

REPUBLIC OF KENYA

PARLIAMENT  
OF KENYA



*Paper 1418  
for the leader  
of majority  
party Hon  
Alan Dula*



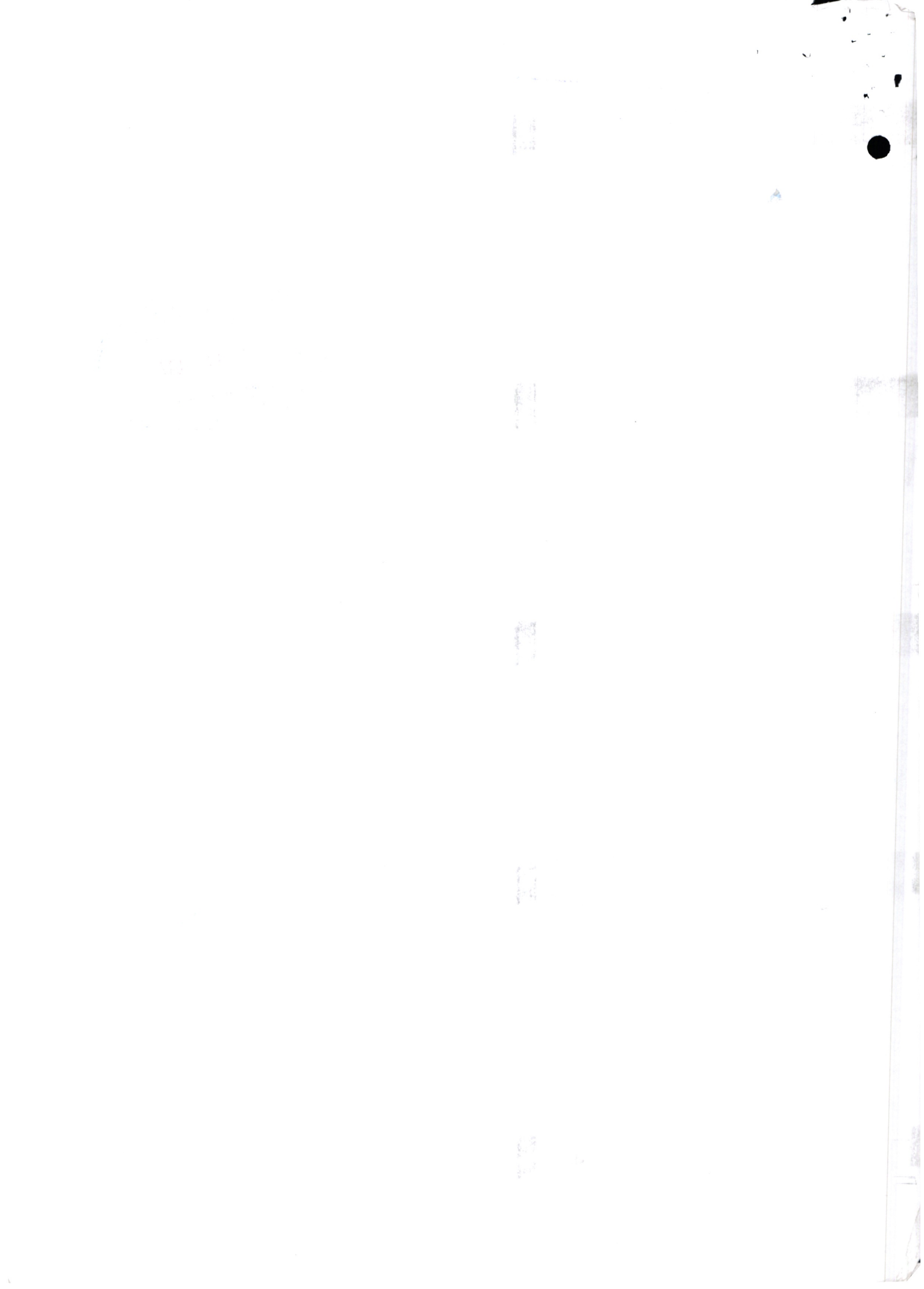
OFFICE OF THE AUDITOR-GENERAL

TABLE OFFICE  
S/No:.....  
21 FEB 2017  
Sign:.....  
PAPER LAID

*Monday  
21.2.2017  
[Signature]*

**REPORT  
OF  
THE AUDITOR-GENERAL  
ON  
THE FINANCIAL STATEMENTS OF  
CONSTITUENCIES DEVELOPMENT FUND  
KHWISERO CONSTITUENCY  
FOR THE YEAR ENDED  
30 JUNE 2015**







OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100 NAIROBI

07 FEB 2017

RECEIVED



---

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

**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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

**(b) Key Management**

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

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

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Bernard S. Misiko</b>
3.	Accountant	<b>Edward M. Mushasha</b>
4.		

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 124 - 50135  
Opposite Khwisero Police Station  
Eshibinga – Khwisero Road  
Khwisero, KENYA



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

---

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	1
II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC).....	3
III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES.....	5
IV. STATEMENT OF RECEIPTS AND PAYMENTS.....	6
V. STATEMENT OF ASSETS .....	7
VI. STATEMENT OF CASHFLOW .....	8
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	9
VIII. SIGNIFICANT ACCOUNTING POLICIES .....	10
IX. NOTES TO THE FINANCIAL STATEMENTS.....	12



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

---

**(f) KHWISERO CDF Contacts**

Telephone: (254) -0722 269 298

E-mail: [cdfkhwisero@cdf.go.ke](mailto:cdfkhwisero@cdf.go.ke)

Website: [www.cdf.go.ke](http://www.cdf.go.ke)

**(g) KHWISERO CDF Bankers**

Cooperative Bank of Kenya

Mumias Branch

Account no.: 01120068113200

P.o. Box 905

MUMIAS.

**(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



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

---

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

We have now completed two years since we were gazetted as the legal officials to manage CDF kitty for the constituency. Sincerely, CDF has done much to our community.

Comparing the budget performance and the actual amounts, it is noted that quite a number of projects were not implemented. This is because the CDF Board has been releasing funds in bits and slowly. In fact by closure of financial year, 2014/2015, a quarter of our allocation was still held at the Board level. This could not allow us, as a committee to implement all our budgeted projects 100%. It is my hope that the Board will improve on the speed/pace of funds disbursement to constituencies.

**Key achievements for the CDF**

The Constituency Development Fund, CDF, has enabled our constituency reduce poverty levels as can be confirmed across the Constituency. The achievements include the following:

- The burden that used to be carried by parents in the name of Building fund has been offloaded through CDF. Infrastructural facilities such as classrooms, laboratories, libraries, dining halls etc are funded through CDF kitty.
- Transport network has also been improved such that feeder roads are done and maintained by the CDF. The constituents can easily transport their farm produce to the market with much ease.
- Bright and needy students who could not access secondary and tertiary/university education are assisted through Education Bursary and many have benefited. In fact to some, without CDF, they would not have excelled.
- Security has also been beefed up in the constituency through construction of AP camps/houses, police station/posts, Assistant and Chiefs' offices, where the public can be assisted closely including accessing information.
- It is through CDF that some constituents have been employed. These are staff members who work in the CDF premises eg as clerical officer, Accounts clerk, Driver, Cleaner and even Security officers.
- The Committee developed a 5 year Strategic Plan, which will be a guide in the allocation of funds and projects implementation. This is the biggest achievement as there has been no strategic plan before since the constituency was created.

**Emerging issues related to the CDF**

Although CDF has achieved a lot in terms of poverty eradication/development, it has had a number of issues as follows:

- Recently the CDF fund was put public that it is unconstitutional i.e it is not operating legally because it is not recognized constitutionally. The National Assembly is currently working on an amendment to the CDF Act to make it be line with the Constitution.
- Complaints are coming from some quarters over the management of CDF kitty. Some individuals handle it politically to gain political mileage. Will even complain over petty issues.

