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*Paper laid
by Hon. A. Susile, MP (Homa)
on Thursday, January 26, 2017 (pm)*



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND
HOMA BAY TOWN CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2015**

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



CONSTITUENCY DEVELOPMENT FUND – HOMABAY TOWN 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)**

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

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CONSTITUENCIES DEVELOPMENT FUND - HOMA BAY TOWN CONSTITUENCY
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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The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 CDF Act 2013 aligns the Fund with the Constitution of Kenya 2010 and the Public Finance Management Act 2012 that lay emphasis on citizen participation in public finance management and decision making, transparency and accountability together with equity in public resource utilization. The overall management of the Fund is the responsibility of the Constituencies Development Fund Board.

(b) Key Management

The *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.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Christopher O. Nyerere
3.	District Accountant	Abel Omuga

(d) Fiduciary Oversight Arrangements

No.	Name	Designation
1	Zablon Anyango Were	Chairman
2	Deputy County Commissioner	National Government Official
3	Fund Account Manager	Ex – official
4	Daniel A. Ngere	Member
5	Samwel A. Okuto	Member
6	Mary B. Opiyo	Member
7	Jenipher Malit	Member
8	Monica Nyadiero	Member
9	Walter Obonyo	Member
10	Caren Atieno Odiyo	Member

CONSTITUENCIES DEVELOPMENT FUND - HOMA BAY TOWN CONSTITUENCY
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(e) Entity Headquarters

P.O. Box 689 – 40303,
DDO's Office,
County Headquarters,
Homa Bay, KENYA

(f) Entity Contacts

Telephone: (254) 711901505
E-mail: homabaytown@cdf.go.ke
Website: www.cdf.go.ke

(g) Entity Bankers

Constituency CDF main banker:
Equity Bank Ltd,
Homa Bay Branch,
Account No. 0980261595074

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

CONSTITUENCIES DEVELOPMENT FUND - HOMA BAY TOWN CONSTITUENCY
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II. STATEMENT OF ENTITY 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 county government entity shall prepare financial statements in respect of that entity. 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 Fund Account Manager in charge of the Homa Bay Town CDF is responsible for the preparation and presentation of the Constituencies financial statements, which give a true and fair view of the state of affairs of the Constituency 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 entity;
- 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 entity;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Fund Account Manager in charge of the Homa Bay Town CDF accepts responsibility for the entity'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) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the Homa Bay Town CDF financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2015, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the Homa Bay Town CDF further confirms the completeness of the accounting records maintained for the Constituency, which have been relied upon in the preparation of the Constituency financial statements as well as the adequacy of the systems of internal financial control.


The Fund Account Manager in charge of the Homa Bay Town confirms that the entity has complied fully with applicable Government Regulations and that the entity'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 Fund Account Manager confirms that the Constituency'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 *Homa Bay Town CDF* financial statements were approved and signed on 30th SEPT 2015.



Zablon A. Were
Chairman – CDFC


Christopher Otieno Nyere
Fund Account Manager

REPUBLIC OF KENYA

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Fax: +254-20-311482
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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON CONSTITUENCIES DEVELOPMENT FUND - HOMA BAY TOWN CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Homa Bay Town Constituency set out on pages 7 to 17, which comprise the statement of financial assets as at 30 June 2015, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation on recurrent and development for the year then ended and a summary of significant accounting policies and other explanatory information, in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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 15 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 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

Constituencies Development Fund - Homa Bay Town Constituency – Reports and Financial Statements for the year ended 30 June 2015

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. Inaccuracy of Financial Statements

Analysis of 2014/2015 financial statement reveals that the comparative figures for 2013/2014 financial statements were not reflecting the correct figures as opening balance thus making the comparison of the performance of the current year and the previous year to be impossible hence breach of Section 33 of Constituencies Development Fund Act 2013.

Cases are as below:

Items	Audited Financial Statement 2015 Opening Balance Kshs.	Certified Report Balance 2014 Kshs.	Variance Kshs.
A.I.E. No. 750027	43,204,483.20	0.00	43,204,483.20
Bank Balances	16,855,884	1,797,869	15,058,015
Outstanding Imprest	665,000	750,385	-85,385
Surplus	45,002,353	1,797,869	43,204,484

Consequently the accuracy of the financial statements could not be confirmed

2. Bank Balances

Included in the bank balances figure of Kshs.19,929,733 as at 30 June 2015 is equity bank account number 0980261595074 of Kshs.11,605,472 as per financial assets, no bank reconciliation for the month of June 2015 was availed for audit verification. Consequently, the balance of Kshs.11,605,472 could not be confirmed as the cash book balance as at 30 June 2015.

