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*Paper laid by
The Leader of Majority
on 2/2/2017*

REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT
FUND – BANISA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2015



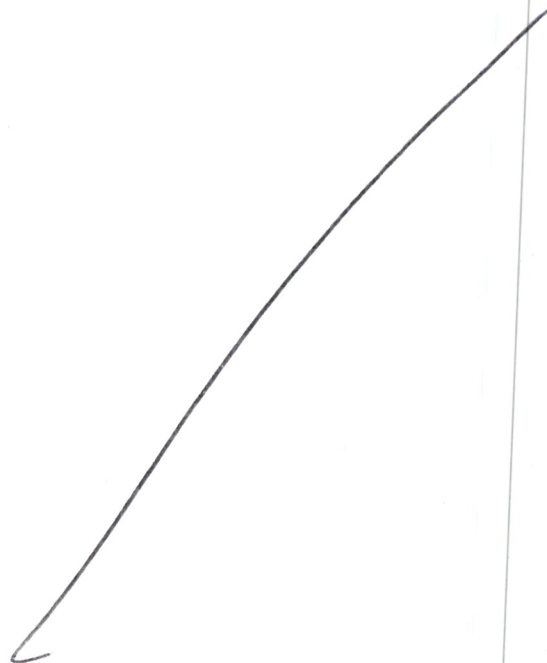
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CONSTITUENCY DEVELOPMENT FUND- BANISSA CONSTITUENCY

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

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	3
II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC)	5
III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES	6
IV. STATEMENT OF RECEIPTS AND PAYMENTS	7
V. STATEMENT OF ASSETS.....	8
VI. STATEMENT OF CASHFLOW	9
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	10
VIII. SIGNIFICANT ACCOUNTING POLICIES.....	11
IX. NOTES TO THE FINANCIAL STATEMENTS.....	14
ANNEX 1 - ANALYSIS OF OTHER PENDING PAYABLES.....	22
ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER.....	23

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *Constituencies Development Fund*. The objective of the fund is to ensure that a specific portion of the national annual budget is devoted to the constituencies for the purposes of infrastructural development wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

The *BANISSA 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	Mohamed Issack
3.	Accountant	Dickson Moreka
4.		

(d) Fiduciary Oversight Arrangements

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

P.O. Box 37-70303
Banissa,
Mandera, Kenya

(f) BANISSA CDF Contacts

Telephone: (254) 725 707 707; (254) 722 414 193
E-mail: cdfbanissa@cdf.go.ke
Website: www.cdf.go.ke

(g) BANISSA CDF Bankers

Equity Bank
Mandera Branch
Account Name: BANISSA Constituency Development Fund
Account No. 1000261939394

(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 entity has utilised its allocated budget for undertaking the slotted projects for the financial year. More than 94% of the funds received has been utilised.. Over the years the entity improved water, sanitation, education access road through construction and desilting of dams in various villages, construction of various public dispensaries and toilets, construction of primary and secondary schools, payment of fees to over 12,000 needy and vulnerable students across the constituency.

EMERGING ISSUES RELATED TO CDF

Increasing population and settlements

Increasing school enrolment

Increasing vulnerability of communities and school/tertiary institutions going students

IMPLEMENTATION CHALLENGES

Huge resources available Vs needs gap

Low/lack of Capacity in some PMCs

Security threats/Clan conflicts

Low literate levels

Persistent droughts leading lack of water sources for construction and usage

Prevalent droughts, inter clan conflicts have been a deterrent factor and the situation exasperated by the immense gap between the resources available and the needs of the community. The BANISSA CDF has ensured that the resources have been equally distributed to spread the gains from the fund. Despite the numerous challenges, the fund has been at the fore front in the provision of basic social amenities, improved the general economic standards of the population and has thus has been considered transformational by the community.



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 (*BANISSA 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 (*BANISSA 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 (*BANISSA 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 (*BANISSA 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 14/9/15 2015.

