

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
LOIMA CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**

CONSTITUENCY DEVELOPMENT FUND- LOIMA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016



CONSTITUENCY DEVELOPMENT FUND- LOIMA CONSTITUENCY

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

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

CONSTITUENCY DEVELOPMENT FUND- LOIMA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016

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CONSTITUENCY DEVELOPMENT FUND- LOIMA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

(b) Key Management

The *LOIMA 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 2016 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Malaki Magero
3.	Accountant	James Muli
4.	Chairman	Irene Lomoro

(d) Fiduciary Oversight Arrangements

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

P.O. Box 193
DC's Plaza
LORUGUMU MARKET
LODWAR

CONSTITUENCY DEVELOPMENT FUND- LOIMA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016

(f) LOIMA CDF Contacts

Telephone
E-mail: cdfloima.go.ke
Website: www.go.ke

(g) LOIMA CDF Bankers

1. Equity bank
Lodwar Branch
P.O. Box 324
Lodwar 30500
Lodwar, Kenya

(h) Independent Auditors

Office Of The 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

CONSTITUENCY DEVELOPMENT FUND- LOIMA CONSTITUENCY

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

LOIMA Constituency was allocated Kshs 133,205,677 during FY 2015/2016. However, Kshs 83,807,916.00 had been carried forward from FY 2014/2015. That make total funds of Kshs 186,025,677.00. The fund was spent on putting classrooms and the health facilities. However, as usual there has been a delay in implementation of project. The main cause of this was lack of documentation in regard to cost estimates by the relevant ministry. Such a situation has delayed the implementation programs as previously planned. Another reason but this was beyond our control is the delay in disbursement of funds 3rd and 4th tranches. It takes several months for funds to be transferred to CDFC bank account



Irene Iomoro
CHAIRPERSON NG-CDFC LOIMA

CONSTITUENCY DEVELOPMENT FUND- LOIMA CONSTITUENCY

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III. STATEMENT OF NG-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 NG-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.

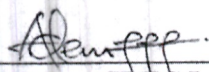
The Accounting Officer in charge of the *LOIMA NG-CDF* is responsible for the preparation and presentation of the *NG-CDF's* financial statements, which give a true and fair view of the state of affairs of the *NG-CDF* for and as at the end of the financial year 2014/15 ended on June 30, 2016. This responsibility 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 *LOIMA NG-CDF* accepts responsibility for the *NG-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 *NG-CDF's* financial statements give a true and fair view of the state of *NG-CDF's* transactions during the financial year ended June 30, 2016, and of the *CDF's* financial position as at that date. The Accounting Officer in charge of the *LOIMA NG-CDF* further confirms the completeness of the accounting records maintained for the *NG-CDF*, which have been relied upon in the preparation of the *NG-CDF's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the *LOIMA NG-CDF* confirms that the *NG-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 *NG-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 *NG-CDF's* financial statements were approved and signed by the Accounting Officer on _____ 2016.



Chairman – CDFC LOIMA



Fund Account Manager

REPUBLIC OF KENYA

Telephone: +254-20-342330
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NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LOIMA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the National Government Constituencies Development Fund-Loima Constituency set out on pages 7 to 20, which comprise statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cashflow, summary statement of appropriation-recurrent and development and significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

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 47 of the Public Audit Act, 2015.

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 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material 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 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Loima Constituency for the year ended 30 June 2016

estimates made by the management, as well as evaluating the overall presentation of the financial statements.

Because of the significance of the matters discussed in the Disclaimer of Opinion Paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1.0 Inaccuracies in the Financial Statement

1.1 Presentation of Financial Statements

The Funds summary statement of appropriation and the significant accounting policies reflects the accounting period as "for the year ended 30 June 2014" instead of for "the year ended 30 June 2016." It further indicates that the figures are in thousands ("000") contrary to what is reflected in the statement.

