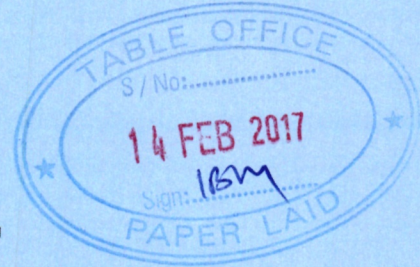


REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
CONSTITUENCIES DEVELOPMENT FUND  
KANDARA CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2015





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

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**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The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

**(b) Key Management**

The Kandara 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:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>David M Githinji</b>
3.	Accountant	<b>Walter Avihama</b>
4.		

**(d) Fiduciary Oversight Arrangements**



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

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

P.O. Box 111- 01034  
CDF Building  
Opposite Kandara law Court,  
Kandara, Kenya.



**(f)Kandara CDF Contacts**

Telephone: (254) 0724 925 786

E-mail: dgithinji@cdf.go.ke

Website: www.go.ke

**(f) Kandara CDF Bankers**

CO-OPERATIVE

THIKA

01120074486100

**(g) Independent Auditors**

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

**(h) 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 CDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The CDF have improved the Education and Security infrastructures of Kandara.

However there have been emerging issues like political, economical, social, legal and global challenges influencing the implementation of CDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approval of proposals and reallocations. The CDFCs wish that the issues of having the project on going for a long period be controlled.



**SIGN**

**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 Kandara 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 Kandara 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 Kandara 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 Kandara 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 \_\_\_\_\_  
2015.



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



\_\_\_\_\_  
Chairman



# REPUBLIC OF KENYA

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NAIROBI



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON CONSTITUENCIES DEVELOPMENT FUND-KANDARA 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-Kandara Constituency set out on pages 7 to 34, 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 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 accordance 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 that the financial statements are free from material misstatement.

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-Kandara 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 Inaccuracies in the Financial Statements**

The statement of receipts and payments reflects receipts totalling to Kshs.106,753,947. However, the disbursement schedule from the CDF Board reflects receipts totalling to Kshs.90,573,529.30 while the summary statement of appropriation indicates receipts during the year totalled to Kshs.113,392,317. No explanation was provided why the three records reflected and different balances in regard to the same account. Further, the following unreconciled expenditure differences were noted between balances in the financial statements and supporting schedules:

<b>Item</b>	<b>Financial Statements Balance - (Kshs.)</b>	<b>Supporting Schedules (Kshs.)</b>	<b>Difference (Kshs.)</b>
Other Projects	8,562,192	8,182,192	380,000
Environment projects	3,181,857	1,898,207	1,283,650
Acquisition of assets	0	2,834,800	2,834,800

In the circumstances, the accuracy of the financial statements for the year ended 30 June 2015, could not be confirmed.

### **2.0 Bank Balances**

The statement of financial assets reflects a bank balance of Kshs.19,360,708 as at 30 June 2015, while the cash book and the bank reconciliation statements reflects a balance of Kshs.13,924,546.95 at the same date, resulting in an unreconciled variance of Kshs.5,436,161.05.



Further, there were unrepresented cheques totalling to Kshs.470,314.20 including some issued in June 2013 which had since become stale. No reason was provided for failure to clear the cheques through adjustments in the cash book.

Consequently, it has not been possible to confirm the accuracy of bank balance of Kshs.19,360,708 as at 30 June 2015.

### **3.0 Unsupported bursary**

The statements of receipts and payments reflects payments of Kshs.11,468,000 under other grants and transfers being bursaries awarded during the year. Scrutiny of records revealed that out of bursaries totalling to Kshs.11,468,000 disbursed, only a balance of Kshs.2,309,000 was acknowledged by the institutions through official receipts leaving a balance of Kshs.9,159,000 paid out during the year unacknowledged.

In the circumstance, it was not possible to ascertain whether the bursaries reached the intended beneficiaries.

### **4.0 Construction of Male Ward -Kandara Health Centre**

Examination of records maintained by the CDF office revealed that construction of a male ward at Kandara Health centre initiated in 2012/2013 financial year was allocated Kshs.14,000,000 by the CDF Board in year 2014/2015 when disbursements amounting to Kshs.7,000,000 were released to the project in the year. However, under unclear circumstances, the CDF office in conjunction with the health centre administration changed the structural design to include construction of a storey building with a view to uplift the health centre to a Level IV hospital. Scrutiny of tender documents revealed that the CDF, through open tender, awarded the tender for construction of the extension to a local contractor at a contract sum of Kshs.165,564,545, a sum way above the Kshs.14,000,000 budget available for the first phase of the project. Available records indicated that the project was to be implemented in collaboration with Murang'a County Government and the National Government. However there were no committal documents for additional funding from the two levels of government, therefore the project could stall and fail to be completed in due time.