3. Payments without Supporting Documents

During the year under review, verification of the payment vouchers worth Kshs.18,260,632 against the cash book availed for audit revealed that payments made

includes roads totaling Kshs. 6,136,363, committee meeting allowance totaling Kshs.5,869,660, emergency totaling Kshs.5,252,156 and health totaling Kshs.1,000,000 lacked adequate and relevant supporting documents for payment to be effected as stipulated under the Constituencies Development Fund Act 2013 Part VIII Finance and Administration under section 44(1) , and no proper explanation was provided by the management.

Consequently, the total expenditure of Kshs. 18,260,632 could not be accounted for.

4. Outstanding Imprests

Outstanding Imprest figure under statement of financial assets and liabilities stood at Kshs. 8,324,262 while the imprest warrant and payment vouchers availed for audit figure is Kshs.10,152,762 resulting in unexplained or unreconciled differences of Kshs.1,828,500. Imprest totaling Kshs.4,097,885 out of the Kshs.8,324,262 were imprest issued way back in 2013. In addition the outstanding imprest of Kshs. 10,152,762 is being held by only six (6) staff of the Fund. Under the circumstances the accuracy and outstanding imprest balance of Kshs.8,324,262 could not be confirmed.

5. Compensation of Employees

The compensation of employees figure reflected in the statement of receipts and payments stood at Kshs. 2,142,365. However no schedules were availed for audit verification.

In addition, five (5) months salaries totaling Kshs. 930,310 were paid without the payroll being approved. The fund has employed fifteen (15) staff contrary to the CDF Act. 2013 under section 24(17) that the committee may employ staff not exceeding five in number. The months' salary total are as below:

Date	Voucher	Month	Amount Kshs
1-7-2015	400272(1)	June 2015	190,500
3-3-2015	400190(10)	February 2015	190,970
1-4-2015	411080(1)	March 2015	175,070
4-2-2015	400166(1)	January 2015	175,070
19-6-2015	400249(4)	May 2015	198,700
Total			930,310

Under the circumstances the accuracy and propriety of the expenditure could not be confirmed.

6. Use of Goods and Services

The Use of Goods and Services figure reflected in the statement of receipts and payments stood at Kshs. 950,000. However, no supporting schedule and records were

availed for audit verification. Further, the Constituencies Development Fund (CDF) spent Kshs.1,345,541 on fuel for its operation. Relevant supporting documents like work tickets, detailed order and fuel register were not availed for audit verification.

Consequently, the accuracy of the use of goods and services balance of Kshs.950,000 could not be confirmed.

7. Committee Expense

The Committee allowances figure reflected in the statement of receipt and payments stood at Kshs.1,449,000. However, no supporting schedules were availed for audit verification. Further, payment vouchers availed were totaling Kshs.2,682,000 resulting in a difference of Kshs. 1,233,000. In addition the CDFC Committee spent Kshs. 872,970 on hire of vehicles, hospitality and stationery, no prequalification document were availed for audit verification.

Consequently, the accuracy of the committee expenses figure of Kshs.1,449,000 could not be confirmed.

8. Transfer to Schools

8.1 Lake Primary School

The school requested to be build administration block through Project Management Committee (PMC). The approval was granted, but at the time of starting the Project the CDFC took over the process without involving the PMC contrary to the CDF Act 2013. The Plan was not accepted by PMC, but the construction went on. At the time of inspection the project was 35% and Kshs. 600,000 had been paid to the contractor out of Kshs.1,000,000 which was allocated the school, the construction had been abandoned and left incomplete. The PMC wrote a protest letter to CDFC that the work done was not satisfactory, however, the PMC was directed to pay the difference to the contractor to finish the project.

8.2 Bishop Okulu Magare

Construction of a twin staff house-was allocated Kshs.1,000,000. The school deviated from the initial plan of constructing a twin house, left at the foundation slab and did only one house which is incomplete, no documents were availed deviation. It is contrary to CDF Act 2013 on projects.