Consequently, the financial statements were not prepared in line with the International Public Sector Accounting Standards (IPSAS) as prescribed by Public Sector Accounting Standards Board (PSASB).

1.2 Other Grants and Transfers

The statement of receipts and payments for the year ended 30 June 2016 reflects other grants and transfers figure of Kshs.58,954,924 which is at variance with the computed figure of Kshs.35,587,700 as disclosed in note 8 to the financial statements resulting in a variance of Kshs.23,367,224 and which the management has not explained or reconciled. Consequently, the accuracy, validity and completeness of other grants and transfers figure of Kshs.58,954,924 in the statement of receipts and payments for the year ended 30 June 2016 could not be confirmed.

1.3 Opening Balances

A review of the comparative figures reported in the financial statements for 2015/2016 for other grants and transfers as disclosed in Note 8 to the financial statements indicate variances with figures in the audited financial statements for the year 2014/2015 as summarized below:

No	Item	Opening Balance as per 2015/2016 Financial Statement (Kshs)	Balance as per 2014/2015 Certified Financial Statements (Kshs)	Variance (Kshs)
1	Bursary (secondary schools)	11,876,000	7,215,000	4,661,000
2	Bursary (tertiary institutions)	19,854,808	10,300,000	9,554,808
3	Sports projects	1,500,000	1,200,000	300,000
4	Environment projects	1,177,600	1,200,000	(22,400)
5	Emergency projects	5,750,783	5,998,200	(247,417)
	Total	40,159,191	25,913,200	14,245,991

Consequently, the accuracy of the comparative figures in the financial statements for the year ended 30 June 2016 could not be confirmed.

2.0 Bank Balances

The statement of assets reflects bank balances figure of Kshs.5,285,246 as at 30 June 2016. However, audit review of the bank reconciliation statement for the month of June

2016 reflects un presented cheques totaling Kshs.8,488,081 out of which cheques amounting to Kshs.901,548 were stale and no reason or explanation was provided for failure to reverse the stale cheques in the cash book as required by the Government Financial Regulation and Procedures. Further, there was no information availed for audit review showing the dates when the balance of the un presented cheques totaling Kshs.7,586,533 were subsequently cleared in the bank.

Under the circumstances, the accuracy, validity and completeness of bank balances figure of Kshs.5,285,246 as at 30 June 2016 could not be confirmed.

3.0 Cash in Hand

The statement of assets reflect nil cash in hand balance as at 30 June 2016. However, the cash survey report was not availed for audit review. Under the circumstance, the accuracy and validity of the nil cash in hand balance as at 30 June 2016 could not be confirmed.

4.0 Outstanding Imprest

The statement of assets and note 12C to the financial statement reflects nil outstanding imprest balance as at 30 June 2016. However, the imprest register and surrender voucher were not availed for audit review to confirm whether the outstanding imprest balance of Kshs.829,337 as at 30 June 2015 had been surrendered. Consequently, the accuracy and completeness of nil outstanding imprest balance in the statement of assets as at 30 June 2016 could not be confirmed.

5.0 Acquisition of Assets

The statement of receipts and payments reflects acquisition of assets figure of Kshs.6,900,000 as disclosed in note 10 to the financial statement. However, out of the acquisition of assets figure of Kshs.6,900,000, payment vouchers and their supporting documents for expenditure totaling Kshs.6,000,000 were not availed for audit review.

Consequently, the propriety of expenditure of Kshs.6,000,000 incurred in the acquisition of assets for the year ended 30 June 2016 could not be confirm.