Chairman CDF
BANISSA CONSTITUENCY
P.O. Box 37, TAKABA



Fund Account Manager



REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund – Banisa Constituency set out on pages 7 to 24, which comprise the statement of financial assets as at 30 June 2015, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 (4) of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management’s Responsibility for the Financial Statements

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

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

Auditor-General’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation 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 Accuracy, Completeness and Presentation of Financial Statement

The International Public Sector Accounting Standards (Cash Basis) financial reporting presentation format prescribed by National Treasury requires management to include among financial statements presented for audit, a report on action taken on previous-year audit issues. In 2013/2014 financial year, the Fund received Disclaimer of Opinion audit report. However, the report on actions taken on the audit issues raised was not included in the financial statements for the year under review as required. Further, the name of the entity changed to National Government Constituency Development Fund-Banisa with the passing of the CDF Act, 2015. The Fund has reported on its old name.

In the circumstances, the Fund's financial statements for the year ended 30 June 2015 do not confirm with the reporting format prescribed by International Public Sector Accounting Standards (IPSAS 1) and the National Treasury.

2.0 Procurement of Goods, Works and Services

2.1 Award of Contracts for Capital Projects

The Banisa CDF Management, made payments totalling to Kshs.15,900,000 to various contractors who undertook capital project works in the constituency. However, examination of payment vouchers, and project files revealed the following anomalies:

- i. Requests for quotations the Quotation reference numbers and did not indicate dates when the quotation raised and opened.
- ii. Confidential business questionnaires were only partly filled (or not filled at all) by bidders.
- iii. In some instances there was no contract agreements signed between the contractors and the procurement entity as required under Section 68 of the Public Procurement and Disposal Act, 2005.
- iv. Some of the projects lacked certificates of works completion. As a result it was not clear how the amounts to contractors were determined and verified.
- v. Notification letters to unsuccessful bidders were not made available for audit review as required under Public Procurement and Disposal Act, 2005

As a result, due process was not followed in award the contracts and the it was not possible to confirm that Fund value-for-money from the expenditure of Kshs.15,900,000 invested in the projects.

2.2 Procurement of Strategic Plan for Banisa Constituency

Examination of payment voucher No.58 of 01 April 2014 revealed that a tender to develop a five year strategic plan for Banisa Constituency was award to M/s Elite Human Capacity Services Limited at a cost of Kshs.1,800,000. However, a copy of the five year strategic plan was not made available for audit review to confirm whether the service was rendered by the firm.

Under the circumstances, it has not been possible to ascertain the amounting of expenditure totaling to Kshs.1,800,000.

3.0 Unaccounted for Expenditure

3.1 Bursary Expenses

Examination of payment vouchers and the CDFC Minutes in relation to award of bursaries disclosed that in the financial year 2014/2015, the CDF committee disbursed bursaries totalling Kshs.18,870,550 to various schools and universities for the benefit of needy students. Although the payment records showed that disbursement as were made allocated there were no fees payment receipts and acknowledgement letters from the beneficiary institutions for bursaries totalling to Kshs.3,059,000 were not presented for audit.

In the circumstance, it was not possible to ascertain that Kshs.3,059,000 was utilized for the intended purpose and was properly accounted for.

3.2 Monitoring and Evaluation Expenses

During the year under review, the CDF management spent Kshs.1,310,000 on monitoring and evaluation. However, the respective payment vouchers were not supported with progress reports of the projects monitored and evaluated and temporary work tickets and copies of the logbooks for the hired vehicles used. Further, the request for Quotations for procurement of car hire services lacked quotation numbers and dates when the quotations were raised and opened.

As a result, it was not possible to confirm the propriety of expenditure totaling to Kshs.1,310,000 incurred on project monitoring and evaluation.

3.3 Stores Expenses

During the year under review, Banisa CDF Committee procured sports equipment and uniforms for three secondary schools in the constituency at cost of Kshs.1,880,454. However, the CDF management did not maintain stores records, including stores ledger cards (S3) and stores issue vouchers (S11) and therefore the stores procured were not recorded as required.

Consequently, it has not been possible to ascertain that stores purchases totalling Kshs.1,880,454.00 were received and used for the intended purposes.

4.0 Unutilized (Idle) Facilities

During the financial years 2013/2014 and 2014/2015 Banisa, CDF. Financed the construction of one dormitory at Kukub Primary School at a cost of Kshs.4,300,000, and Malka Ruqa dispensary at a cost of Kshs.1,500,000. The projects were completed between 12 June 2015 and 16 June 2015 as per completion certificates issued by the Ministry of Public Works in education and health sectors respectively. A total of Kshs.5,800,000 was paid to the Project Management Committees for the construction of the two buildings. However, audit verification done in April 2016 established that the dormitory and health dispensary had not been put into use nearly one year after they were completed. It was not clear if the community was consulted before the projects were initiated.

