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ON THURSDAY 16TH
MARCH 2017

REPORT

OF

THE AUDITOR-GENERAL

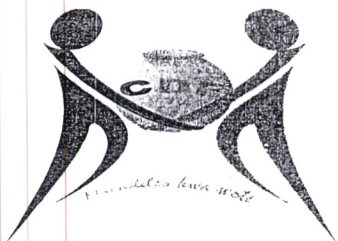
ON

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

**FOR THE YEAR ENDED
30 JUNE 2015**







**CONSTITUENCY DEVELOPMENT FUND- MANDERA SOUTH
CONSTITUENCY**

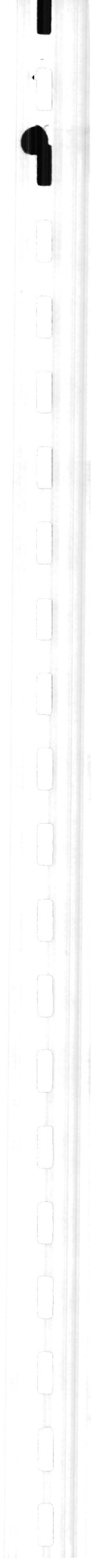
REPORTS AND FINANCIAL STATEMENTS

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

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

CONSTITUENCY DEVELOPMENT FUND – MANDERA SOUTH 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	5
IV. STATEMENT OF RECEIPTS AND PAYMENTS.....	6
V. STATEMENT OF ASSETS.....	7
VI. STATEMENT OF CASHFLOW	8
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	10
VIII. SIGNIFICANT ACCOUNTING POLICIES	12
IX. NOTES TO THE FINANCIAL STATEMENTS.....	15



I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *Constituencies Development Fund*.

(b) Key Management

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

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

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Mohamud Gedi
3.	Accountant	Danson Mwangi
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of CDF Board provide overall fiduciary oversight on the activities of Mandera south Constituency. The reports and recommendation of ARMC when adopted by the CDF Board are forwarded to the Constituency Development Fund Committee (CDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) MANDERA SOUTH CDF Headquarters

P.O. Box 10
Shukri Building
Elwak-Wajir Road
Elwak, KENYA



(f) MANDERA SOUTH CDF Contacts

Telephone: (254) 721726301/0720782828
E-mail: mgedi@cdf.go.ke
Website: www.go.ke

(g) MANDERA SOUTH CDF Bankers

1. Equity Bank Limited
Mandera Branch
P.O. Box 75104
City Square 00200
Nairobi, 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



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

The Constituency Development Fund Mandera South has achieved much of intended objective of the projects. We have been able to put up many classrooms that has led to higher enrolment of school going children as well as providing infrastructure for educational institutions.

Our fund absorption rate has been excellent with timely disbursement to Project Management Committees.

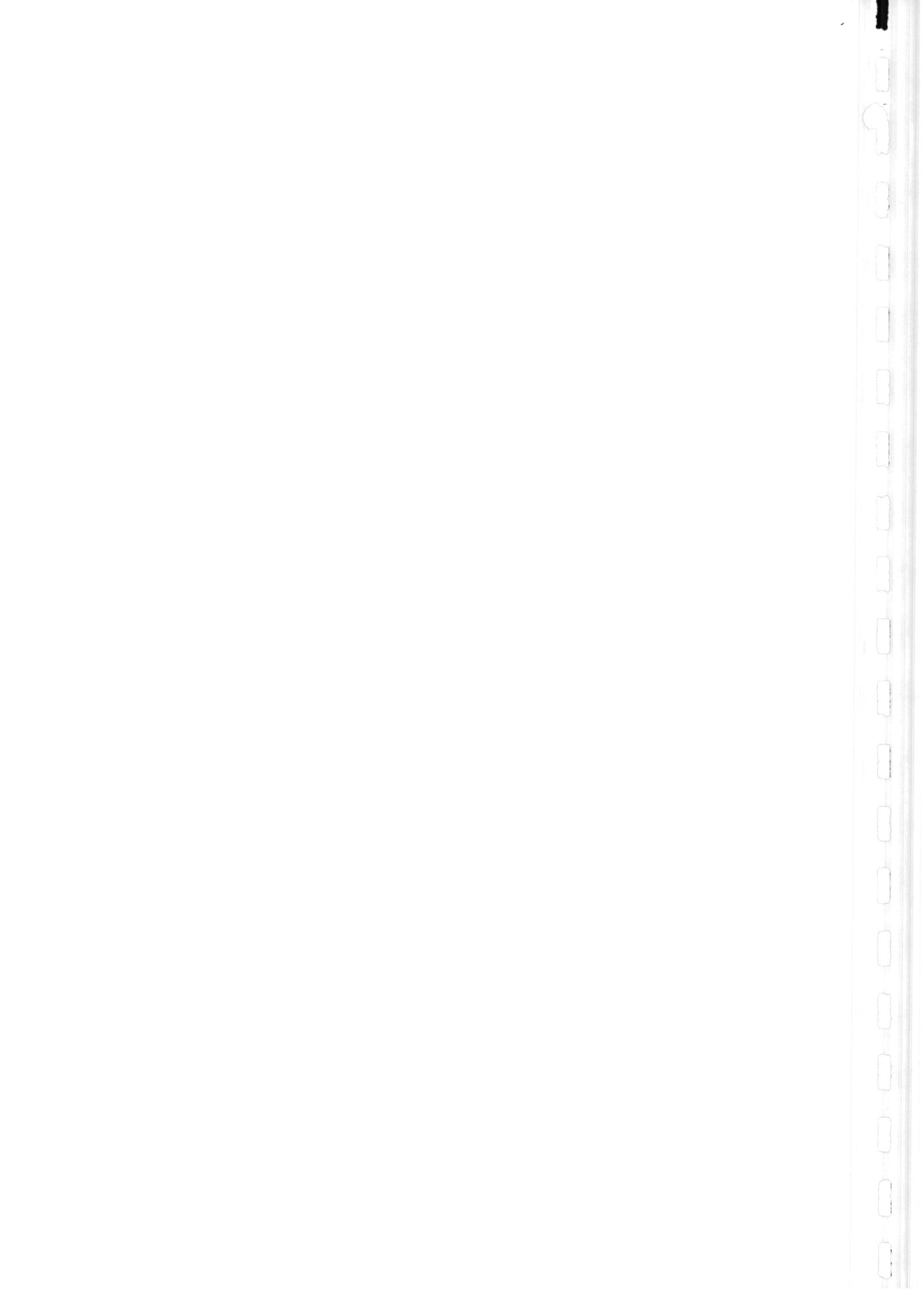
The table below shows the actual budget for the 2014/15 FY