6.0 Use of Goods and Services

6.1 Training Expenses

Included in the use of goods and services figure of Kshs.2,314,756 reflected in the statement of receipts and payments and as disclosed in note 5 to the financial statement is training expenditure of Kshs.284,057 paid vide payment vouchers numbers 99 and 28 for Kshs.120, 000 and Kshs.164, 057 respectively. The amount of Kshs.120,000 was paid to the regional coordinator in the North Rift to facilitate the training of the CDF managers at a Hotel in Lodwar. However, available information indicate that the regional coordinator had requested for Kshs.25,000, hence an overpayment of Kshs.95,000. Further, approved training program for the CDF managers, signed payment schedule for staff who attended the training and signed payment schedule for facilitators of the training were not availed for audit verification. Consequently, the propriety of training expenses figure of Kshs.284,057 for the year ended 30 June 2016 could not be confirmed.

6.2 Unsupported Expenditure on Fuel and Lubricants

Included also in the use of goods and services figure of Kshs.2,314,756 reflected in the statement of receipts and payments for the year ended 30 June 2016 and as disclosed in note 5 to the financial statement is fuel and lubricants figure of Kshs.400,000. However, fuel register, motor vehicle work tickets, detail orders and supplier's statements were not availed for audit verification. Under the circumstances, the propriety of the fuel and lubricants expenditure of Kshs.400,000 for the year ended 30 June 2016 could not be confirmed.

7.0 Transfer to Other Government Entities

7.1 Transfer to Secondary Schools

7.1.1 Purchase of Chairs and Assorted Textbooks for Secondary Schools

Included in the transfers to other government entities figure of Kshs.71,152,931 reflected in the statement of receipts and payments under note 7 to the financial statements is transfers to secondary schools figure of Kshs.21,742,931 out of which Kshs.2,807,844 was spent on purchase of school chairs and assorted textbooks. However, quotations, deliveries notes, goods received notes, inspection and acceptance committee reports, stores ledgers, distribution list and acknowledgement letters were not provided for audit review.

Consequently, the propriety of expenditure of Kshs.2,807,844 incurred on the purchase of school chairs and assorted textbooks for the year ended 30 June 2016 could not be confirmed.

7.1.2 Procurement of 52 Seater School Bus

Included also in transfers to secondary schools figure of Kshs.21,742,931 under note 7 to the financial statements is expenditure of Kshs.6,500,000 on the purchase of 52 seater bus for Loima boys secondary school. According to bid documents availed for audit review, only two companies were invited to quote instead of the mandatory minimum of three as required by Section 106 (2)(d) of the Public Procurement and Asset Disposal Act, 2015. Further, procurement records such as tender opening, evaluation and award committee minutes and vehicle log book were not availed for audit verification. In addition, the school bus was not branded with Loima CDF logo.

Consequently, the propriety of Kshs.6,500,000 spent on the purchase of school bus for the year ended 30 June 2016 could not be confirmed.

7.1.3 Purchase of School Bus for Turkwel Boys Secondary School

In addition, included in transfers to secondary schools figure of Kshs.21,742,931 as disclosed in Note 7 to the financial statements is expenditure of Kshs.6,500,000 on the purchase 52 seater bus for Turkwel boys secondary school. According to the bid documents availed for audit review, only two companies were invited to quote for the supply of the bus instead of the mandatory minimum of three suppliers contrary to Section 106 (2)(d) of the Public Procurement and Asset Disposal Act, 2015. Further, tender opening, evaluation and award committee minutes and vehicle logbook were not

availed for audit verification. In addition, the school bus was not branded with Loima CDF logo.

Consequently, the propriety of Kshs.6,500,000 spent on the purchase of school bus for the year ended 30 June 2016 could not be confirmed.

8.0 Transfers to Primary Schools

8.1 Construction of Two Classes at Lochor Emeyan Primary School

Included in transfers to other government entities figure of Kshs.71,152,931 in the statement of receipts and payments under note 7 to the financial statement is transfers to primary schools figure of Kshs.38,260,000 out of which Kshs.2,200,000 was allocated for the construction of two classes at Lochor Emeyan Primary School. Payment was made in full to the contractor vide payment voucher number 4. However, procurement records such as quotations, opening, evaluation and award committee minutes, completion certificates and the report of inspection and acceptance committee were not availed for audit review. Further, physical verification of the project on 14 June 2017 revealed that the two classes were being occupied by the students. However, one classroom was painted while the other had not been painted and the building was not labeled with Loima CDF logo.