In the circumstance, the Fund has not realized value-for-money on expenditure totaling to Kshs.5,800,000 incurred on the projects.

5.0 Unsupported Emergency Expenses

The CDF Office – Banisa spent Kshs.1,000,000.00 on emergency works related to construction of two toilets and purchase of mattresses for Banisa Boarding School during the year under review. However, the payment voucher for supply of the mattresses was not supported with an invoice and delivery note thus casting doubt whether the mattresses were delivered. Further, payment for the construction of toilets were made without practical completion certificate and inspection and acceptance committee reports as required under the Public Procurement and Disposal Act, 2005.

In view of the foregoing, the expenditure of Kshs.1,000,000 could not be confirmed as a proper charge to public funds.

6.0 Procurement of Incinerator for Banisa Mixed Day Secondary School

During the year under review, CDF Banisa, spent Kshs.1,314,196 on building an incinerator for burning of waste at Banisa Mixed Day Secondary School. However, payments to the contractor were made without certificate of works completion as well as inspection and acceptance committee reports. Further, request for quotation lacked quotation numbers and floatation and opening dates. In addition, the payment to the contractor was made without provision for retention fee as required by the Government Financial Regulations and Procedures.

In view of the foregoing, it has not been possible to ascertain that the expenditure totaling to Kshs.1,314,196 incurred on construction of the incinerator.

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 – Banisa constituency as at 30 June 2015, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Constituencies Development Fund Act, 2013.

Other matter

1.0 Budgetary Control and Performance

1.1 Budget Performance Analysis

During financial year 2014/2015, the Budget for Constituency Development Fund - Banisa was Kshs.207,637,452 with Kshs.19,887,371 (9.6 per cent) allocated to recurrent expenditure and Kshs.187,750,081 (90.4 per cent) to development activities.

CDF Banisa received Kshs.197,988,070 (95.4 per cent) as transfers from the CDF Board and had in addition, a cash balance of Kshs.7,249,382 (3.5 per cent) brought forward from the financial year 2013/2014 in financing the budget.

Item	Actual (Kshs)	Budget Allocation (Kshs)	Absorption (%)	% of Total Expenditure
Recurrent Expenditure	13,401,430	19,887,371	67.39	6.83
Development Expenditure	182,700,147	187,750,081	97.31	93.17
TOTAL	196,101,577	207,637,452	94.4	

However;

- i. During the year under review, CDF Banisa received Kshs.197,988,070 which was 95.4 percent of the budget for the year under review Kshs.9,649,382 equivalent to 4.6 percent had not been remitted as at 30 June, 2015.
- ii. The budget of Kshs.207,637,452 included Kshs.57,103,278 budgeted for projects for financial year 2013/2014 but funded during the year under review.
- iii. CDF Banisa allocated Kshs.187,750,081 to development activities in education, health, roads, water projects in the Constituency. This was equivalent to is 93.17% of the total expenditure.
- iv. A sum of Kshs.14,400 budgeted for use in meeting social security benefit costs was not spent and no explanation was provided as to why the budget for 2013/2014 spilt over to 2014/2015.

1.2 Under/Over Expenditure

Item	Budget (Kshs)	Actual (Kshs)	Over Expenditure (Kshs.)	Under Expenditure (Kshs.)
Compensation of Employees	1,776,360	1,277,884	-	498,476
Use of Goods and Services	9,392,416	5,989,354	-	3,403,062

Committee Expenses	6,399,196	4,334,192	-	2,065,011
Transfers to other Government Units	91,072,190	93,477,643	2,405,453	-
Other Grants and transfers	96,677,891	89,222,504	-	7,455,387
Social Security Benefits	14,400	-	-	14,400
Other Payments	2,305,000	1,800,000	-	505,000
TOTAL	207,637,452	196,101,577	-	11,535,875

The Constituencies Development Fund – Banisa under spent on compensation of employees, use of goods and services, committee expenses, other grants and transfers amongst other items all totaling to Kshs.11,535,875. Further, the Fund over-spent by Kshs.2,405,453 on transfers to other government units. No explanation has been given the irregular expenditure variations.