Serial	Name of Project	Amount 2014/15 Allocated
042/AP1	Administration/Recurrent	5,487,908
042/AP2	M & E and capacity building	5,487,908
042/2640509	Sports	3,658,605
042/2640510	Environment Projects	3,435,330
042/2640100	Bursary/mocks/CATs	20,122,329
042/2640200	Emergency	5,400,259.00
042/2211310	Audit Fee	500,000
042/2630204	Rehabilitation of schools	837,931
042/2630204	Primary school projects	69,200,000
042/2630205	Secondary school projects	25,200,000
042/2630206	Tertiary institutions	11,000,000
042/2640504	Water/Sanitation Projects	8,900,000.00
042/2640508	Roads Projects	10,600,000
042/3110104	Electricity	11,000,000
	Health Projects	2,100,000
Total for the Financial Year		182,930,270

Our absorption rate has been excellent during the period under review with 90% of our projects complete and in use.

KEY ACHIEVEMENTS

- We have successfully put up many classrooms that has contributed positively to educational success.
- We have fenced eight schools within the towns that has helped stop grabbing of school lands.
- We were able to pay fees for various students coming from poor families in various Institutions of learning.



- Increased access to water and health services by provision of healthcare facilities and water storage facilities.

EMERGING ISSUES

With the coming of Counties, some of the work in health and water that was being done through CDF has now being taken up by Counties. However the County Government cannot reach all areas in distribution of resources hence CDF should be allowed to continue funding such projects.

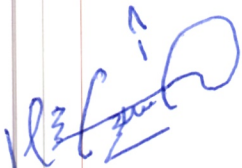
IMPLEMENTATION CHALLENGES

Security has being a major challenge in implementation of CDF Projects due to sporadic attacks by Alshabaab.

Educational crisis has remained a major challenge too as the classrooms put up by CDF has remained empty as teachers have deserted the Constituency due to security challenges.

WAY FORWARD

For the projects to have maximum impact, the Government should ensure the security problem in the County and the Constituency is minimised. We should involve all actors for development to reach every corner of the Constituency.



SIGNED



CHAIRMAN CDFC



III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government 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.

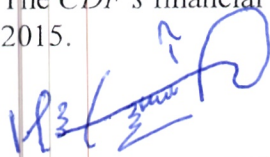
The Accounting Officer in charge of the (*indicate actual name of the CDF*) is responsible for the preparation and presentation of the *CDF's* financial statements, which give a true and fair view of the state of affairs of the *CDF* for and as at the end of the financial year (period) ended on June 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 (*name of the 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 (*name of the 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 (*name of the 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.

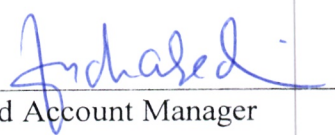
Approval of the financial statements

The *CDF's* financial statements were approved and signed by the Accounting Officer on 08/09 2015.



CDFC Chairman

FUND MANAGER
MANDERA SOUTH CONSTITUENCY
P. O. Box 10,
ELWAK



Fund Account Manager



REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund – Mandera South Constituency set out on pages 6 to 23, which comprise the statement of financial assets as at 30 June, 2015, and the statement of receipts and payments, statement of cash flows, and summary statement of appropriation: recurrent and development combined and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 (4) of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003. I have obtained all the information and explanation which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. 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

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

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

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

Basis for Adverse Opinion

1.0 Presentation, Accuracy and Completeness of the Financial Statements

International Public Sector Accounting Standards (Cash Basis) 2 1(d) requires that complete financial statements should comprise among others, a statement of cash flows and that additional disclosures should be indicated when necessary.