Consequently, the propriety of the amount of Kshs.2,200,000 spent on the construction of two classes for the year ended 30 June 2016 could not be confirmed.

8.2 Construction of Two Classes at Lolupe Primary School

Included also in transfers to primary schools figure of Kshs.38,260,000 as disclosed in note 7 to the financial statement is an allocation of Kshs.2,000,000 for the construction of two class rooms and purchase of desks at Lolupe Primary School for which payment was made in full vide payment voucher No. 34. However, quotations, opening, evaluation and award committee minutes, delivery notes, goods received notes, completion certificates, and inspection and acceptance committee reports were not availed for audit review. Further, a physical verification of the project on 15 June 2017 revealed that part of the roof of the classrooms was poorly done as the iron sheets were not well lined up and could easily be blown off by the wind while the classrooms were partly painted and the building was not labeled with Loima -CDF logo.

Consequently, the propriety of the amount of Kshs.2,000,000 spent on the construction of two classes could not be confirmed for the year ended 30 June 2016.

9.0 Transfers to Health Institutions

9.1 Construction of Staff Houses at Lokiriama Dispensary

In addition, included in transfers to other government entities figure of Kshs.71,152,931 in the statement of receipts and payments for the year ended 30 June 2016 is transfers to health institutions figure of Kshs.11,150,000 out of which Kshs.2,000,000 was allocated for the construction of staff house for nurses at Lokiriama Dispensary and payment made in full to the contractor vide payment voucher number 48. However, quotations, tender opening, evaluation and award committee minutes, completion

certificates, and inspection and acceptance committee reports were not availed for audit review. Further, a physical verification of the project on 14 June 2017 revealed that some window panes were falling off from the window frame while the bathroom did not have the outlet for waste water and the building was also not labeled with Loima CDF logo.

Consequently, the propriety of the expenditure of Kshs.2,000,000 on the construction of staff house for the year ended 30 June 2016 could not be confirmed.

9.2 Construction of Out-patient and Ablution Blocks at Naurien-Puu Dispensary

Included also in transfers to health institutions figure of Kshs.11,150,000 is an allocation of Kshs.2,150,000 for the construction of out-patient and ablution blocks at Naurien-Puu Dispensary. Available records indicate that payment was made in full to the contractor vide payment voucher number 50 before the project was completed. However, quotations, tender opening, evaluation and award committee minutes, completion certificates, and inspection and acceptance committee reports were not availed for audit review. A physical verification of the project on 15 June 2017 revealed that the project had not been completed and was not in use. Further observation revealed that the ceiling had not been fixed in the out-patient building and some window panes were broken. It was further observed that the construction of abolition block had not started.

Consequently, the propriety of the expenditure of Kshs.2,150,000 on the construction of out-patient and ablution blocks for the year ended 30 June 2016 could not be confirmed.

10.0 Other Grants and Transfers

10.1 Environment Projects

Included in other grants and transfers figure of Kshs.58,954,924 reflected in the statement of receipts and payments for the year ended 30 June 2016 is environment expenditure of Kshs.2,000,000. Available records revealed that the amount of Kshs.2,000,000 was issued to a member of staff in form of imprest vide payment voucher no.91 for purchase of tree seedlings. However, no evidence was provided to show that procurement of the seedlings was competitively done since procurement records such as quotations, opening, evaluation and award committee minutes, delivery notes, goods received notes, store ledgers, inspection and acceptance committee reports and distribution list were not availed for audit review. Consequently, the propriety of the expenditure of Kshs.2,000,000 for the purchase of assorted tree seedlings for the year ended 30 June 2016 could not be confirmed.