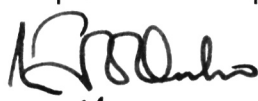
1.3 Projects Budgeted for Implementation

A total of Kshs.167,044,331 was allocated during the year to finance ninety (90) projects as show below;

Sector	No of Budgeted Projects	Budget Allocation (Kshs)	Actual expenditure (Kshs)	No. of projects implemented
Education-Primary	34	63,989,431	56,779,430	34
Education-Secondary	8	28,400,000	27,315,453	8
Health	6	11,082,759	9,382,759	6
Security	2	1,700,000	1,500,000	2
Roads	3	4,019,578	4,019,578	3
Water	37	57,852,563	52,352,564	37
TOTAL	90	167,044,331	151,349,784	90

All the projects budgeted for the year were implemented although a sum of Kshs.5,499,998 budgeted was not utilized under water projects was not utilized. No explanation has been provided for audit review.

My opinion is not qualified in respect of this matter.



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

Nairobi

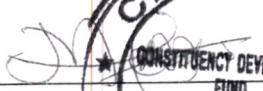
22 December 2016

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-2015 Kshs	2013-2014 (Restated) Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	197,988,070.40	41,402,185.60
Proceeds from Sale of Assets		-	
Other Receipts		-	
TOTAL RECEIPTS		197,988,070.40	41,402,185.60
PAYMENTS			
Compensation of employees	2	1,277,884.00	253,434.00
Use of goods and services	3	5,989,354.00	1,440,000.00
Committee Expenses	4	4,334,192.00	2,081,870.00
Transfers to Other Government Units	5	93,477,643.00	12,600,000.00
Other grants and transfers	6	89,222,504.00	16,782,500.00
Social Security Benefits	7	-	-
Acquisition of Assets	8	-	995,000.00
Other Payments	9	1,800,000.00	-
TOTAL PAYMENTS		196,101,577.00	34,152,804.00
SURPLUS/DEFICIT		1,886,493.40	7,249,381.60

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BANISSA CDF financial statements were approved on 14/9/15 2015 and signed by:


CHAIRMAN
 CONSTITUENCY DEVELOPMENT FUND
 BANISSA CONSTITUENCY
 P.O. Box 37, TAKARA

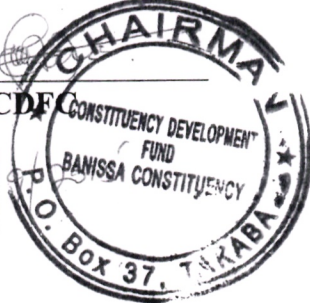

Fund Account Manager
 BANISSA CONSTITUENCY
 P.O. Box 223
 TAKARA

CONSTITUENCY DEVELOPMENT FUND- BANISSA 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)	10	9,135,875.00	7,249,381.60
Cash Balances (cash at hand)		-	-
Outstanding Imprests		-	-
TOTAL FINANCIAL ASSETS		9,135,875.00	7,249,381.60
REPRESENTED BY			
Fund balance b/fwd 1st July...	11	7,249,381.60	-
Surplus/Deficit for the year		1,886,493.40	7,249,381.60
Prior year adjustments		-	-
NET LIABILITIES <i>Financial Position</i>		9,135,875.00	7,249,381.60

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BANISSA CDF financial statements were approved on 14/9/15 2015 and signed by:

[Signature]
Chairman - CDF


[Signature]
Fund Account Manager

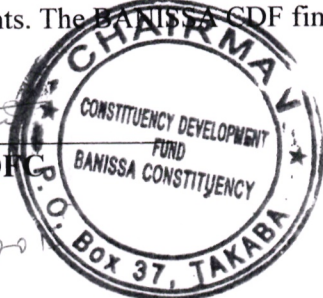

CONSTITUENCY DEVELOPMENT FUND- BANISSA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2014 - 2015	2013 -2014(Restated)
Transfers from CDF Board	1	197,988,070.40	41,402,185.60
Other Receipts		-	-
		<u>197,988,070.40</u>	<u>41,402,185.60</u>
Payments for operating expenses			
Compensation of Employees	2	1,277,884.00	253,434.00
Use of goods and services	3	5,989,354.00	1,440,000.00
Committee Expenses	4	4,334,192.00	2,081,870.00
Transfers to Other Government Units	5	93,477,643.00	12,600,000.00
Other grants and transfers	6	89,222,504.00	16,782,500.00
Social Security Benefits	7	-	-
Other Payments	9	1,800,000.00	-
		<u>196,101,577.00</u>	<u>33,157,804.00</u>
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		1,886,493.40	8,244,381.60
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets	8	-	(995,000.00)
Net cash flows from Investing Activities		-	-
			(995,000.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		1,886,493.40	7,249,381.60
Cash and cash equivalent at BEGINNING of the year	11	7,249,381.60	-
Cash and cash equivalent at END of the year	10	9,135,875.00	7,249,381.60