However, the following anomalies were noted:

- (i) The statement of cash flows of Mandera South CDF for the period ended 30 June 2015 did not show net increase in cash and cash equivalents for the period. Further, note 15 and 16 referenced in the same statement of cash flows should be note 13 and 12A respectively which has not been corrected.
- (ii) All the headings of the notes supporting the financial statements are for the year ended 30 June 2014 starting from page 13 to page 23 of the financial statements.
- (iii) The CDF management produced for audit review schedule of pending payments of Kshs.46,033,646 at the closure of the financial year 2014/2015. However, no disclosure note was included in the financial statements on the pending bills.
- (iv) No action was included in the financial statements under review on audit issues raised in 2013/2014 where the Fund had a disclaimer of opinion, contrary to the IPSAS cash basis reporting presentation format and the Public Finance Management Act, 2012 requirements.

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

2.0 Unaccounted for Grants

During the year under review, Mandera South CDF Committee allocated and issued grants totalling to Kshs.11,232,759 to health and education sectors for various projects as follows:-

Payee	Activity	Amount (Kshs)
Fincharo Dispensary Project Committee	Construction of staff house at Fincharo dispensary	4,482,759
Aluteibi Primary School	Construction of perimeter fence at Aluteibi Primary School	3,500,000
Sakena Construction Co. Limited	Construction of Perimeter fence at Elgolicha Primary School	1,450,000
Lehele Primary School (PMC)	Construction of 2no. classrooms at Lehele Primary School	1,000,000
Falama Primary School PMC	Construction of 2no. classrooms at Falama Primary School	800,000
Total		11,232,579

Although the projects were physically verified on 8 April 2016 and found to be complete and in use, project procurement files were not made available for audit verification. It was therefore, not possible to confirm whether proper procurement procedures were followed when awarding the contracts and that the projects had been implemented as per the Bills of Quantities specifications.

3.0 Award of Contracts for Capital Projects

Examination of payment vouchers, project files and other records held at the Mandera South CDF Office revealed that contracts amounting to Kshs.19,937,931 were awarded during the financial year under review. However, scrutiny of the project records showed that they lacked contracts agreements, opening/evaluation and awarding minutes and letters of notification to unsuccessful bidders. Physical verification of the projects was done on 8 April 2016 and the projects were found to be complete, but it was not possible to confirm that proper procurement procedures were followed in awarding the contracts and that the projects were implemented as per the Bills of Quantities and agreed specifications.

In view of the foregoing, the Fund may not have realized value for money from the expenditure of Kshs.19,937,931.

4.0 Unaccounted for Expenditure

4.1 Emergency Projects

During the year under review, an amount of Kshs.34,399,950 was spent on emergency projects such as water tracking services to various settlements within the constituency and construction of 2 toilets, 2 troughs, repair of old trough and pipe works at Chachabole. However, the following anomalies were noted;

- (i) There were no written contract agreements entered and signed between the Project Management Committee (PMC) and the firms contracted to provide water tracking services and the construction of toilets and troughs.
- (ii) Work tickets showing the movement and logbooks of motor vehicles contracted to supply water to various centres were not made available for audit review.
- (iii) Notification to unsuccessful bidders was not done as required by the Public Procurement and Disposal Act, 2005.

Under the circumstances, the propriety of the expenditure amounting to Kshs.34,399,950 could not be ascertained.

4.2 Bursary Expenses

Examination of payment vouchers and the CDF Committee minutes disclosed that in the financial year 2014/2015, the Committee disbursed bursaries amounting to Kshs.20,122,329 to various schools and universities to benefit needy students. Although the payment showed that the funds were disbursed as allocated, there were no fees payment receipts and acknowledgement letters from benefiting institutions for bursaries amounting to Kshs.3,330,800.

Under the circumstances, it has not been possible to ascertain that the total amount of Kshs.3,330,800 was used for the intended purposes.

4.3 Administration, Monitoring/Evaluation Expenses

During the period under review, examination of payment vouchers and supporting documents held at Mandera South Office revealed that the CDF Mandera South incurred expenditure amounting to Kshs.8,655,500 on CDF Committee allowances, staff salaries, office rent and car hire services. However, the following issues were noted.

- (i) The CDF management did not produce for audit verification temporary work tickets, copy of log books and driver's driving licenses to justify the expenditure.
- (ii) Progress reports on monitored projects as well as report on drought assessment were not made available for audit verification.
- (iii) Muster roll was not maintained for the CDF Committee and therefore it was not possible to confirm whether the staff were paid based on daily work performed.
- (iv) Staff salaries were increased from the month of December 2014 without approval as required from Constituency Development Fund Committee to support the salary increment.

- (v) Salary payments to the CDF Committee staff was not subjected to NSSF, NHIF and PAYE deductions and no amount was remitted to the relevant institutions.
- (vi) Office rent for the premises was not subjected to competitive bidding as there was no request for quotations during the procurement stage.

In view of the foregoing, the expenditure of Kshs.8,655,500 could not be ascertained as a proper charge to public funds.