10.2 Sports Projects

Included also in other grants and transfers figure of Kshs.58,954,924 in the statement of receipts and payments as disclosed in note 8 to the financial statements is sports projects figure of Kshs.2,000,000. Information availed for audit review revealed that the amount of Kshs.2,000,000 was spent on purchase of assorted sports equipment vide payment voucher no.57. However, procurement records such as quotations, opening, evaluation and award committee minutes, delivery notes, goods received notes, store

ledgers, inspection and acceptance committee reports and distribution list were not availed for audit review. It was, therefore, not possible to confirm whether the assorted sports equipment were competitively procured.

Consequently, the propriety of expenditure of Kshs.2,000,000 for the purchase of assorted sport equipment for the year ended 30 June 2016 could not be confirmed.

10.3 Unsupported Expenditure

The other grants and transfers figure of Kshs.58,954,924 in the statement of receipts and payments further includes bursary to secondary schools figure of Kshs.12,313,700, bursary to primary schools figure of Kshs.12,274,000 and security projects figure of Kshs.1,500,000 all totalling Kshs.26,087,770 and whose supporting documents such as acknowledgement letters were not provided for audit examination.

Consequently, the propriety of expenditure of Kshs.26,087,700 for the year ended 30 June 2016 could not be confirmed.

11.0 Other Payments

The statement of receipts and payments further reflect other payments figure of Kshs.1,000,000 for the year ended 30 June 2016. Records availed for audit review indicated that the amount of Kshs.1,000,000 was used for the provision of 30 metallic fabricated sign posts and production of booklets, shirts and calendars for which there was no budget. Further, quotations, evaluation and tender award minutes, bills of quantities for metallic fabricated posts, delivery notes, goods received notes and inspection and acceptance committee reports were not availed for audit review.

Consequently, the propriety of other payments figure of Kshs.1,000,000 for the year ended 30 June 2016 could not be confirmed.

12.0 Social Security Benefits

The statement of receipts and payments reflects nil social security benefits balance for the year ended 30 June 2016 which is at variance with the figure of Kshs.59,880 under Note 9 to the financial statement, resulting unexplained variance of Kshs.59,880. Consequently the accuracy of the social security benefits nil balance in the statement of receipts and payments for the year ended 30 June 2016 could be confirmed.

13.0 Compensation of Employees

The statement of receipts and payments reflects compensation of employees' balance of Kshs.3,381,820.80 for the year ended 30 June 2016 which is at variance with the summary statement of appropriation figure of Kshs.3,184,080 resulting unexplained variance of Kshs.197,740.80. Consequently, the accuracy of the compensation of employees balance of Kshs.3,381,820.80 in the statement of receipts and payments for the year ended 30 June 2016 could be confirmed.

14.0 Budgetary Control and Performance

14.1 Budget Performance

Loima Constituency Development Fund approved budget for 2015/2016 amounted to Kshs.217,013,592. During the same period, the Fund incurred expenditure of

Kshs.147,522,670 or 68% of the approved budget resulting in an overall under expenditure of Kshs.69,490,922 or 32% as detailed below:

Components/Vote	Approved Budget 2015/2016 (Kshs)	Actual Expenditure (Kshs)	Under Expenditure (Kshs)	Under Absorption Rate %
Compensation of employees	4,806,820	3,381,821	1,424,999	33.76
Use of Goods and Services	6,315,920	2,314,755.98	4,001,164	63.35
Committee Expenses	5,277,875	3,818,238	1,459,637	27.66
Transfers to Other Government Units	118,270,690	71,152,931	47,117,759	39.84
Other Grants and Transfers	74,442,287	58,954,924	15,487,363	20.80
Acquisition of Assets	6,900,000	6,900,000	0	0.00
Other Payments	1,000,000	1,000,000	0	0.00
Total	217,013,592	147,522,670	69,490,922	32.02

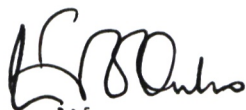
Failure to utilize the funds as budgeted is an indication that programs or activities are not being implemented as planned thus not achieving the intended objective of improving delivery of goods and services to the residents of Loima Constituency.