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BANISSA CDF financial statements were approved on 21/9/2015 and signed by:

Chairman - CDFC



Fund Account Manager

CONSTITUENCIES DEVELOPMENT FUND – BANISSA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

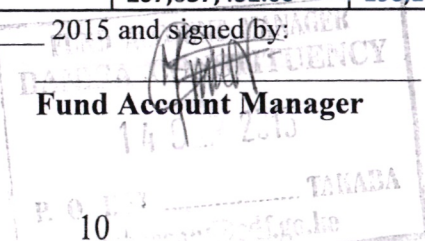
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	143,284,792.00	64,352,660.00	207,637,452.00	197,988,070.40	9,649,381.60	95
Proceeds from Sale of Assets	-	-	-	-	-	0
Other Receipts	-	-	-	-	-	0
Sub Total	143,284,792.00	64,352,660.00	207,637,452.00	197,988,070.40	9,649,381.60	0
PAYMENTS						0
Compensation of Employees	1,776,360.00	-	1,776,360.00	1,277,884.00	498,476.00	72
Use of goods and services	6,604,872.00	2,787,543.54	9,392,415.54	5,989,354.00	3,403,061.54	64
Committee Expenses	4,500,000.00	1,899,195.91	6,399,195.91	4,334,192.00	2,065,003.91	68
Transfers to Other Government Units	63,989,431.00	27,082,759.00	91,072,190.00	93,477,643.00	(2,405,453.00)	0
Other grants and transfers	65,899,729.00	30,778,161.55	96,677,890.55	89,222,504.00	7,455,386.55	92
Social Security Benefits	14,400.00	-	14,400.00	-	14,400.00	0
Acquisition of Assets	-	-	-	-	-	0
Other Payments	500,000.00	1,805,000.00	2,305,000.00	1,800,000.00	505,000.00	78
TOTALS	143,284,792.00	64,352,660.00	207,637,452.00	196,101,577.00	11,535,875.00	94

The BANISSA CDF financial statements were approved on 14/9/2015 2015 and signed by:

Chairman CDF



Fund Account Manager



VIII. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *CDF* and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *CDF*.

2. Recognition of revenue and expenses

The *CDF* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *CDF*. In addition, the *CDF* recognises all expenses when the event occurs and the related cash has actually been paid out by the *CDF*.

3. In-kind contributions

In-kind contributions are donations that are made to the *CDF* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *CDF* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of

changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *CDF* at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *CDF's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *CDF's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2015.

IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES				
Description		2014 - 2015	2013 - 2014	
		Kshs	Kshs	
Normal Allocation	AIE NO A750227	57,103,278.40	2,000,000.00	
	AIE NO A750418	71,642,396.00	39,402,185.60	
	AIE NO A797190	69,242,396.00		
TOTAL		197,988,070.40	41,402,185.60	

2. COMPENSATION OF EMPLOYEES			
Description		2014 - 2015	2013- 2014
		Kshs	Kshs
Basic wages of contractual employees		1,277,884.00	253,434.00
Basic wages of casual labour		-	
Personal allowances paid as part of salary			
House allowance		-	-
Transport allowance		-	-
Leave allowance		-	-
Other personnel payments		-	-
gratuity			
Total		1,277,884.00	253,434.00

3. USE OF GOODS AND SERVICES			
Description		2014 - 2015	2013 - 2014 (Restated)
		Kshs	Kshs
Utilities, supplies and services		780,000.00	-
Office rent		904,354.00	-