An audit inspection carried out at the project site revealed that the works had stalled at the floor slab level. No action appears to have been taken by the CDF management to fund the project to completion so that it may serve the intended purpose. Further, the public funds incurred on the project may go to waste.



## **5.0 Irregular Procurement and Poor Workmanship on Karugia-Kigumo Road**

The project for grading and gravelling Karugia-Kigumo road was proposed and initiated in the 2013/2014 financial year.

Maintenance works on the project were split into two phases with phase one designed to cover 8 kilometres and phase two 10.6 kilometres. The works involved site clearance, grading, gravelling, culverts and drainage works. Available records indicated that during the year under review, the CDF office used request for quotations method of procurement for grading and gravelling of the road and after evaluation, a local firm M/s Kenpra Construction Limited of P.O. Box 340-01020, Kenol won the two contracts at contract sums of Kshs.6,549,820 and Kshs.11,522,750 for phase one and phase two respectively. The total sum of Kshs.17,888,825 paid in January 2015 exceeded the minimum threshold of Kshs.3,000,000 for Class C entities in the first schedule of the Public Procurement and Disposal Act, 2005 and 2013 Regulations. The works should have been procured through national open tender method. No explanation has however been given for flouting procurement procedures.

Further, physical inspection of the project in January 2016, revealed that the road had big water gullies cutting along and across various sections of the road, a sign of poor workmanship. In addition, the works were to cover a length of 18.6 kilometers but measurement carried out on the road works as per the vehicle odometer indicated that its total length was totaled approximately 12 kilometers only. The CDF management therefore appears to have overstated the length of the road thus resulting in payment for the works not done and loss of public funds.

In view of these anomalies, the propriety and value-for-money on expenditure of Kshs.17,888,750 incurred on the project could not be confirmed.

## **6.0 Irregular Expenditure on Strategic Plan Preparation**

During the year under review, a sum of Kshs.800,000 was allocated from the Fund to finance preparation of the strategic plan. However, for unexplained reasons, the Constituencies Development Fund Committee (CDFC) accepted quotations and awarded the service to a firm at a sum of Kshs.1,700,500, more than double the budgeted amount contrary to the provisions of the Public Finance Management Act, 2012. It was also not explained how the shortfall would be funded. Audit of records maintained at the CDF office showed that M/s Grooth Consultants was paid a sum of Kshs.850,000 on 11 September 2014 vide cheque No. 6183 and a further sum of Kshs.774,000 charged under the strategic plan allocation was paid to the fund account manager in two installments of Kshs.500,000 and Kshs.274,000 on 23rd October 2013 and 9 October 2014 respectively. Therefore, expenditure on preparation of the strategic plan totaled to Kshs.1,624,000. However, no explanation was provided why the money was paid to the Fund manager instead of the consultant.

Consequently, it has not been possible to confirm the propriety of the expenditure amounting Kshs.1,624,000.

### 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 Constituencies Development Fund - Kandara 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 comply with the Public Finance Management Act, 2012 and Constituencies Development Fund Act, 2013.

### Other Matter

#### 1.0 Overall Budget Analysis

Review of statement of budget appropriation revealed 94% and 83% overall budget utilization on receipts and expenditure respectively as follows:-

Item	Budget-Kshs	Actual - Kshs.	Difference- Under Kshs	Actual as % of Budget
Receipts	113,392,317	106,753,947	6,638,370	94%
Expenditure	113,392,317	94,031,610	19,360,707	83%

The analysis, reflects actual receipts of Kshs.106,753,947 against the budgeted amount of Kshs.113,392,317 resulting in a shortfall of Kshs.6,638,370 which represents undisbursed funds from the CDF Board. Further, the CDF incurred an under-expenditure of Kshs.19,360,707 or 17% of the approved budget of Kshs.113,392,317 The low utilization of the budget was attributed to delay in disbursement of funds by the CDF Board.