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

---

**Implementation challenges and recommended way forward**

As Khwisero CDF Committee, I am glad to report that we have been able to implement many projects within the last two years we have been in office. However, being grants from the National Government, it has had a number of challenges as follows:

- Over-dependence on the CDF kitty. Each and every Constituent believes that they have an equal right to the funds especially Bursary. It was meant for bright and needy students, but this requirement has been abused. Even well off constituents still seek support.
- Being a political fund, some areas in the Constituency have always felt that they are not benefitting appropriately from the kitty during projects' distribution. They do not understand the connection between the Strategic plan for the constituency and the allocation per financial year.
- Many constituents require a lot of capacity building since they do not understand fundable and non fundable projects from CDF kitty. Some raise personal problems and still seek assistance from the same.

**Way forward**

It is important that the CDF Committee spends part of Monitoring & Evaluation/Capacity Building allocation to build the capacity of the public so that those who are well off in society can take care of their children's education needs without necessarily depending on the kitty for bursary.

Politics should be kept out of CDF so that the general needs of the community members are taken care of as per their requests.

I take this opportunity to thank the committee members sincerely for giving me a chance to serve them in this capacity.

*Mr. Elijah K. Anjere*

**CHAIRMAN CDFC- KHWISERO**

*Alle*  
*17/09/2015*



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

---

**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 **Khwisero** 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 **Khwisero** 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 in charge of the **Khwisero** 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 **Khwisero** 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 17/9/ 2015.

\_\_\_\_\_  
Principal Secretary

\_\_\_\_\_  
Principal Accounts Controller



# 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 CONSTITUENCY DEVELOPMENT FUND-KHWISERO CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2015

---

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituency Development Fund-Khwisero Constituency set out on pages 6 to 21, which comprise the statement of assets as at 30 June 2015, and the statement receipts and payments, statement of cash flow and summary summary statement of appropriation: recurrent and development for the year then ended, and together with 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 9 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. 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 auditor's judgment, 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

---

*Report of the Auditor-General on Constituency Development Fund-Khwisero Constituency for the year ended 30 June 2015*



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

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

## Basis for Qualified Opinion

### 1. Presentation, Accuracy and Completeness of the Financial Statements

According to the International Public Sector Accounting Standards (Cash Basis) financial statements presentation format prescribed by the National Treasury, the management is required to include the action taken on the previous year auditor's recommendations. In the year 2013/2014, Khwisero CDF had an except for opinion. However, no report on the progress on follow up of the audit issues raised was included in the financial statements for the year under review.

Further, the statement of management responsibilities has not been duly signed as required. In addition, the deficit for the year of Kshs.14,636,588 differs with Kshs.13,786,586 reflected in the statement of assets. The resultant difference of Kshs.850,003 has not been explained.

In addition, the figure of receipts of Kshs.82,634,499 has not been reflected in the statement of receipts and payments.

In the circumstances, the presentation of the financial statements is not in conformity with IPSAS (Cash Basis) as prescribed by the National Treasury and in accordance with the Public Finance Management Act, 2012. Also, the accuracy and completeness of the financial statements could not be ascertained.

### 2. Budget Control and Performance

The Fund approved budget receipts were Kshs.150,020,688 including Kshs.40,725,688 brought forward from 2014/2015. However, actual receipts amounted to only Kshs.82,634,499 implying an underfunding of Kshs.27,544,833 as analyzed below;

Khwisero CDF Budget Analysis					F/Y 2014/2015	
Receipt/ Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparabl e Basis	Budget Utilization Difference	% of Utiliza tion
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>%</b>
Transfers from CDF Board	110,179,332	40,725,688	150,905,020	82,634,499	68,270,521	55



<b>Sub totals</b>	<b>110,179,332</b>	<b>40,725,688</b>	<b>150,905,020</b>	<b>82,634,499</b>	<b>68,270,521</b>	<b>55</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,500,000	-	2,500,000	1,453,269	1,046,7310	58
Use of goods and services	2,730,759	-	2,730,759	2,820,508	-89,749	103
Committee Expenses	4,105,379	-	4,105,379	4,063,563	41,816	99
Transfers to Other Government Units	43,517,931	17,797,322	61,315,253	27,757,312	33,557,941	45
Other grants and transfers	54,459,563	22,827,866	77,287,429	61,042,775	16,244,654	79
Social Security Benefits	80,000	-	80,000	133,660	-53,660	167
Acquisition of Assets	0	-	-	0	-	-
Other Payments	2,785,700	-	2,785,700	0	2,785,700	
<b>TOTALS</b>	<b>110,179,332</b>	<b>40,725,688</b>	<b>150,905,020</b>	<b>97,271,088</b>	<b>53,533,432</b>	<b>64</b>