Communication, supplies and services		-	-
Domestic travel and subsistence		1,885,000.00	815,000.00
Printing, advertising and information supplies & services		-	-
Rentals of produced assets		-	-
Training expenses		1,280,000.00	-
Hospitality supplies and services		-	-
Insurance costs		-	-
Specialised materials and services		-	-
Office and general supplies and services		530,000.00	-
Fuel ,oil & lubricants		570,000.00	-
Other operating expenses		40,000.00	625,000.00
Routine maintenance – vehicles and other transport equipment		-	-
Routine maintenance – other assets		-	-
Total		5,989,354.00	1,440,000.00
4. COMMITTEE EXPENSES			
Description		2014 - 2015	2013 - 2014
		Kshs	Kshs
Other committee expenses		780,000.00	993,870.00
Committee allowance		3,554,192.00	1,088,000.00
TOTAL		4,334,192.00	2,081,870.00

5 TRANSFER TO OTHER GOVERNMENT ENTITIES			
Description		2014 - 2015	2013 - 2014
		Kshs	Kshs
Transfers to primary schools		56,779,430.00	9,000,000.00
Transfers to secondary schools		27,315,454.00	1,900,000.00
Transfers to Tertiary institutions		-	-
Transfers to Health institutions		9,382,759.00	1,700,000.00
TOTAL		93,477,643.00	12,600,000.00
6 OTHER GRANTS AND OTHER PAYMENTS			
Description		2014 - 2015	2013 - 2014
		Kshs	Kshs
Bursary -Secondary		3,550,500.00	2,763,500.00
Bursary -Tertiary		15,320,050.00	8,519,000.00
Bursary-Special schools		-	-
Mocks & CAT		1,000,000.00	-
water		52,352,564.00	5,500,000.00
Agriculture (food security)		-	-

Electricity projects		-	-
Security		1,500,000.00	-
Roads		4,019,578.00	-
Sports		3,511,150.00	-
Environment		2,114,196.00	-
Emergency Projects (specify)		5,854,466.00	-
Total		89,222,504.00	16,782,500.00
7 SOCIAL SECURITY BENEFITS			
		2014 - 2015	2013 - 2014
		Kshs	Kshs
Employer contribution to NSSF		-	-
Total		-	-
8 ACQUISITION OF ASSETS			
<u>Non Financial Assets</u>		2014- 2015	2013 - 2014
		Kshs	Kshs
Purchase of Buildings		-	-

Construction of Buildings		-	-
Refurbishment of Buildings		-	-
Purchase of Vehicles		-	-
Purchase of Bicycles & Motorcycles		-	-
Overhaul of Vehicles		-	-
Purchase of Office furniture and fittings		-	959,000.00
Purchase of computers ,printers and other IT equipments		-	36,000.00
Purchase of photocopier		-	-
Purchase of other office equipments		-	-
Purchase of soft ware		-	-
Acquisition of Land		-	-
			-
Total		-	995,000.00
9. Other Payments			
5 Year Strategic plan development		1,800,000.00	-
Specify		-	-
Specify		-	-

TOTAL		1,800,000.00	-
10: Bank Balances (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, Mandera Branch A/C no.</i>	1000261174117	9,135,875.00	7,249,381.60
		-	-
		-	-
Total		9,135,875.00	7,249,381.60

11. BALANCES BROUGHT FORWARD			
		2014 - 2015	2013 - 2014
		Kshs (1/7/2014)	Kshs (1/7/2013)
Bank accounts		7,249,381.60	-
Cash in hand		-	-
Imprest		-	-

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transactio -	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comment s
		a	b	c	d=a-c		
Amounts due to other Government entities							
1. Transfer to Government Entities					-		
					-		
					-		
Sub-Total					-	-	
Amounts due to other grants and other transfers							
2. Other grants and other payments		5,049,933.55			5,049,933.55	0	1,900,000 Not yet Funded
					-		
Sub-Total		5,049,933.55			5,049,933.55	-	
Others (specify)							
3. M & E and Administration		17,582,371.45		11,601,430.00	5,980,941.45	4,686,739.45	
4. Other Payments		505,000.00			505,000.00		500,000 not yet funded
Sub-Total		18,087,371.45			6,485,941.45	4,686,739.45	
Grand Total		23,137,305.00			11,535,875.00	4,686,739.45	

ANNEX 2 – 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	429,000.00	429,000.00
<i>Restatements (Acquisition of Assets wrongly classified under use of Goods and Services in 2013/2014).</i>	556,000.00	-
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	995,000.00	429,000.00