#### 1.1 Development project Expenditure

A review of actual expenditure in the summary statement of appropriation revealed various under and over expenditures against approved project budget as below:

Sector	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Over Expenditure Kshs.	Under Expenditure Kshs.	% level of implementation
Education	25,066,760	12,516,760		12,550,000	50
Health	15,200,000	4,500,000		10,700,000	30

Bursary - Secondary Schools	9,000,000	5,981,000		3,019,000	66
Bursary - Tertiary Institutions	4,000,000	5,487,000	1,487,000		137
Water	10,400,000	12,400,000	2,000,000		119
Environment	1,885,079	3,181,857	1,296,778		169
Roads	35,675,675	25,938,696		9,736,979	73
Sports	1,885,079	1,898,207	13,128		101
Emergency	5,417,715	6,125,958	708,243		113
Other Projects	6,000,000	8,562,192	2,562,192		143
<b>Total</b>	<b>114,530,308</b>	<b>86,591,670</b>	<b>8,067,341</b>	<b>36,005,979</b>	<b>76</b>

During the year, the Kandara CDF had an approved budget of Kshs.114,530,308 to implement one hundred and ten (110) projects. Out of these projects, thirty eight (38) were completed, forty two (42) were on-going, and thirty (30) had not been started. No reason was provided for the unimplemented projects which may jeopardize service delivery to the residents of Kandara.

## 1.2 Unapproved Over Expenditure on Projects

The CDF office implemented various projects during the year ended 30 June 2015. A review of approved budget and actual expenditure revealed unapproved over expenditure in some projects totalling Kshs.4,965,604.50 as follows:

Project Name	Project Activity	Approved Allocation (Kshs)	Actual Expenditure (Kshs)	Over Expenditure (Kshs)
Strategic Plan	Strategic Plan	800,000.00	1,230,000.00	430,000.00
Kibuu Mugecha Road	Grading, gravelling, culvert and drainage	3,747,000.00	6,247,000.00	2,500,000.00
Sports Project	Constituency Sports tournament and the winning teams/schools to be awarded with trophies, balls, and games kits	1,885,079.00	1,898,207.00	13,128.00



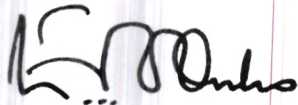
Environment Project	Carrying out environmental activities in the constituency	1,885,079.00	3,181,857.00	1,296,778.00
Emergency Projects	To cater for unforeseen emergencies that arise within the constituency	5,400,259.00	6,125,957.50	725,698.50
	<b>Total</b>	<b>13,717,417.00</b>	<b>18,683,021.50</b>	<b>4,965,604.50</b>

No evidence was provided to show that the CDFC obtained approval from the CDF Board before incurring these expenditure. Therefore expenditure may have been incurred irregularly.

## 2.0 Untaxed CDF Members' Sitting Allowances

A sum of Kshs.2,126,000 was incurred by the CDF Committee members as sitting allowances during the year under review. However, tax due estimated at Kshs.637,800 (30% of 2,126,000) was not charged on the allowances and remitted to Kenya Revenue Authority as required by Section 5 (2) (a) of the Income tax Act Cap 470 laws of Kenya. Failure to subject allowances to taxation leads to loss of government revenue and the CDF management could be penalised for the omission.

My opinion is not qualified in respect of these matters.



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

**Nairobi**

**09 January 2017**

**CONSTITUENCY DEVELOPMENT FUND- KANDARA 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
<b>RECEIPTS</b>			
Transfers from Other Government Entities	1	106,753,947	115,559,529
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>106,753,947</b>	<b>115,559,529</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	1,031,200	1,339,200
Use of goods and services	5	3,540,000	2,300,255
Committee Expenses	6	2,839,940	4,209,142
Transfers to Other Government Units	7	17,016,760	85,048,129
Other grants and transfers	8	69,574,910	16,053,014
Social Security Benefits	9	28,800	-
Acquisition of Assets	10	-	-
Other Payments	11	-	-
<b>TOTAL PAYMENTS</b>		<b>94,031,610</b>	<b>108,948,740</b>
<b>SURPLUS/DEFICIT</b>		<b>12,722,338</b>	<b>6,610,789</b>