15.0 Project Status Report

The management of the Fund did not avail the project implementation status report for the year ended 30 June 2016 for audit review contrary to Part II Sec.9 (1)(e) of Public Audit Act, No.34 of 2015 which states that, without prejudice to the powers given under the Constitution and this Act and for the purposes of carrying out his or her duties effectively, the Auditor-General, or an officer authorized for the purpose of this Act, shall have powers of unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities listed under Article 229 (4) of the Constitution. It was therefore not possible to confirm the number of projects, their status and amount expended on the projects implemented for the year ended 30 June 2016. Consequently, the fund is in breach of the law.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an audit opinion on the financial statements.



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

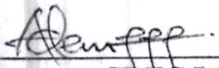
Nairobi

9 October 2017

CONSTITUENCY DEVELOPMENT FUND- LOIMA CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2016****IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Transfers from Other Government Entities	1	133,672,505.00	120,47,238.00
Proceeds from Sale of Assets	2		
Other Receipts	3		
TOTAL RECEIPTS		133,672,505.00	120,047,238.00
PAYMENTS			
Compensation of Employees	4	3,381,820.8	1,960,428.40
Use of goods and services	5	2,314,755.98	5,238,867.00
Committee Expenses	6	3,818,238.00	2,486,343.00
Transfers to Other Government Units	7	71,152,931.00	49,355,000.00
Other grants and transfers	8	58,954,924.00	38,608,200.00
Social Security Benefits	9	---	59,880.00
Acquisition of Assets	10	6,900,000.00	7,500,000.00
Other Payments	11	1,000,000.00	300,000.00
TOTAL PAYMENTS		147,522,669.78	105,508,718.00
SURPLUS/DEFICIT		(13,850,164.78)	14,538,520.20

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The LOIMA CDF financial statements were approved on _____ 2016 and signed by:



Chairman – CDFC LOIMA



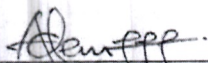
Fund Account Manager

CONSTITUENCY DEVELOPMENT FUND- LOIMA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016


V. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	12A	5,285,246.42	18,306,074.20
Cash Balances (cash at hand)	12B	00.00	00.00
Outstanding Imprests	12C	0.00	829,337.00
TOTAL FINANCIAL ASSETS		5,285,246.42	19,135,411.20
REPRESENTED BY			
Fund balance b/fwd	13	19,135,411.20	4,596,891.00
Surplus/Deficit for the year		(13,850,164.42)	14,538,520.20
Prior year adjustments	14	0.00	0.00
NET LIABILITIES		5,285,246.42	19,135,411.20

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The LOIMA CDF financial statements were approved on _____ 2016 and signed by:



Chairman – CDFC LOIMA



Fund Account Manager

CONSTITUENCY DEVELOPMENT FUND- LOIMA CONSTITUENCY

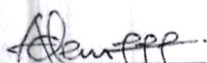
Reports and Financial Statements

For the year ended June 30, 2016

VI. STATEMENT OF CASHFLOW

		2015 - 2016	2014 - 2015
Receipts for operating income			
Transfers from CDF Board	1	133,672,505.00	120,047,328.00
Other Receipts	3		
Payments for operating expenses			
Compensation of Employees	4	3,381,820.8	1,960,428.40
Use of goods and services	5	2,314,755.98	5,238,867.00
Committee Expenses	6	3,818,238.00	2,486,343.00
Transfers to Other Government Units	7	71,152,931.00	49,355,000.00
Other grants and transfers	8	58,954,924.00	38,608,200.00
Social Security Benefits	9	---	59,880.00
Other Payments	11	1,000,000.00	300,000.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	12	0.00	0.00
Acquisition of Assets	10	6,900,000.00	7,500,000.00
NET INCREASE IN CASH AND CASH EQUIVALENT		13,850,164.78	14,538,520.00
Cash and cash equivalent at BEGINNING of the year	15	19,135,411.20	4,596,891.00
Cash and cash equivalent at END of the year	16	5,285,426.42	19,135,411.20