8.3 Marindi Secondary School

Construction of Dormitory Kshs.4,000,000, I was not as per the plan and audit inspection done revealed some element of poor workmanship as it was reduced, the

floor had major cracks and the wall also had cracks, The Contract included ablution block but at the time of audit in February 2016 the ablution was still at the foundation.

8.4 Ruga Mixed Secondary School

Construction of Laboratory Kshs.1,000,000, the laboratory is not completed, roofing not complete and pillars connecting walls had cracks also.

8.5 Nyakahia Primary School

Construction of 2 Classrooms Kshs.1,000,000, the floors and the wall have major cracks.

8.6 Ndiru Primary

Kshs.1,000,000, the classroom walls and the floor have cracks under the circumstances the beneficiaries did not get value for money.

9. Transfer to Health Institutions

Included in the transfer to other government entities figure of Kshs. 84,740,696 is Kshs.4,482,765 being transfer to Health Institutions. However, no relevant supporting documents and schedule were availed for audit verification. There was only a payment voucher for a health Centre of Kshs. 1,000,000. Physical verification revealed that the project had only been done up to 30% and this was a reallocation of fund and no approval for reallocation from the Board was availed. Consequently, the Fund breached the law.

10. Other Grants and Other Payments

10.1 Scholarships and Other Educational Benefits

Included in Other Grants and Other Payments of Kshs.35,699,719 is an amount of Kshs.22,489,200 in respect to scholarships and Other Educational Benefits. However, the payment vouchers availed for audit verification amounted to Kshs.21,083,150 resulting in unexplained or unreconciled difference of Kshs.1,406,050. Further, the relevant supporting documents and schedules for the payments were not availed for audit verification.

Under the circumstance the accuracy of the Scholarships and Other Educational Benefits figure of Kshs. 22,489,200 could not be confirmed.

10.2 Emergency Relief and Refugee Assistance Kshs.4,834,156

Other grants and other payments figure of Kshs.35,699,719 includes Emergency relief and refugee assistance of Kshs.4,834,156. The payment voucher availed for audit

scrutiny totals Kshs.5,354,156 resulting to unexplained or unreconciled difference of Kshs.500,000. Relevant supporting schedules and documents were not availed for audit verification. Under the circumstances the accuracy and propriety of the expenditure of Kshs.4,834,156 under emergency relief and refugee assistance could not be confirmed.

10.3 Roads

The other grants and other payments figure of Kshs. 35,699,719 includes the roads figure Kshs. 7,476,363. However, no relevant supporting documents and schedule were availed for audit verification. Payment vouchers availed were totaling Kshs.4,136,363 resulting in unexplained or unreconciled difference of Kshs.3,340,000. Physical verification on sampled roads revealed the following contrary to the Constituencies Development Fund Act 2013 under section 32(1);

- a) **Wiamen-Riwa-Arujo** road was supposed to have been done 13 Kms as at the time of inspection in February 2016 the road was not passable and there were no proof that it was done at a cost of Kshs. 1,500,000 while in the financial year 2013/2014 same Kms were done at the same rate. The work which should have been done were opening and grading the road.
- b) **Wiobiero-Nyamila-Pundo** Road was done 8.3 Kms while the project schedule reflect that it was 8.5 Kms at cost of Kshs.1,500,000 resulting in 0.2 Kms which was not done, the work which should have been done were opening and grading the road.
- c) **Rodi-Kuja-Muche** road was supposed to have been done 9.5 Kms at cost of Kshs. 1,136,363, as at the time of inspection in February 2016 only 4Kms were done, opening and grading but at the same time the whole road murruming and culvert installation were also done by the Homa Bay County Government, it was therefore not possible to demarcate the work of CDF and the County.

Under the circumstances the accuracy and propriety of the expenditure under roads of Kshs.7,476,363 could not be confirmed.

10.4 Environment

Examination of payment vouchers availed for audit, revealed that the Fund had spent Kshs. 860,377.00 on environment as per voucher no. 6 dated 25-11-2014 paid to Christopher Nyerere Otieno, while the figure should be included to Other Grants and Other Payments figure reflected in the financial statement availed for audit, the item was missing from the list of Other Grants and Other Payments figure understating the figure by Kshs.860,377, contrary to the Constituencies Development Fund Act 2013 Part VIII Finance and Administration under section 44(1) . Under the circumstances the accuracy and propriety of the expenditure under environment of Kshs.860,377 could not be confirmed.