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



**Chairman - CDFC**



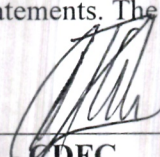
**Fund Account Manager**

**CONSTITUENCY DEVELOPMENT FUND- KANDARA CONSTITUENCY**  
**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	19,360,708	6,638,370
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	12C	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>19,360,708</b>	<b>6,638,370</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	13	6,638,370	27,581
Surplus/Deficit for the year		12,722,338	6,610,789
Prior year adjustments	14	-	0
<b>NET FINANCIAL POSITION</b>		<b>19,360,708</b>	<b>6,638,370</b>

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

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

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




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

**VI. STATEMENT OF CASHFLOW**

		<b>2014 - 2015</b>	<b>2013 - 2014</b>
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	106,753,947	115,559,529
Other Receipts	3	-	-
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,031,200	1,339,200
Use of goods and services	5	3,540,000	2,300,255
Committee Expenses	6	2,839,940	4,209,142
Transfers to Other Government Units	7	17,016,760	85,048,129
Other grants and transfers	8	69,574,910	16,053,014
Social Security Benefits	9	28,800	-
Other Payments	11	-	-
<b>Adjusted for:</b>			
Adjustments during the year		-	-
<b>Net cash flow from operating activities</b>		<b>12,722,338</b>	<b>6,610,789</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>12,772,338</b>	<b>6,610,789</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>15</b>	<b>6,638,370</b>	<b>27,581</b>
<b>Cash and cash equivalent at END of the year</b>	<b>16</b>	<b>19,360,708</b>	<b>6,638,370</b>

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


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

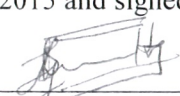
  
 \_\_\_\_\_  
**Fund Account Manager**

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Transfers from CDF Board	106,753,947	6,638,370	113,392,317	113,392,317	0	100%
Proceeds from Sale of Assets						
Other Receipts						
Compensation of Employees	1,616,880	-	1,616,880	1,031,200	585,680	64%
Use of goods and services	4,775,119	-	4,775,119	3,540,000	1,235,119	74%
Committee expenses	2,866,416	-	2,866,416	2,839,940	26,476	99%
Transfers to Other Government Units	31,250,000		31,250,000	17,016,760	14,233,240	54%
Other grants and transfers	63,096,092	6,638,370	69,734,462	69,574,910	159,553	100%
Social Security Benefits	49,440		49,440	28,800	20,640	58%
Acquisition of Assets	2,600,000		2,600,000		2,600,000	0%
Other Payments	500,000		500,000		500,000	0%
<b>TOTALS</b>	<b>106,753,947</b>	<b>6,638,370</b>	<b>113,392,317</b>	<b>94,031,610</b>	<b>19,360,708</b>	<b>83%</b>

The Kandara CDF financial statements were approved on \_\_\_\_\_ 2015 and signed by:

  
Chairman CDF

  
Fund Account Manager

**KANDARA CONSTITUENCY**

<b>TRIAL BALANCE AS AT 30TH JUNE 2015</b>			
		DR	CR
<b>Cash and Cash equivalents</b>			
	Bank Balances	19,360,708	
	Cash Balances	-	
	Outstanding Imprest	-	
<b>Payments</b>			
	Compensation of Employees	1,031,200	
	Use of goods and services	3,540,000	
	Committee Expenses	2,839,940	
	Transfers to Other Government Units	17,016,760	
	Other grants and transfers	69,574,910	
	Social Security Benefits	28,800	
	Acquisition of Assets	-	
	Other Payments	-	
<b>Receipts</b>			
	Transfers from the Board		106,753,947
	Proceeds from sale of assets		-
	Others receipts		-
<b>Fund Balance b/f</b>			6,638,370
<b>TOTAL</b>		<b>113,392,317</b>	<b>113,392,317</b>



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

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1.1.1.1.1.1.1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description	2014 - 2015 Kshs	2013 - 2014 Kshs
Transfers from Central government entities (CDF BOARD Details of AIE numbers)		
BALANCE B/F	-	
AIE 2012/2013/509	-	32,267,106
AIE 2013/2014/072	-	2,000,000
AIE2012/2013/606	-	46,095,868
AIE 07/2013/2014/449	-	35,196,555
AIE 07/2014/2015/233	26,688,482	-
AIE 07/2014/2015/368	14,013,092	-
AIE 07/2014/2015/549	12,675,395	-
AIE 07/2014/2015/1036	26,688,487	
AIE 07/2014/2015/1216	26,688,487	
<b>TOTAL</b>	<b>106,753,947</b>	<b>115,559,529</b>