5.0 Unutilized ((Idle) Health Facilities

Audit of health sector projects implemented during financial years 2013/2014 and 2014/2015 by Mandera South Constituency Development Committee revealed that two (2) health facilities at Chachabole and Kutayu were completed between 6 and 12 June 2015 as per works completion certificates issued by the Ministry of Public Works. A total of Kshs.5,700,000 was paid for the construction of the two outpatient dispensary blocks. However, audit verification done on 8 April 2016 established that the health facilities have not been put into use ten months since they were completed. It was therefore possible to confirm whether public participation and consultation with the community was done before the project was under taken as the facility is not benefiting the community.

Consequently, the Fund and the constituents have not obtained value for money for the expenditure of Kshs.5,700,000.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of Constituencies Development Fund – Mandera South 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 CDF Act, 2013.

Other Matter

1.0 Budget and Budgetary Control

1.1 Budgetary Performance

During the year under review, the Budget for Constituencies Development Fund - Mandera South was Kshs.188,220,013 with Kshs.10,955,016 (8%) allocated as recurrent expenditure and Kshs.177,224,997 (92%) allocated for development activities as shown in the table below;

Item	Actual (Kshs)	Budget Allocation(Kshs)	Absorption %	% of Total Expenditure
Recurrent Expenditure	10,995,016	10,995,016	100	8
Development Expenditure	130,191,311	177,224,997	73.5	92
Total	141,186,327	188,180,013	75	

The CDF management received Kshs.181,930,270 (97%) as transfers from the CDF Board and had an additional income of Kshs.5,289,743 (3%) as cash balance brought forward from financial year 2013/2014.

However,

- (i) During the financial period under review, the CDF Mandera South received Kshs.181,930,270 which was 97 percent of their budget with remaining Kshs.6,289,743 representing 3% not financed as at 30 June 2015. The Fund could only absorb 75% of their budget.
- (ii) The CDF Mandera South spent Kshs.130,191,311 to development activities in education, health, roads and water projects within the Constituency which represents 92% of total expenditure.

1.2 Under/Over Expenditure

The Constituency Development Fund – Mandera South under spent on transfers to other government units and other grants items totalling to Kshs.47,033,685 thus the Fund could not utilize 25% of its budget. No valid reasons were provided for not utilizing all the available funds to benefit the constituents.

Item	Budget (Kshs)	Actual (Kshs)	Under (Kshs)
Compensation of Employees	1,218,000	1,218,000	-
Use of Goods and Services	6,487,908	6,487,908	-
Committee Expenses	3,269,908	3,269,908	-
Transfers to other Government Units	110,318,731	81,724,788	28,593,943
Other Grants and Transfers	66,906,266	48,466,523	18,439,743
Social Security Benefits	19,200	19,200	-
Total	188,220,013	141,186,327	47,033,685

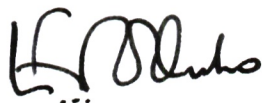
1.3 Projects Implementation and Management

A total of Kshs.126,000,000 was allocated during the year to finance fifty four (54) projects. However, Kshs.97,577,788 had been spent on fifty three (53) projects as shown in the table below.

Sector	No. of Budgeted Projects	Budget Allocation (Kshs)	Actual Expenditure (Kshs)	No. of Projects Implemented	No. of Projects not Executed
Education - Primary	31	69,200,000	64,624,788	31	
Education – Secondary	9	25,200,000	15,000,000	9	
Health	3	2,100,000	2,100,000	3	
Roads	4	10,600,000	9,100,000	4	
Water	6	7,900,000	6,750,000	6	
Other (Borehole 11 Electricity Projects)	1	11,000,000	2,999	-	1
Total	54	126,000,000	97,577,787	53	1

From the above, it was noted that the CDF Mandera South had implemented 53 out of the 54 projects budgeted for.

My opinion is not qualified in respect of these matter.



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

NAIROBI

06 December 2016

CONSTITUENCY DEVELOPMENT FUND- MANDERA SOUTH CONSTITUENCY

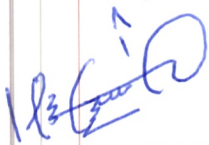
Reports and Financial Statements

For the year ended June 30, 2015

IV. STATEMENT OF RECEIPTS AND PAYMENTS

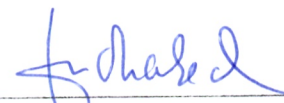
	Note	2014-2015 Kshs	2013-2014 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	181,930,270.00	124,673,643.00
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		181,930,270.00	124,673,643.00
PAYMENTS			
Compensation of employees	4	1,218,000.00	1,140,000.00
Use of goods and services	5	6,487,908.00	6,685,271.00
Committee Expenses	6	3,269,908.00	1,763,816.00
Transfers to Other Government Units	7	81,724,787.99	74,500,000.00
Other grants and transfers	8	48,466,523.00	33,775,613.00
Social Security Benefits	9	19,200.00	19,200.00
Acquisition of Assets	10	-	1,500,000.00
Other Payments	11	-	-
TOTAL PAYMENTS		141,186,326.99	119,383,900.00
SURPLUS/DEFICIT		40,743,943.01	5,289,743.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MANDERA SOUTH CDF financial statements were approved on 8/29/15 and signed by:

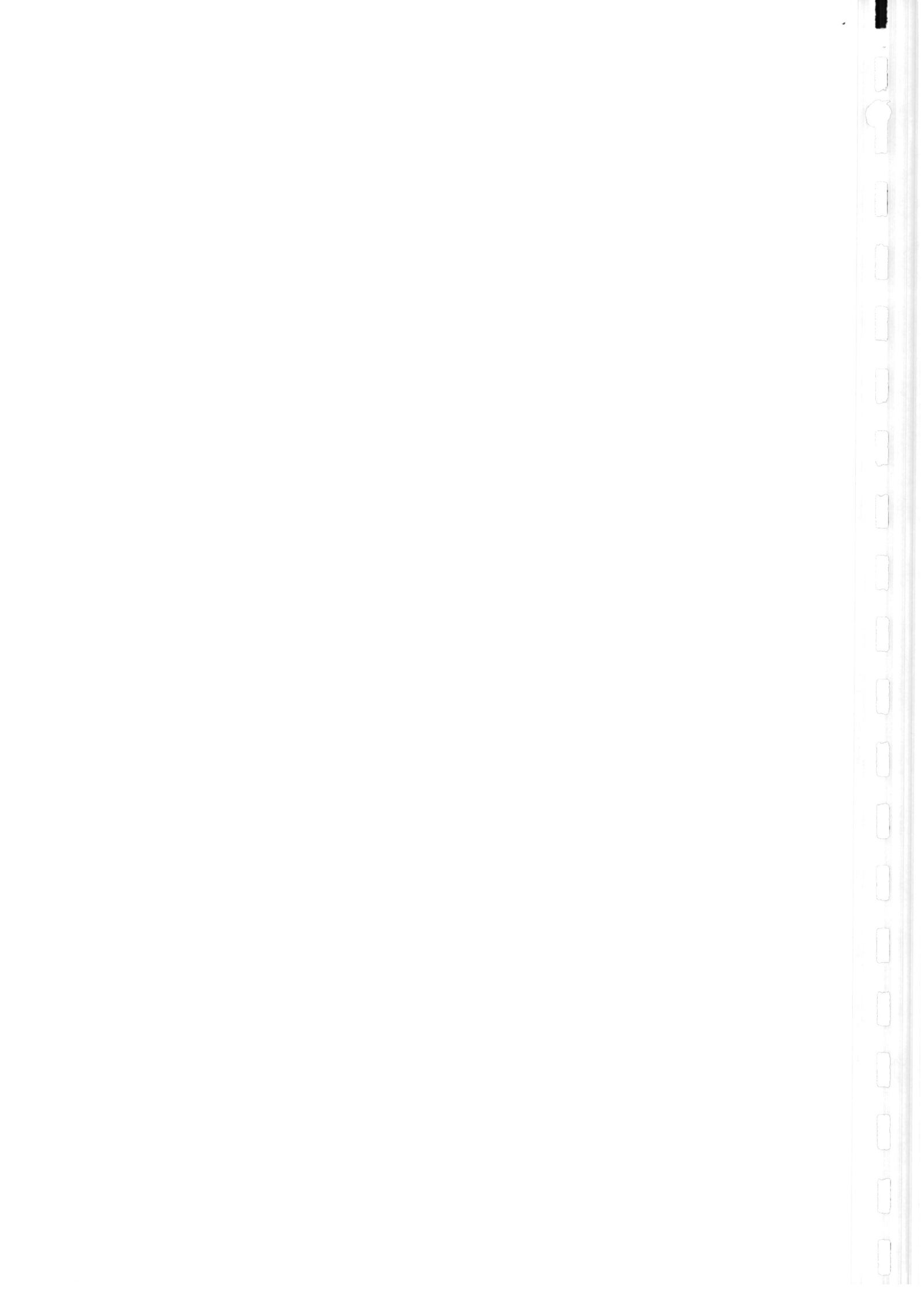


Chairman - CDFC

FUND MANAGER
MANDERA SOUTH CONSTITUENCY
P. O. BOX 10,
ELWAK



Fund Account Manager

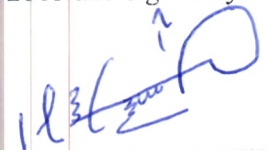


CONSTITUENCY DEVELOPMENT FUND- MANDERA SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015


V. STATEMENT OF ASSETS

	Note	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12A	46,033,686.01	5,289,743.00
Cash Balances (cash at hand)	12B	-	0
Outstanding Imprests	12C	-	0
			0
TOTAL FINANCIAL ASSETS		<u>46,033,686.01</u>	<u>5,289,743.00</u>
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	5,289,743.00	-
Surplus/Deficit for the year		40,743,943.01	5,289,743.00
Prior year adjustments	14	-	-
NET LIABILITIES		<u>46,033,686.01</u>	<u>5,289,743.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MANDERA SOUTH CDF financial statements were approved on 08/09/15 2015 and signed by:


 Chairman - CDFC

FUND MANAGER
 MANDERA SOUTH CONSTITUENCY
 P.O. BOX 10,
 EL-DIRAK


 Fund Account Manager



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

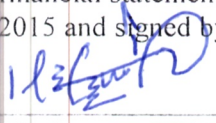
VI. STATEMENT OF CASHFLOW

		2014 - 2015	2013 - 2014
Receipts for operating income			
Transfers from CDF Board	1	181,930,270.00	124,673,643.00
Other Receipts	3	-	<u>0</u>
		181,930,270.00	
Payments for operating expenses			
Compensation of Employees	4	1,218,000.00	1,140,000.00
Use of goods and services	5	6,487,908.00	6,685,271.00
Committee Expenses	6	4,487,908.00	1,763,816.00
Transfers to Other Government Units	7	80,506,787.99	74,500,000.00
Other grants and transfers	8	48,466,523.00	33,775,613.00
Social Security Benefits	9	19,200.00	19,200.00
Other Payments	11		1,500,000.00
		<u>141,186,326.99</u>	<u>119,383,900.00</u>
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		40,743,943.01	5,289,743.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	10	0	0
Net cash flows from Investing Activities		0	0
NET INCREASE IN CASH AND CASH EQUIVALENT			
Cash and cash equivalent at BEGINNING of the year	15	5,289,743.00	0
Cash and cash equivalent at END of the year	16	40,743,943.01	5,289,743.00
		46,033,686.01	5,289,743.00



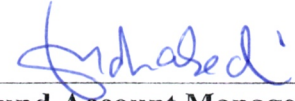
CONSTITUENCY DEVELOPMENT FUND- MANDERA SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MANDERA SOUTH CDF financial statements were approved on 8/09/2015 and signed by:



Chairman CDFC

FUND MANAGER
MANDERA SOUTH CONSTITUENCY
P. O. BOX 10,
ELWAK



Fund Account Manager




VII. 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 %
RECEIPTS						
Transfers from CDF Board	182,930,270.00	5,289,743.00	188,220,013.00	181,930,270.00	6,289,743.00	97
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
					-	
PAYMENTS						
Compensation of Employees	1,218,000.00		1,218,000.00	1,218,000.00	-	100
Use of goods and services	6,487,908.00		6,487,908.00	6,487,908.00	-	100
Committee Expenses	3,269,908.00		3,269,908.00	3,269,908.00	-	100
Transfers to Other Government Units	108,318,731.00	2,000,000.00	110,318,731.00	81,724,787.99	28,593,943.01	74
Other grants and transfers	63,616,523.00	3,289,743.00	66,906,266.00	48,466,523.00	18,439,743.00	72
Social Security Benefits	19,200.00	-	19,200.00	19,200.00	-	100
Acquisition of Assets			-	-	-	0
Other Payments			-	-	-	0
TOTALS	182,930,270.00	5,289,743.00	188,220,013.00	141,186,326.99	47,033,686.01	75



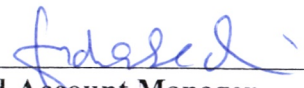
For the year ended June 30, 2015

The MANDERA SOUTH CDF financial statements were approved on 8/29/ 2015 and signed by:



Chairman CDF

FUND MANAGER
MANDERA SOUTH CONSTITUENCY
P.O. BOX 19,
ELWAK



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.

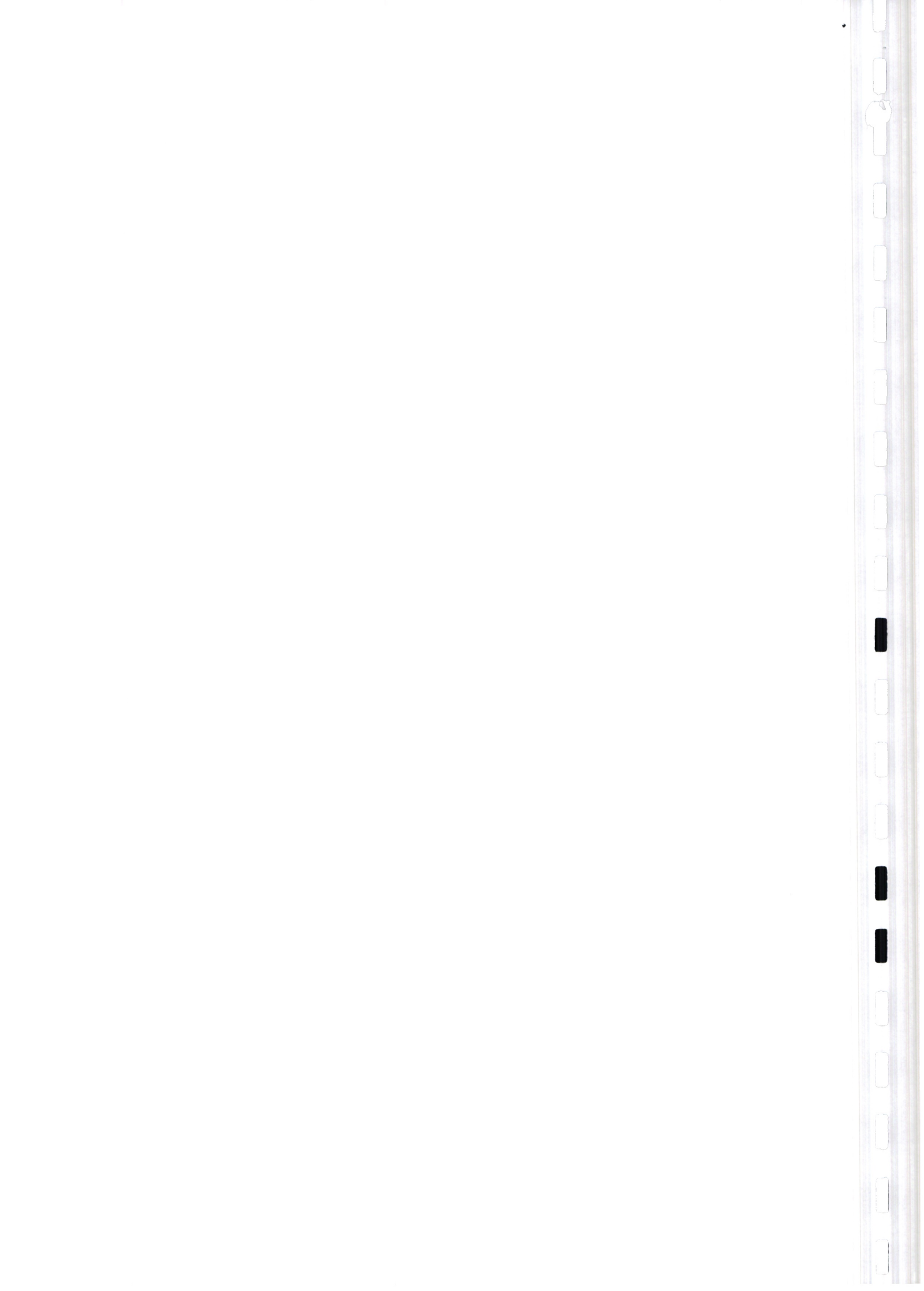


Reports and Financial Statements

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

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.



Reports and Financial Statements**For the year ended June 30, 2014 (Kshs'000)***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

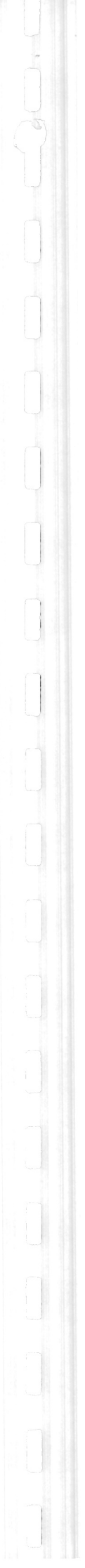
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *CDF's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment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



Reports and Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS

1:TRANSFERS FROM CDF BOARD

Description			2014 - 2015	2013 - 2014
			Kshs	Kshs
1330407	Normal Allocation	AIE NO A	-	49,869,457.20
		AIE NO A 735871	-	74,804,185.80
		AIE NO A759593	38,432,567.00	
		AIE NO A750355	7,300,000.00	-
		AIE NO A796608	23,439,540.50	
		AIE NO A796821	22,293,027.50	
		AIE NO A797101	45,732,567.50	
		AIE NO A796130	44,732,567.50	-
1330409	Receipt from other Constituency		-	-
	TOTAL		181,930,270.00	124,673,643.00



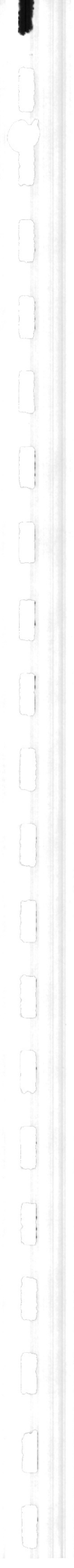
Reports and Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4:COMPENSATION OF EMPLOYEES

2110000	COMPENSATION OF EMPLOYEES		
	Description	2014 - 2015	2013- 2014
		Kshs	Kshs
2110201	Basic wages of contractual employees	1,218,000.00	1,140,000.00
2110202	Basic wages of casual labour	-	
	Personal allowances paid as part of salary		
2110301	House allowance	-	-
2110314	Transport allowance	-	-
2110320	Leave allowance	-	-
2110326	Other personnel payments	-	-
2710120	Gratuity		
	Total	1,218,000.00	1,140,000.00



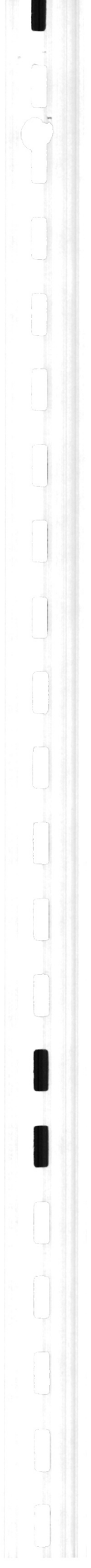
Reports and Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 USE OF GOODS AND SERVICES