Further, the Fund underspent on transfers to other government units by Kshs.33,557,941 (45%) and other grants and transfers by Kshs.16,244,654 (79%). In addition, the Fund overspent on social security benefit by Kshs.53,660 (167%).

Consequently, the Fund did not operate within the approved budget and negatively impacted delivery of prompt services to the constituents.

### 3. Project Implementation and Management

The fund budgeted for the implementation of ninety two (92) projects with an allocation of Kshs.106,170,336. However, only seventy seven (77) projects with an allocation of Kshs.88,927,337 were completed. Further, ten (10) projects costing Kshs.4,500,000 were not started with another four (4) projects with allocation of Kshs.12,427,999 on going and one (1) project with allocation of Kshs.315,000 had stalled. The implementation status is detailed below;

Sector/Status	Stalled		Not Started		Ongoing		Complete	
	No	Value	No	Value(Kshs.)	No	Value (Kshs.)	No	Value(Kshs.)
Administration					1	500,000	8	10,616,138
Agriculture								-
Education			2	3,500,000	3	5,100,000	49	45,374,833



Environment						1,500,000	3	1,300,000
Health			1	1,000,000				-
Market								-
Road							13	30,586,366
Security	1	315,000	7			5,327,999	4	1,050,000
Sports								
<b>Total</b>	<b>1</b>	<b>315,000</b>	<b>10</b>	<b>4,500,000</b>	<b>4</b>	<b>12,427,999</b>	<b>77</b>	<b>88,927,337</b>

In view of the foregoing, the Fund did not deliver the expected services to the constituents and did not therefore achieve its development objectives.

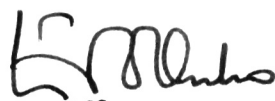
#### 4. Tax Compliance and Defective Workmanship

The Fund contracted the construction of a dormitory at Eshinutsa Secondary School in November 2013 at a contract sum of Kshs.6,366,418 and in October 2012 for the construction of a multipurpose dining hall in Emalindi Girls Secondary School at a contract sum of Kshs.6,599,750. During the year under review the CDF allocated and disbursed Kshs.3,570,000 and Kshs.2,100,000 for the dormitory and dining hall respectively. However, tax was not withheld and remitted to the Kenya Revenue Authority from the payments made. Further, details of how provisional sums of Kshs.770,000 in the contract was utilized were not made available for audit review. In addition, poor workmanship in the construction of the dining hall at Emalindi Girls secondary School was evident from the cracked floors and weak pavements even though the project was incomplete.

The Fund consequently failed to comply with the tax law on withholding taxes and did not ensure efficient completion of projects.

#### Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Constituencies Development Fund- Khwisero 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 and do comply with Constituencies Development Fund Act, 2013.



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

**Nairobi**

**6 January 2017**

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

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>RECEIPTS</b>			
Transfers from Other Government Entities	1	82,634,499.00	122,964,118.00
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	0	0
<b>TOTAL RECEIPTS</b>		<b>82,634,499.00</b>	<b>122,964,118.00</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	1,453,269.25	545,998.20
Use of goods and services	5	2,820,508.00	2,666,088.00
Committee Expenses	6	3,564,760.00	5,997,713.00
Transfers to Other Government Units	7	27,757,312.00	34,034,060.00
Other grants and transfers	8	60,703,275.32	41,669,902.74
Social Security Benefits	9	121,960.00	16,200.00
Acquisition of Assets	10	0	1,972,000.00
Other Payments	11	0	-
<b>TOTAL PAYMENTS</b>		<b>97,271,087.57</b>	<b>86,901,961.94</b>
<b>SURPLUS/DEFICIT</b>		<b>(14,636,588.57)</b>	<b>36,062,156.06</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The **KHWISERO** CDF financial statements were approved on 17/9/2015 and signed by:

*Mue*

Chairman - CDFC

*[Signature]*

Fund Account Manager

**FUND ACCOUNT MANAGER**  
**NG- CDF**  
**KHWISERO CONSTITUENCY,**  
**P.O. BOX 124 - 50135 KHWISERO**





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

**V. STATEMENT OF ASSETS**

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances (as per cash book)	12A	26,939,102.43	40,725,688.00
Cash Balances (cash at hand)	12B	0	0
Outstanding Imprests	12C	0	0
<b>TOTAL FINANCIAL ASSETS</b>		<b>26,939,102.43</b>	<b>40,725,688.00</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	13	40,725,688.00	4,555,037.10
Surplus/Deficit for the year		(13,786,585.57)	36,062,156.06
Prior year adjustments	14	0	108,494.84
<b>NET FINANCIAL POSITION</b>		<b>26,939,102.43</b>	<b>40,725,688.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KHWISERO CDF financial statements were approved on 17/9/2015 and signed by:

Alue  
 Chairman - CDFC

[Signature]  
 Fund Account Manager

**FUND ACCOUNT MANAGER**  
**NG-CDF**  
**KHWISERO CONSTITUENCY,**  
**P.O. BOX 124 - 50135 KHWISERO**





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

**VI. STATEMENT OF CASHFLOWS**

		<b>2014 - 2015</b>	<b>2013 - 2014</b>
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	82,634,499.00	122,964,118.00
Other Receipts	3	0	0
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,453,269.25	545,998.20
Use of goods and services	5	2,820,508.00	2,666,088.00
Committee Expenses	6	4,036,563.00	5,997,713.00
Transfers to Other Government Units	7	27,757,312.00	34,034,060.00
Other grants and transfers	8	61,042,775.32	41,669,902.74
Social Security Benefits	9	133,660.00	16,200.00
Other Payments	11	0	0
<b>Adjusted for:</b>			
Adjustments during the year		0	108,494.84
<b>Net cash flow from operating activities</b>		<b>(14,686,588.57)</b>	<b>123,072,612.84</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	10	0	1,972,000.00
<b>Net cash flows from Investing Activities</b>		<b>0</b>	<b>1,972,000.00</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(14,686,588.57)</b>	<b>36,170,650.90</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>13</b>	<b>40,725,688.00</b>	<b>4,555,037.10</b>
<b>Cash and cash equivalent at END of the year</b>	<b>16</b>	<b>26,939,102.43</b>	<b>40,725,688.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The **KHWISERO** CDF financial statements were approved on 17/12/15 2015 and signed by:

Amu  
**Chairman CDFC**

[Signature]  
**Fund Account Manager**

FUND ACCOUNT MANAGER  
 NG- CDF  
 KHWISERO CONSTITUENCY,  
 P.O. BOX 124 - 50135 KHWISERO

**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 %
<b>RECEIPTS</b>						
Transfers from CDF Board	110,179,332.00	40,725,688.00	150,905,020.00	82,634,499.00	68,270,521.00	55
<b>Sub totals</b>	<b>110,179,332.00</b>	<b>40,725,688.00</b>	<b>150,905,020.00</b>	<b>82,634,499.00</b>	<b>68,270,521.00</b>	<b>55</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,500,000.00	-	2,500,000.00	1,453,269.25	1,046,730.75	58
Use of goods and services	2,730,759.00	-	2,730,759.00	2,820,508.00	(89,749.00)	103
Committee Expenses	4,105,379.00	-	4,105,379.00	4,063,563.00	41,816.00	99
Transfers to Other Government Units	43,517,931.00	17,797,322.00	61,315,253.00	27,757,312.00	33,557,941.00	45
Other grants and transfers	54,459,563.00	22,928,366.00	77,287,429.00	61,042,775.32	16,244,653.68	79
Social Security Benefits	80,000.00	-	80,000.00	133,660.00	(53,660.00)	167
Acquisition of Assets	0	-	-	0	-	-
Other Payments	2,785,700.00	-	2,785,700.00	0	2,785,700.00	-
<b>TOTALS</b>	<b>110,179,332.00</b>	<b>40,725,688.00</b>	<b>150,905,020.00</b>	<b>97,271,087.57</b>	<b>54,127,332.43</b>	<b>64.4</b>