**1.1.1.1.1.1.2 PROCEEDS FROM SALE OF ASSETS**

	2014 – 2015	2013 – 2014
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from sale of office and general equipment		
Receipts from the Sale Plant Machinery and Equipment		
<b>Total</b>		

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.3 OTHER RECEIPTS

	2014 - 2015 Kshs	2013 - 2014 Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

1.1.1.1.1.1.4 COMPENSATION OF EMPLOYEES

	2014 - 2015 Kshs	2013 - 2014 Kshs
Basic wages of contractual employees	1,031,200	1,289,760
Basic wages of casual labour	-	-
<b>Personal allowances paid as part of salary</b>	<b>-</b>	<b>-</b>
House allowance	-	-
Transport allowance	-	-
NSSF	-	28,800
NHIF	-	20,640
Other personnel payments	-	-
<b>Total</b>	<b>1,031,200</b>	<b>1,339,200</b>



**CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY**  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**1.1.1.1.1.1.5 USE OF GOODS AND SERVICES**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	600,000	2,300,255
Communication, supplies and services	200,000	-
Domestic Travel	300,000	-
Printing, advertising and information supplies & services	-	-
Fuel & Lubricants	400,000	-
Training expenses	-	-
Hospitality supplies and services	500,000	-
Insurance costs	300,000	-
Specialized materials and services	-	-
Office and general supplies and services	940,000	-
Other operating expenses	-	-
Routine maintenance – vehicles and other transport equipment	300,000	-
Routine maintenance – other assets	-	-
<b>Total</b>	<b>3,540,000</b>	<b>2,300,255</b>

**TOTAL**

**1.1.1.1.1.1.6 COMMITTEE EXPENSES**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee allowances	2,126,000	814,000
Other committee expenses	713,940	3,395,142
<b>Total</b>	<b>2,839,940</b>	<b>4,209,142</b>

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY

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For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.7 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Roads	-	22,560,602
Others		22,429,644
Transfers to primary schools (see attached list)	9,516,760	-
Transfers to secondary schools (see attached list)	3,000,000	21,377,149
Water	-	13,330,734
Transfers to health institutions (see attached list)	4,500,000	5,350,000
<b>-TOTAL</b>	<b>17,016,760</b>	<b>85,048,129</b>

1.1.1.1.1.1.8 OTHER GRANTS AND OTHER PAYMENTS

	2014 - 2015	2013- 2014
	Kshs	Kshs
Bursary – secondary schools (see attached list)	5,981,000	13,053,014
Bursary – tertiary institutions (see attached list)	5,487,000	-
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Water projects (see attached list)	12,400,000	-
Environment projects (see attached list)	3,181,857	-
Electricity projects (see attached list)	-	-
Security projects (see attached list)	-	-
Roads projects (see attached list)	25,938,696	-
Sports projects (see attached list)	1,898,207	-
Emergency projects (see attached list)	6,125,958	3,000,000
Other Projects (see attached list)	8,562,192	-
<b>Total</b>	<b>69,574,910</b>	<b>16,053,014</b>

1.1.1.1.1.1.9 SOCIAL SECURITY BENEFITS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Employer contribution to NSSF	28,800	-
<b>Total</b>	<b>28,800</b>	<b>-</b>



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**1.1.1.1.1.1.1.10 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	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**1.1.1.1.1.1.11 OTHER PAYMENTS**

Specify

2014 - 2015

2013 - 2014

Kshs

Kshs

-

-

**12A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2014 - 2015 Kshs	2013 - 2014 Kshs
COOPERATIVE BANK THIKA (01120074486100)	19,360,708	6,638,370
	-	-
	-	-
	-	-
	<b>19,360,708</b>	<b>6,638,370</b>



**CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY**

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**12B: CASH IN HAND**

	2014 - 2015 Kshs	2013 – 2014 Kshs
Location 1		
Location 2		
Location 3		
Other Locations (specify)		
<b>Total</b>		

**[Provide cash count certificates for each]**

**12C: OUTSTANDING IMPRESTS**

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs

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

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	6,638,370	27,581
Cash in hand		-
Imprest	-	-
<b>Total</b>	<b>6,638,370</b>	<b>27,581</b>

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Bank accounts	-	-
Cash in hand	-	-
Imprest	-	-
<b>Total</b>		-