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The LOIMA NG-CDF financial statements were approved on _____ 2016 and signed by:



Chairman - CDFC LOIMA



Fund Account Manager

CONSTITUENCIES DEVELOPMENT FUND –LOIMA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

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	133,205,677.00	83,807,916.20	217,013,593.20	133,672,505.00	83,341,088.20	62
Proceeds from Sale of Assets						
Other Receipts						
	133,205,677.00	83,807,916.20	217,013,593.20	133,672,505.00	83,341,088.20	62
PAYMENTS						
Compensation of Employees	3,184,080.00	1,622,740.00	4,806,820.00	3,184,080.00	1,425,000.00	70
Use of goods and services	5,315,920.00	1,000,000.00	6,315,920.00	2,314,755.98	4,001,164.02	37
Committee Expenses	3,500,000.00	1,777,875.40	5,277,875.00	3,818,238.00	1,459,637.40	72
Transfers to Other Government Units	72,050,000.00	46,220,690.00	118,270,690.00	71,152,931.00	47,117,759.00	60
Other grants and transfers	43,155,677.00	31,286,610.00	74,442,287.00	58,954,924.00	15,487,383.00	79
Acquisition of Assets	6,000,000.00	900,000.00	6,900,000.00	6,900,000.00	----	100
Other Payments		1,000,000.00	1,000,000.00	1,000,000.00	----	100
TOTALS	133,205,677.00	83,807,916.20	217,013,593.20	147,522,669.78	69,490,923.42	68

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

(b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

The LOIMA CDF financial statements were approved on _____ 2016 and signed by:


Chairman CDF LOIMA


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 NG-*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 NG-*CDF*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

CONSTITUENCY DEVELOPMENT FUND – LOIMA CONSTITUENCY

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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 NG-*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 NG-*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, 2016.

CONSTITUENCY DEVELOPMENT FUND – LOIMA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
CDF Board		
AIE NO.A750161		54,374,733.60
AIE NO.A759696		7,000,000.00
AIE NO.A796684		35,836,252.00
AIE NO.A797077		22,836,252.00
AIE NO.790840	52,161,018.00	
AIE NO.724006	11,511,487.00	
AIE NO.820835	10,000,000.00	
AIE NO.820635	30,000,000.00	
AIE NO.820974	29,000,000.00	
AIE NO.825704	1,000,000.00	
TOTAL	133,672,505.00	120,047,238.60

CONSTITUENCY DEVELOPMENT FUND – LOIMA CONSTITUENCY
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NOTE 4.COMPENSATION OF EMPLOYEES

	2015 - 2016	2014- 2015
	Kshs	Kshs
Basic wages of contractual employees	3,381,820.80	1,960,428.40
Basic wages of casual labour	0.00	0.00
Personal allowances paid as part of salary		
House allowance	0.00	0.00
Transport allowance	0.00	0.00
Leave allowance	0.00	0.00
Gratuity	0.00	0.00
Other personnel payments	0.00	0.00
Total	<u>3,381,820.80</u>	<u>1,960,428.40</u>

CONSTITUENCY DEVELOPMENT FUND – LOIMA CONSTITUENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 5: USE OF GOODS AND SERVICES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	0.00	1,629,463.00
Communication ,supplies and services	0.00	0.00
Office rent	182,500.00	0.00
Domestic travel and subsistence	759,980.00	440,540.00
Training expenses	284,057.00	1,862,880.00
Hospitality supplies and services	0.00	0.00
Insurance costs	0.00	0.00
Fuel and lubricants	400,000.00	900,000.00
Specialized materials and services	0.00	0.00
Office and general supplies and services	0.00	0.00
Other operating expenses	96,313,98.00	0.00
Routine maintenance – vehicles and other transport equipment	551,035.00	405,984.00
Routine maintenance – other assets	0.00	0.00
Total	<u>2,314,755.98</u>	<u>5,238,867.00</u>