	Description	2014 - 2015	2013 - 2014
		Kshs	Kshs
2210100	Utilities, supplies and services	4,667,908.00	4,403,818.00
2210104	Office rent	600,000.00	600,000.00
2210200	Communication, supplies and services	550,000.00	400,000.00
2210300	Domestic travel and subsistence	-	
2210500	Printing, advertising and information supplies & services	670,000.00	571,453.00
2210600	Rentals of produced assets	-	
2210700	Training expenses	-	
2210800	Hospitality supplies and services	-	
2210900	Insurance costs	-	
2211000	Specialised materials and services	-	
2211100	Office and general supplies and services	-	500,000.00
2211200	Fuel ,oil & lubricants	-	
2211300	Other operating expenses	-	210,000.00
2220100	Routine maintenance – vehicles and other transport equipment	-	
2220200	Routine maintenance – other assets	-	
		-	
	Total	6,487,908.00	6,685,271.00



Reports and Financial Statements

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

6 COMMITTEE EXPENSES

	Description	2014 - 2015	2013 - 2014
		Kshs	Kshs
2210802	Other committee expenses	1,000,000.00	515,816.00
2210809	Committee allowance	2,269,908.00	1,248,000.00
	TOTAL	3,269,908.00	1,763,816.00



Reports and Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7: TRANSFER TO OTHER GOVERNMENT ENTITIES

	Description	2014 - 2015	2013 - 2014
		Kshs	Kshs
2630204	Transfers to primary schools	64,624,787.99	47,000,000.00
2630205	Transfers to secondary schools	15,000,000.00	17,000,000.00
2630206	Transfers to Tertiary institutions	-	-
2630207	Transfers to Health institutions	2,100,000.00	10,500,000.00
	TOTAL	81,724,787.99	74,500,000.00

8 OTHER GRANTS AND OTHER PAYMENTS

	Description	2014 - 2015	2013 - 2014
		Kshs	Kshs
2640101	Bursary –Secondary	3,000,000.00	0
2640102	Bursary –Tertiary	17,122,329.00	14,211,157.00
2640104	Bursary-Special schools	-	-
2640105	Mocks & CAT	-	-
2640504	Water	6,750,000.00	4,000,000.00
2640505	Agriculture (food security)	-	-
2640506	Electricity projects	-	-
2640507	Security	-	-



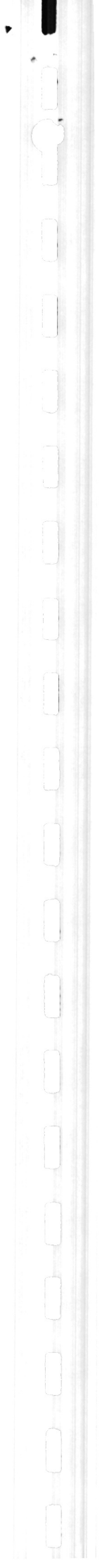
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

			6,000,000.00
2640508	Roads	9,100,000.00	6,000,000.00
2640509	Sports	3,658,605.00	-
2640510	Environment	3,435,330.00	-
2640200	Emergency Projects (specify)	5,400,259.00	3,564,456.00
	Others	-	
	Total	48,466,523.00	33,775,613.00

9 SOCIAL SECURITY BENEFITS

		2014 - 2015	2013 - 2014
		Kshs	Kshs
2120101	Employer contribution to NSSF	19,200.00	19,200.00
	Total	19,200.00	19,200.00

10 ACQUISITION OF ASSETS



Reports and Financial Statements

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

	<u>Non Financial Assets</u>	2014- 2015	2013 - 2014
		Kshs	Kshs
3110102	Purchase of Buildings	-	-
3110202	Construction of Buildings	-	-
3110302	Refurbishment of Buildings	-	-
3110701	Purchase of Vehicles	-	-
3110704	Purchase of Bicycles & Motorcycles	-	-
3110801	Overhaul of Vehicles	-	-
3111001	Purchase of Office furniture and fittings	-	1,500,000.00
3111002	Purchase of computers ,printers and other IT equipments	-	-
3111005	Purchase of photocopier	-	-
3111009	Purchase of other office equipments	-	-
3111112	Purchase of soft ware	-	-
3130101	Acquisition of Land	-	-
			-
	Total	-	1,500,000.00



Reports and Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2014 - 2015	2013 - 2014
		Kshs (30/6/2015)	Kshs (30/6/2014)
<i>Equity Bank Ltd, Mandera branch Ac No</i>	<i>100261176664</i>	46,033,686.01	5,289,743.00
Total		46,033,686.01	5,289,743.00

13. BALANCES BROUGHT FORWARD

	2014 - 2015	2013 - 2014
	Kshs (1/7/2014)	Kshs (1/7/2013)
Bank accounts	5,289,743.00	-
Cash in hand	-	-
Imprest	-	-
Total	5,289,743.00	-



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	-	-
ICT Equipment, Software and Other ICT Assets	1500000	1,500,000
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	1500000	1,500,000