15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2014 - 2015 Kshs	2013 - 2014 Kshs
Construction of buildings	xxx	xxx
Construction of civil works	xxx	xxx
Supply of goods	xxx	xxx
Supply of services	xxx	xxx
	<b>xxx</b>	<b>xxx</b>

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	xxx	xxx
Middle management	xxx	xxx
Unionisable employees	xxx	xxx
Others (specify)	xxx	xxx
	<b>xxx</b>	<b>xxx</b>

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	xxx	xxx
Amounts due to other grants and other transfers (see attached list)	xxx	xxx
Others (specify)	xxx	xxx
	<b>xxx</b>	<b>xxx</b>

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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



ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		A	B	c	d=a-c		
<b>Senior Management</b>							
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Middle Management</b>							
4.							
5.							
6.							
<b>Sub-Total</b>							
<b>Unionisable Employees</b>							
7.							
8.							
9.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
10.							
11.							
12.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

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

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



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

COUNTY	CONSTITUENCY	COD E	ASSET NAME	ASSET TAG	ASSET SERIAL	ACQUISITION DATE	COST	LOCATI ON	CONDITIO N	WARRA NT	GENERAL DISCRPTION
MURANG'A	KANDARA	109	Swivel Midback Chair	CDF/109/LBC1/1-2	N/A	01-01-06	10,000.00	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Low Back Chair	CDF/109/LBC/3-13	N/A	26/10/2005	57,155.17	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	High Back Chair	CDF/109/HBC/1-2	N/A	26/10/2005	11,206.90	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Metal Cabinet	CDF/109/MC/1-3	N/A	26/10/2005	59,862.07	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Seater Link Chairs	CDF/109/SL/1-4	N/A	26/10/2005	54,224.13	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Secretarial Chairs	CDF/109/SC/1-2	N/A	26/10/2005	15,431.03	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Office Desk	CDF/109/OD/1	N/A	26/10/2005	11,724.14	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Reception Desk	CDF/109/RD/1	N/A	26/10/2005	37,563.79	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Conference Table	CDF/109/CT/1	N/A	26/10/2005	29,775.86	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Writing Tables	CDF/109/WT/2	N/A	26/10/2005	22,000.00	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Computer	CDF/109/CS/1	CZC0106SM7	21/11/2005	85,650.00	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Computer	CDF/109/CS/2	K579FKG1070 5080	21/11/2005	85,650.00	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Telephone Heads	CDF/109/TH/1	5DBFC662206	21/11/2005	71,100.00	CDF HALL	UNSERVIS ABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Telephone Heads	CDF/109/TH/2	N/A	21/11/2005	71,100.00	CDF HALL	UNSERVIS ABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Telephone Heads	CDF/109/TH/3	N/A	21/11/2005	71,100.00	CDF HALL	UNSERVIS ABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Deskjet Printer Photocopying Machine	CDF/109/DP/1	CN47G95207	21/11/2005	34,600.00	CDF HALL	UNSERVIS ABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109		CDF/109/PC/1	56003311	18/04/2007	149,850.00	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Wall Clocks	CDF/109/WC/1-2	N/A	26/10/2005	595	CDF HALL	UNSERVIS ABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Desk Organizer	CDF/109/DO/1	N/A	26/10/2005	150	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Stapler, Celotape,P/Punch	CDF/109/SCP/1-3	N/A	26/10/2005	2,820	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Gas Cylinder	CDF/109/GC/1	N/A	18/04/2007	4,200	CDF HALL	SERVISABL E	N/A	TAGIBLE FIXTURE & FITTING

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MURANG'A	KANDARA	109	Camera	CDF/109/DC/1	N/A	28/07/2010	CDF Board	CDF HALL	UNSERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	HP Laserjet Printer	CDF/109/LP/1	CNCJH39934	28/07/2010	CDF Board	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Uninterruptible Power System	CDF/109/UPSS/1	PB0030332316	28/07/2010	CDF Board	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Generator	CDF/109/GEN/1	N/A	28/07/2010	399,000	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Ahuja Public Address	CDF/109/PUB/1	716893	28/07/2010	154,450	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Kentainer Tank	CDF/109/PLATA/1	N/A	28/07/2010	78,600	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Plastic Chairs	CDF/109/PLACH/1-100	N/A	28/07/2010	98,600	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Leather Coated Chairs	CDF/109/PCS/1-6	N/A	28/07/2010	29,650	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Veneer Office Table	CDF/109/VOT/1	N/A	28/07/2010	38,000	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING