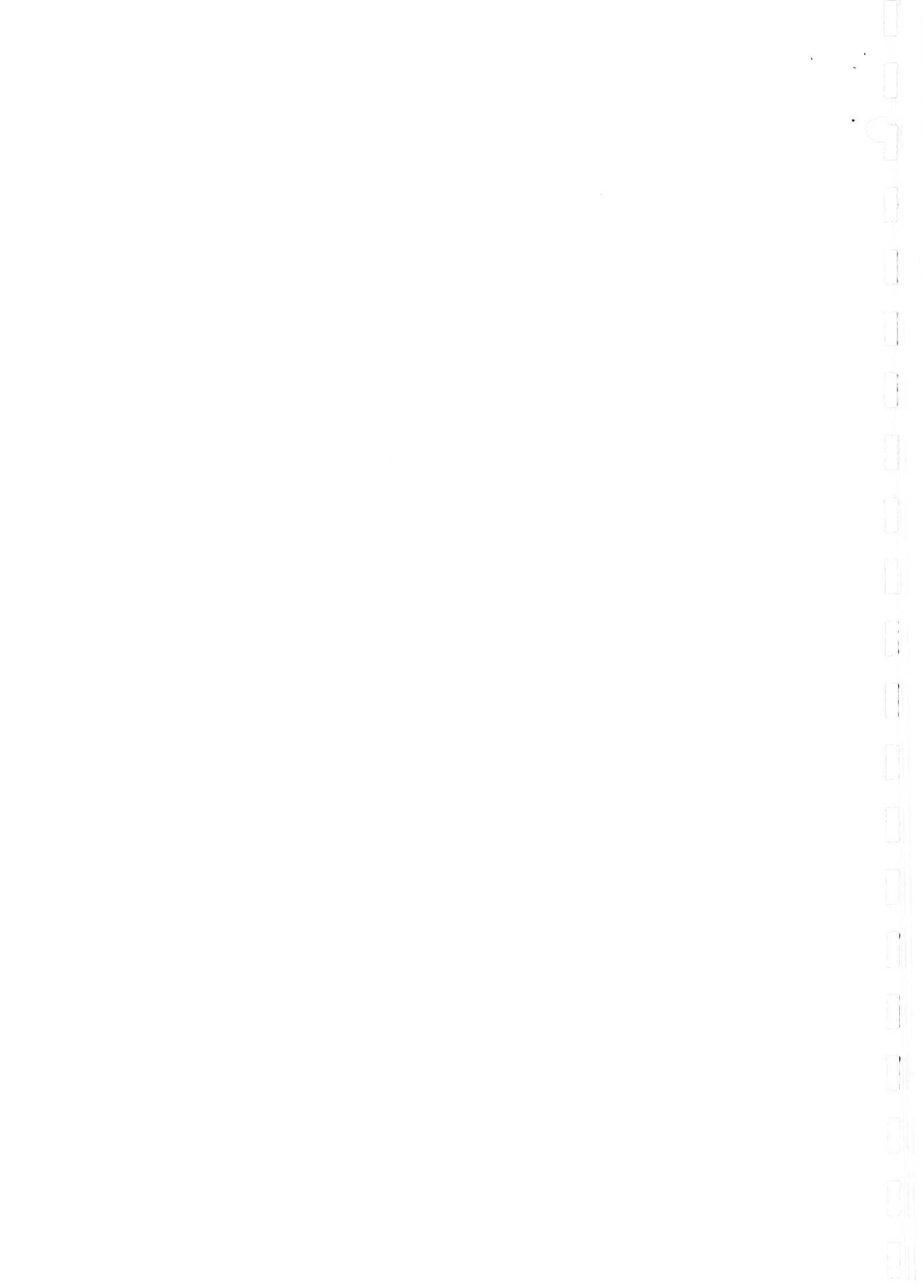
**CONSTITUENCIES DEVELOPMENT FUND – MANDERA NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

**VIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2014 - 2015	2013 - 2014
		Kshs	Kshs
CDF Board			
AIE NO	A790796	37,111,021.00	40,764,351.20
AIE NO	A796820	22,266,613.00	61,146,526.80
AIE NO	A796957	14,844,408.00	-
	A796053	37,111,021.00	-
(other constituency e.g, parent constituency)		-	-
<b>TOTAL</b>		<b>111,333,063.00</b>	<b>101,910,878.00</b>





**CONSTITUENCIES DEVELOPMENT FUND – MANDERA NORTH CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**4. COMPENSATION OF EMPLOYEES**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees	2,019,728.60	1,094,999.20
Basic wages of casual labour		-
<b>Personal allowances paid as part of salary</b>		
House allowance		-
Transport allowance		-
Leave allowance		-
Gratuity		-
Other personnel payments		-
<b>Total</b>	<b>2,019,728.60</b>	<b>1,094,999.20</b>





**CONSTITUENCIES DEVELOPMENT FUND – MANDERA NORTH CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. USE OF GOODS AND SERVICES**

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Utilities, supplies and services	218,506.00	60,000.00
Office rent	420,000.00	420,000.00
Communication, supplies and services	163,000.00	135,000.00
Domestic travel and subsistence	1,084,700.00	600,000.00
Printing, advertising and information supplies & services	208,600.00	43,000.00
Rentals of produced assets	0.00	0.00
Training expenses	700,000.00	750,000.00
Hospitality supplies and services	436,320.00	40,000.00
Insurance costs	0.00	0.00
Specialized materials and services	24,000.00	0.00
Office and general supplies and services	379,340.00	238,420.00
Other operating expenses	209,220.00	0.00
Routine maintenance – vehicles and other transport equipment	0.00	65,385.45
Routine maintenance – other assets	277,142.00	0.00
<b>Total</b>	<b>4,120,828.00</b>	<b>2,351,805.45</b>

**COMMITTEE EXPENSES**

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Committee allowances	1,954,000.00	1,324,000.00
Other committee expenses	3,015,490.00	664,000.00
<b>Total</b>	<b>4,969,490.00</b>	<b>1,988,000.00</b>







**CONSTITUENCIES DEVELOPMENT FUND – MANDERA NORTH CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**TRANSFER TO OTHER GOVERNMENT ENTITIES**

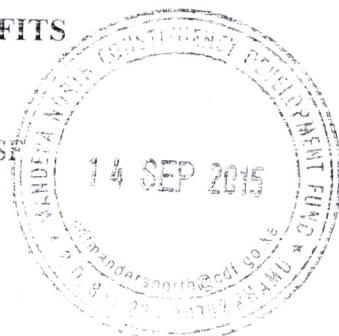
Description	2014 - 2015 Kshs	2013 - 2014 Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	50,456,884.00	9,898,000.00
Transfers to secondary schools (see attached list)	19,360,994.00	6,998,750.00
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	4,672,759.00	-
<b>TOTAL</b>	<b>74,490,637.00</b>	<b>16,896,750.00</b>

**OTHER GRANTS AND OTHER PAYMENTS**

	2014 - 2015 Kshs	2013 - 2014 Kshs
Bursary – secondary schools (see attached list)	4,601,100.00	3,222,200.00
Bursary – tertiary institutions (see attached list)	12,768,000.00	12,340,000.00
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	995,830.00	-
Water projects (see attached list)	17,707,815.00	-
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	-	-
Security projects (see attached list)	2,115,000.00	-
Roads projects (see attached list)	-	-
Sports projects (see attached list)	2,344,000.00	-
Environment projects (see attached list)	4,653,600.00	-
Emergency projects (see attached list)	5,548,750.00	-
<b>Total</b>	<b>50,734,095.00</b>	<b>15,562,200.00</b>

**SOCIAL SECURITY BENEFITS**

	2014 - 2015 Kshs	2013 - 2014 Kshs
Employer contribution to NSSF	23,400.00	-
<b>Total</b>	<b>23,400.00</b>	<b>-</b>





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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**ACQUISITION OF ASSETS**

**Non Financial Assets**

	2014 - 2015	2013 - 2014
	Kshs	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	1,347,500.00	-
Purchase of ICT Equipment, Software and Other ICT Assets	100,000.00	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	1,447,500.00	-





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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

12A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2014 - 2015	2013 - 2014
	Kshs	Kshs
<i>Equity Bank, Mandera Branch - A/c no. 1000261174117 and Currency Kshs.</i>	37,544,507.75	64,017,123.35
<b>Total</b>	<b>37,544,507.75</b>	<b>64,017,123.35</b>



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**CONSTITUENCY DEVELOPMENT FUND- MANDERA NORTH 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	64,017,123.35	-
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>64,017,123.35</b>	<b>-</b>

15. OTHER IMPORTANT DISCLOSURES

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	58,633,303.00	44,086,009.00
Amounts due to other grants and other transfers (see attached list)	9,959,478.73	16,597,388.29
Others ( <i>specify</i> )	6,062,047.02	3,333,726.06
	<b>74,654,828.75</b>	<b>64,017,123.35</b>



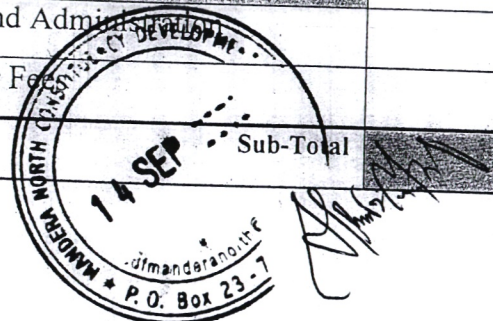
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**ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

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. Amount Due to Educational Institution	Primary School	77,989,931.00		50,456,884.00	27,533,047.00	27,752,000.00	
2. amount due to Educational Institution	Secondary School	50,451,250.00		19,360,994.00	31,090,256.00	11,851,250.00	
3. Amount due to Health Institution	Health	4,682,759.00		4,672,759.00	10,000.00	4,482,759.00	
	<b>Sub-Total</b>	<b>133,123,940.00</b>			<b>58,633,303.00</b>	<b>44,086,009.00</b>	
<b>Amounts due to other grants and other transfers</b>							
4. Amount due to Security Projects	Security Projects	6,900,000.00		2,115,000.00	4,785,000.00	-	
5. Bursary	Bursary	18,842,532.99		18,364,930.00	477,602.99	784,369.91	
6. Amount due to Sports	Sports	2,968,881.68		2,344,000.00	624,881.68	-	
7. Amount Due to Environments'	Environments	4,917,444.08		4,653,600.00	263,844.08	1,948,562.40	
8. Emergency	Emergency	8,964,715.00		5,548,750.00	3,415,965.00	3,564,456.00	
9. Water	Water	18,100,000.00		17,707,815.00	392,185.00	10,300,000.00	
	<b>Sub-Total</b>	<b>60,693,573.75</b>			<b>9,959,478.75</b>	<b>16,597,388.31</b>	
<b>Others (specify)</b>							
10. M & E and Admin		16,672,093.62		11,110,046.60	5,562,047.02	3,333,726.06	
11. Auditor Fees		500,000.00		-	500,000.00	-	
	<b>Sub-Total</b>	<b>17,172,093.62</b>			<b>6,062,047.02</b>	<b>3333726.06</b>	





Name		Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
	Grand Total		210,989,607.37			74,654,828.77	64,017,123.37	

#### ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2014/15	Historical Cost (Kshs) 2013/14
Land	-	-
Buildings and structures	-	-
Transport equipment	-	-
Office equipment, furniture and fittings	1,347,500.00	-
ICT Equipment, Software and Other ICT Assets	100,000.00	-
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
<b>Total</b>	<b>1,447,500.00</b>	<b>-</b>



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