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

- i. *Transfers to other Government Units has been underutilized at 45%. This is because funding from the CDF Board has been very slow. By closure of the financial year under review, most of the budgeted for projects were yet to receive their allocations(still with the Board).*
- ii. *Use of goods and Services went up slightly to 103%. This implies as a committee, we under-estimated the budgetary allocation to the same. We shall have to adjust upwards in the subsequent financial year.*
- iii. *Social Security Benefits has been overutilized to 152%. This is because the number of CDFC Staff members was increased as a result of an amendment to the CDF Act, September, 2013, where the MPs opened up on the number of employees to hire.*

The KHWISERO CDF financial statements were approved on 17/9/2015 and signed by:

Alme  
 Chairman CDF

[Signature]  
 Fund Account Manager

FUND ACCOUNT MANAGER  
 NG-CDF  
 KHWISERO CONSTITUENCY,  
 P.O. BOX 124 - 50135 KHWISERO





## **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.





**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**

**Reports and Financial Statements**

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

---

*SIGNIFICANT ACCOUNTING POLICIES (Continued)*

**5. Pending bills**

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

**6. Budget**

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

**7. Comparative figures**

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

**8. Subsequent events**

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





**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs'000)**

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2014 - 2015	2013 - 2014
		Kshs	Kshs
<b>CDF Board</b>			
AIE NO.	A 75 96 68	27,544,833.00	
AIE NO.	A 79 67 65	16,526,900.00	
AIE NO.	A 79 70 11	11,017,933.00	
AIE NO.	A 79 60 12	27,544,833.00	
AIE NO.	A 71 18 35		46,310,065.00
AIE NO.	A 70 99 27		2,000,000.00
AIE NO.	A 73 57 79		36,327,026.50
AIE NO.	A 75 01 17		38,327,026.50
<b>TOTAL</b>		<b>82,634,499.00</b>	<b>122,964,118.00</b>





**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs'000)**

---

**4. COMPENSATION OF EMPLOYEES**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees	1,453,269.25	545,998.20
Basic wages of casual labour	0	0
<b>Personal allowances paid as part of salary</b>		
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Gratuity	0	0
Other personnel payments	0	0
<b>Total</b>	<b>1,453,269.25</b>	<b>545,998.20</b>





**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs'000)**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. USE OF GOODS AND SERVICES**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	1,271,860.00	231,070.00
Communication, supplies and services	164,920.00	128,000.00
Domestic travel and subsistence	69,000.00	207,200.00
Printing, advertising and information supplies & services	0	0
Rentals of produced assets	0	0
Training expenses	0	0
Hospitality supplies and services	0	0
Insurance costs	269,500.00	269,500.00
Specialized materials and services	0	0
Office and general supplies and services	0	250,000.00
Other operating expenses	0	552,521.00
Routine maintenance – vehicles and other transport equipment	495,228.00	377,797.00
Fuel, Oils & Lubricants	550,000.00	650,000.00
<b>Total</b>	<b><u>2,820,508.00</u></b>	<b><u>2,666,088.00</u></b>

**6. COMMITTEE EXPENSES**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee allowances	1,818,600.00	2,492,500
Other committee expenses	2,244,963.00	3,505,213
<b>Total</b>	<b><u>4,063,563.00</u></b>	<b><u>5,997,713</u></b>





**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs'000)**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**7. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2014 - 2015 Kshs</b>	<b>2013 - 2014 Kshs</b>
Transfers to National Government entities		
Transfers to primary schools	10,714,553.00	15,035,000
Transfers to secondary schools	11,680,000.00	14,550,000
Transfers to tertiary institutions	0	250,000
Transfers to health institutions	5,362,759.00	4,199,060
<b>TOTAL</b>	<b>27,757,312.00</b>	<b>34,034,060</b>