NOTE 6: COMMITTEE EXPENSES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Committee allowances	0.00	0.00
Other committee expenses	3,818,238.00	2,486,343.00
Total	<u>3,818,238.00</u>	<u>2,486,343.00</u>

CONSTITUENCY DEVELOPMENT FUND – LOIMA CONSTITUENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 7: TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to National Government entities	0.00	0.00
Transfers to primary schools (see attached list)	38,260,000.00	20,525,000.00
Transfers to secondary schools (see attached list)	21,742,931.00	18,300,000.00
Transfers to health institutions (see attached list)	11,150,000.00	10,530,000.00
TOTAL	71,152,931.00	49,355,000.00

NOTE 8: OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary – secondary schools (see attached list)	12,313,700.00	11,876,000.00
Bursary – tertiary institutions (see attached list)	12,274,000.00	19,854,808.00
Security projects (see attached list)	1,500,000.00	6,000,000.00
Sports projects (see attached list)	2,000,000.00	1,500,000.00
Environment projects (see attached list)	2,000,000.00	1,177,600.00
Emergency projects (see attached list)	5,500,000.00	5,750,783.00
Total	58,954,924.00	17,413,575.00

NOTE 9: SOCIAL SECURITY BENEFITS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Employer contribution to NSSF	59,880.00	56,880.00
Total	59,880.00	56,880.00

CONSTITUENCY DEVELOPMENT FUND – LOIMA CONSTITUENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

<u>Non-Financial Assets</u>	NOTE 10: ACQUISITION OF ASSETS	
	2015 - 2016 Kshs	2014 - 2015 Kshs
Construction of Buildings	6,000,000.00	7,500,000.00
Refurbishment of Buildings	0.00	0.00
Purchase of Vehicles and Other Transport Equipment	0.00	0.00
Purchase of ICT Equipment, Software and Other ICT Assets	0.00	0.00
Purchase of motor cycles	900,000.00	0.00
Total	6,900,000.00	7,500,000.00

CONSTITUENCY DEVELOPMENT FUND – LOIMA CONSTITUENCY
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THE FINANCIAL STATEMENTS (Continued)

OTHER PAYMENTS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Strategic plan		300,000.00
Branding	1,000,000.00	
	1,000,000.00	300,000.00

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

Name of Bank, Account No. & currency	2015 - 2016 Kshs	2014 - 2015 Kshs
<i>Equity Bank , Account No. 0990261717473</i>	5,285,246.42	18,306,074.20
Total	5,285,246.42	18,306,074.20

CONSTITUENCY DEVELOPMENT FUND – LOIMA CONSTITUENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 12B: CASH IN HAND

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Location 1	0.00	0.00
Location 2	0.00	0.00
Location 3	0.00	0.00
Other Locations (<i>specify</i>)	0.00	0.00
Total	0.00	0.00

NOTE 12C: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>NIL-----</i>				
Total				NIL

CONSTITUENCY DEVELOPMENT FUND – LOIMA CONSTITUENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bank accounts	18,306,074.20	3,358,931.00
Cash in hand	0.00	0.00
Imprest	829,337.00	1,237,960.00
Total	19,135,411.20	4,596,891.00

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land		
Buildings and structures	6,000,000.00	7,500,000.00
Transport equipment	900,000.00	4,083,400.00
Office equipment, furniture and fittings		
ICT Equipment, Software and Other ICT Assets	870,000.00	
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
Total	7,770,000.00	7,770,000.00

CONSTITUENCY DEVELOPMENT FUND – LOIMA CONSTITUENCY
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