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 - Homa Bay Town 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

Budget Performance Analysis

A total of Kshs.102,139,640 was allocated to the Constituency Development Fund during the year to finance projects in the 2014-2015 budget period which the CDF were required to implement within the financial year. However, the Fund spent Kshs.125,208,650 on number of projects which could not be confirmed as adequate supporting documents, namely, projects implementation status and schedules pertaining to each project was not availed for audit verification. Therefore, the budget analysis done was budget against components on statement of receipts and payments as shown below:

Item	Budget Kshs	Actual Kshs	Under Expenditure Kshs	Over Expenditure Kshs	Variance Kshs	% Level Of Absorption
Administration	7,314,087	4,768,235	2,545,852		2,545,852	65
Bursary	20,000,000	22,489,200		2,489,200	(2,489,200)	112
Primary School Projects	25,050,000	38,370,000		13,520,000	(13,520,000)	153
Secondary School Projects	32,737,931	41,887,931		9,150,000	(9,150,000)	128
Health Projects	0	4,482,765			(4,482,765)	
Roads	10,637,363	7,476,363	3,161,000		3,161,000	70
Emergency Relief and Refugee Assistance	5,400,259	4,834,156	566,103		566,103	90
Sports	1,000,000	900,000	100,000		100,000	90
Total	102,139,640	125,208,650	6,372,955	24,098,823	(23,069,010)	123

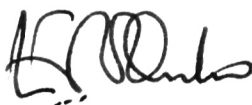
The following were noted:

- i) The actual expenditure was Kshs.125,208,650 against a budget of Kshs.102,139,640 spending beyond the Budget without approval.
- ii) The Constituency overspent on three (3) line items with a total expenditure of Kshs. 24,098,823 which was more than proposed budget.

- iii) As at 30th June 2015, the reconciled bank balance was Kshs.11,605,472, however some of the projects were not undertaken.
- iv) Health projects totaling Kshs.4,482,765 were not included the approved budget therefore the fund breached the law.

Delayed implementation of projects deny the public from accessing services they deserve. Further, due to inflationary factors the project costs may escalate. Despite over expenditure by the Constituency the objective of addressing poverty at grassroots level and development were not achieved.

My opinion is not qualified in respect of this matter.



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

Nairobi

20 September 2016

CONSTITUENCIES DEVELOPMENT FUND - HOMA BAY TOWN CONSTITUENCY
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III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014 - 2015 Kshs	2013 - 2014 Kshs
RECEIPTS			
Transfers from CDF board - AIE's Received	1	102,139,640.00	91,430,160.60
Proceeds from sale of assets		-	-
Other receipts		-	-
TOTAL RECEIPTS		<u>102,139,640.00</u>	<u>91,430,160.60</u>
PAYMENTS			
Compansation of employees	2	2,142,365.00	748,800.00
Use of goods and services	3	950,000.00	711,695.00
Committee expenses	4	1,449,000.00	2,551,500.00
Transfer to other Government Units	5	84,740,696.00	21,710,661.00
Other grants and transfers	6	35,699,719.00	20,693,352.00
Social security benefits	7	226,870.00	11,800.00
Acquisition of Assets		-	-
Other payments		-	-
TOTAL PAYMENTS		<u>125,208,650.00</u>	<u>46,427,808.00</u>
SURPLUS / DEFICIT		(23,069,010.00)	45,002,352.60

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Homa Bay Town CDF financial statements were approved on ^{30th SEPT} 2015 and signed by:



Zablon A. Were
Chairman – CDFC

for 
Christopher Otieno Nyere
Fund Account Manager

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IV. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2014 - 2015 Kshs	2013 - 2012 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balance (as per cash book)	8	11,605,471.60	16,142,884.00
Cash Balance (cash at hand)	9		48,000.00
Outstanding Imprests		8,324,262.00	665,000.00
TOTAL FINANCIAL ASSETS		<u>19,929,733.60</u>	<u>45,002,352.60</u>
 REPRESENTED BY			
Fund balance b/fwd 1st July, 2014		45,002,352.60	-
Surplus / Decifit for the year		<u>(23,069,010.00)</u>	<u>45,002,352.60</u>
NET LIABILITIES		<u>21,933,342.60</u>	<u>45,002,352.60</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Homa Bay Town CDF financial statements were approved on.....^{30th}.....~~SEP~~..... 2015 and signed by:



Zablon A. Were
Chairman – CDFC



Christopher Otieno Nyere
Fund Account Manager

CONSTITUENCIES DEVELOPMENT FUND - HOMA BAY TOWN CONSTITUENCY

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V. SUMMARY STATEMENT OF APPROPRIATION

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	102,139,640.00		102,139,640.00	91,430,160.60	10,709,479.40	89.5%
Proceeds from Sale of Assets	0.00		0.00	0.00	0.00	
Other Receipts	0.00	4,500,352.60	4,500,352.60	0.00	4,500,352.60	
TOTAL	102,139,640.00	4,500,352.60	106,639,992.60	91,430,160.60	15,209,832.00	85.7%
PAYMENTS						
Compensation of Employees	2,142,365.00		2,142,365.00	748,800.00	1,393,565.00	35.0%
Use of goods and services	950,000.00		950,000.00	711,695.00	238,305.00	74.9%
Committee expenses	1,449,000.00		1,449,000.00	2,551,500.00		
Transfers to Other Government Units	84,740,696.00		84,740,696.00	21,710,661.00	63,030,035.00	25.6%
Other grants and transfers	35,699,719.00		35,699,719.00	20,693,352.00	15,006,367.00	58.0%
Social security benefits	226,870.00		226,870.00	11,800.00	215,070.00	5.2%
Acquisition of Assets	0.00		0.00		0.00	
Other Payments	0.00		0.00		0.00	
TOTAL	125,208,650.00		125,208,650.00	46,427,808.00	79,883,342.00	37.1%

The Homa Bay Town CDF financial statements were approved on ^{30th} ^{SEPT} 2015 and signed by:



Zablon A. Were
Chairman – CDFC



Christopher Otieno Nyere
Fund Account Manager

CONSTITUENCIES DEVELOPMENT FUND - HOMA BAY TOWN CONSTITUENCY
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VI. CASH FLOW STATEMENT

	2014 - 2015	2013 - 2012
	Kshs	Kshs
Receipts for operating income		
Transfers from other Government Entities	102,139,640.00	91,430,160.60
Other Revenues	-	-
Total Receipts	<u>102,139,640.00</u>	<u>91,430,160.60</u>
Payments for operating expenses		
Compensation of employees	2,142,365.00	748,800.00
Use of goods and services	950,000.00	711,695.00
Committee expenses	1,449,000.00	2,551,500.00
Transfers to other Government Units	84,740,696.00	21,710,661.00
Other grants and transfers	35,699,719.00	20,693,352.00
Social security benefits	226,870.00	11,800.00
Other payments	-	-
Total payments	<u>125,208,650.00</u>	<u>46,427,808.00</u>
Adjustment during the year	(23,069,010.00)	45,002,352.60
Net cash flow operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sales of Assets		
Acquisition of Assets		
Net cash flow from investing activities		
NET INCREASE IN CASH AND CASH EQUIVALENT	(23,069,010.00)	45,002,352.60
Cash and cash equivalent at BEGINNING of year	45,002,352.60	-
Cash and cash equivalent at END of the year	<u>21,933,342.60</u>	<u>45,002,352.60</u>

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VII. 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 and relevant legal framework of the Government of Kenya. 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 *Constituency*. 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 *Constituency*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the *Constituency* 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 *Constituency* 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.

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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 *Constituency* 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 *Constituency'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 *Constituency'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.

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VIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM THE CDF BOARD

A.I.E. NO	2014 - 2015	2013 - 2012
	Kshs.	Kshs.
A. 750027		43,204,483.20
A. 735581		28,802,988.80
A. 750336	7,300,000.00	
A. 750446	44,269,820.00	
A. 797179	50,569,820.00	
Receipt from other Constituency		19,422,688.60
TOTAL	102,139,640.00	91,430,160.60

2. COMPENSATION OF EMPLOYEES

	2014 - 2015	2013 - 2012
	Kshs.	Kshs.
Basic wages of temporary employees	2,142,365.00	748,800.00
TOTAL	2,142,365.00	748,800.00

3. USE OF GOODS AND SERVICES

	2014 - 2015	2013 - 2012
	Kshs.	Kshs.
Utilities, supplies and services	9,500,000.00	591,695.00
Office Rent		120,000.00
TOTAL	9,500,000.00	711,695.00

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4. COMMITTEE EXPENSES

	2014 - 2015	2013 - 2012
	Kshs.	Kshs.
Other committee expenses		1,183,500.00
Committee expenses	1,449,000.00	1,368,000.00
TOTAL	1,449,000.00	2,551,500.00

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2014 - 2015	2013 - 2012
	Kshs.	Kshs.
Transfer to Counties		
Transfer to Primary Schools	38,370,000.00	10,660,661.00
Transfer to Secondary Schools	41,887,931.00	10,500,000.00
Transfer to Health Institutions	4,482,765.00	550,000.00
TOTAL	84,740,696.00	21,710,661.00

6. OTHER GRANTS AND PAYMENTS

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Scholarship and other educational benefits	22,489,200.00	12,166,376.00
Emergency relief and refugee assistance	4,834,156.00	3,500,000.00
Sports	900,000.00	-
Other current transfers, grants	-	5,026,976.00
Roads	7,476,363.00	-
TOTAL	35,699,719.00	20,693,352.00

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7. SOCIAL SECURITY BENEFITS

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Government pension and retirement benefits	-	-
Social security benefits in cash and in kind	-	-
Employer social benefits in cash and in kind	226,870.00	11,800.00
TOTAL	<u>226,870.00</u>	<u>11,800.00</u>

8. BANK BALANCES (CASH BOOK BANK BALANCE)

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Equity Bank, A/C No. 0980261595074 (Kshs)	11,605,471.60	16,142,884.00
Cash Balances (cash at hand)	-	48,000.00
Outstanding Imprests	8,324,262.00	665,000.00
TOTAL	<u>19,929,733.60</u>	<u>16,855,884.00</u>

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9. FIXED ASSETS REGISTER

Type of furniture	Asset Number	Asset serial No.	Acquisition Date	Purchase Cost	Current Condition
Steel chairs with arms	CDF249/OFFCA/001	N/A	2014	7,000.00	Good
Steel chairs with arms	CDF249/OFFCA/002	N/A	2014	7,000.00	Good
Steel chairs with arms	CDF249/OFFCA/003	N/A	2014	7,000.00	Good
Steel chairs with arms	CDF249/OFFCA/004	N/A	2014	7,000.00	Good
Steel chairs with arms	CDF249/OFFCA/005	N/A	2014	7,000.00	Good
Steel chairs with arms	CDF249/OFFCA/006	N/A	2014	7,000.00	Good
Steel chairs with arms	CDF249/OFFCA/007	N/A	2014	7,000.00	Good
Steel chairs with arms	CDF249/OFFCA/008	N/A	2014	7,000.00	Good
Conference Table (steel)	CDF249/OFFTC/001	N/A	2014	7,000.00	Good
Conference Table (steel)	CDF249/OFFTC/002	N/A	2014	7,000.00	Good
Plastic chairs	CDF249/OFFCH/001	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/002	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/003	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/004	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/005	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/006	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/007	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/008	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/009	N/A	2014	2,000.00	Good

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Plastic chairs	CDF249/OFFCH/010	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/011	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/012	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/013	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/014	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/015	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/016	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/017	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/018	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/019	N/A	2014	2,000.00	Good
Plastic chairs	CDF249/OFFCH/020	N/A	2014	2,000.00	Good
Cabinet (Wooden)	CDF249/OFFWC/001	N/A	2014		Good

PROPERTY PLANT EQUIPMENT

Type of furniture	Asset Number	Asset serial Number	Acquisition Date	Purchase Cost (Kshs)	Current Condition
Computer model HP	CDFCDF249/OE001	26951895793	2012	CDF Board	Good
Scanner HP Scanejet G2710	CDFCDF249/OE002	CN33BWIBP	2012	CDF Board	Good
Back up UPS APC	CDFCDF249/OE003	3B1304X01244	2013	CDF Board	Good
Laserjet Pro 400	CDFCDF249/OE004	CF278-00902	2014	CDF Board	Good