**8. OTHER GRANTS AND OTHER PAYMENTS**

	<b>2014 - 2015 Kshs</b>	<b>2013- 2014 Kshs</b>
Bursary – secondary schools	9,218,067.00	9,293,720
Bursary – tertiary institutions	3,954,665.00	3,895,550
Bursary – special schools	212,500.00	133,000
Mock & CAT	1,200,000.00	3,564,910
Water projects	0	5,300
Agriculture projects	0	1,000,000
Electricity projects	82,565.85	48,062
Security projects	6,425,000.00	1,160,000
Roads projects	31,326,750.22	9,115,448
Sports projects	1,228,333.00	700,000
Environment projects	0	5,106,413
Emergency projects	7,394,894.25	9,047,498.94
<b>Total</b>	<b>61,042,775.32</b>	<b>41,669,902.74</b>

**9. SOCIAL SECURITY BENEFITS**

	<b>2014 - 2015 Kshs</b>	<b>2013 - 2014 Kshs</b>
Employer contribution to NSSF	133,660.00	16,200
<b>Total</b>	<b>133,660.00</b>	<b>16,200</b>





**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs'000)**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**10. ACQUISITION OF ASSETS**

<u>Non Financial Assets</u>	2014 - 2015 Kshs	2013 - 2014 Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	1,972,000
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialised Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
<b>Total</b>	<b>0</b>	<b>1,972,000</b>





**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs'000)**

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

<b>Name of Bank, Account No. &amp; currency</b>	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
<i>Co-operative Bank, Mumias Branch A/C No. 01120068113200 - Ksh.</i>	26,939,102.43	40,725,688.00
<b>Total</b>	<b>26,939,102.43</b>	<b>40,725,688.00</b>



**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs'000)**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**13. BALANCES BROUGHT FORWARD**

	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	40,725,688.00	40,725,688
Cash in hand	0	-
Imprest	0	-
<b>Total</b>	<b>40,725,688.00</b>	<b>40,725,688.00</b>

**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**

**Reports and Financial Statements**

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

**15. OTHER IMPORTANT DISCLOSURES**

**15.3: OTHER PENDING PAYABLES (See Annex 3)**

	<b>Kshs</b>	<b>Kshs</b>
Amounts due to other Government entities	27,907,931.00	22,928,366.00
Amounts due to other grants and other transfers	18,017,974.00	17,797,322.00
Others	2,785,700.00	0
	<u>48,711,605.00</u>	<u>40,725,688.00</u>

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
<b>Amounts due to other Government entities</b>							
1. Primary Schools					19,732,931.00	2,854,563.00	
2. Secondary Schools					7,175,000.00	8,930,000.00	
3. Health					1,000,000.00	6,012,759.00	Funds still held at the CDF Board level by closure of financial year 2014/2015. To finance: Primary & Secondary schools and Health projects.
<b>Sub-Total</b>					<b>27,907,931.00</b>	<b>17,797,322.00</b>	
<b>Amounts due to other grants and other transfers</b>							
					20,803,674.00	22,928,366.00	Funds still held at the CDF Board level by closure of financial year 2014/2015. To finance: Emergency, Roads, Sports and Security projects.
<b>Sub-Total</b>					<b>20,803,674.00</b>	<b>22,928,366.00</b>	
<b>Grand Total</b>					<b>48,711,605.00</b>	<b>40,725,688.00</b>	





**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs'000)**

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

<b>Asset class</b>	<b>Historical Cost (Kshs) 2014/15</b>	<b>Historical Cost (Kshs) 2013/14</b>
Land	-	-
Buildings and structures	19,800,000.00	19,800,000.00
Transport equipment	4,599,500.00	4,599,500.00
Office equipment, furniture and fittings	3,411,935.00	3,411,935.00
ICT Equipment, Software and Other ICT Assets	379,615.00	379,615.00
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
<b>Total</b>	<b>28,191,050.00</b>	<b>28,191,050.00</b>

