

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
CONSTITUENCIES DEVELOPMENT FUND  
TONGAREN CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2015

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**CONSTITUENCY DEVELOPMENT FUND- TONGAREN CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2015**

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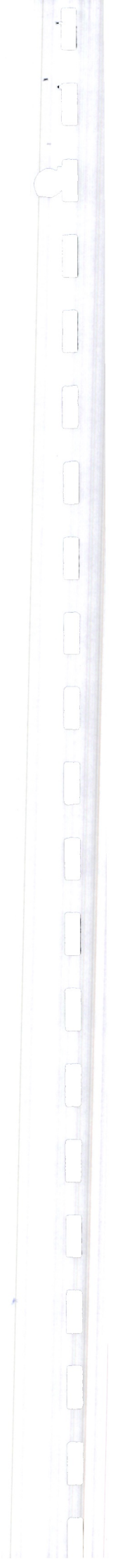
**Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector  
Accounting Standards (IPSAS)**





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

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**CONSTITUENCY DEVELOPMENT FUND- TONGAREN 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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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*. The Fund (CDF) in Kenya was designed to support constituency-level, grassroots development projects. It was aimed to achieve equitable distribution of development resources across regions and control imbalances in regional development brought about by partisan politics. It targeted all constituency level development projects, particularly those aiming to combat poverty at the grassroots.

**(b) Key Management**

The *TONGAREN 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	Yusuf Mbuno
2.	A.I.E holder	Carolyne Wanyonyi
3.	Accountant	Zablon Onkoba
4.		

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 214.  
CDF Office building  
Kitale – Webuye Road  
Naitiri



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

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**(f) TONGARENCDF Contacts**

Telephone: (254) 727625192  
E-mail: tongarencdf@cdf.go.ke

**(g) TONGARENCDF Bankers**

COPERATIVE BANK KIMILILI  
P.O.BOX  
KIMILILI

**(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- TONGAREN CONSTITUENCY

### Reports and Financial Statements

For the year ended June 30, 2015

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

Tongaren (formerly Kilmilili) is an electoral constituency in Bungoma County covering approximately 378.3 km<sup>2</sup>. The Constituency consists of six assembly wards namely: Mbakalo, Naitiri/Kabuyefwe, Milima, Ndal, Tongaren, Soysambu/Mitua. The main economic activity is farming of sugarcane and maize. The IPSAS assists all stakeholders to be accountable for the monies channelled to them for development from the CDFB. Preparation of financial statements at the close of each financial year is a requirement set for every public entity. In CDF, financial statements are prepared basing on IPSAS. This concept was introduced in the year 2012/13. Basing on the previous data and 2014/15 data, there is a disparity. This is because there were many errors in the first year of preparation of the financial statements. The variances are not comparable. As we continue to prepare these financial statements we shall be working towards perfection.

### 1. KEY ACHIEVEMENTS:-CDF has achieved the following:-

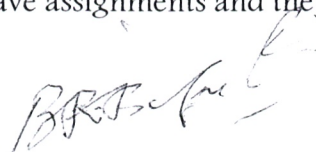
- (i) Established a number of primary schools in every village within the constituency
- (ii) Opened minor roads with foot bridges in every remote areas
- (iii) Built bridges linking Tongaren Constituency with neighboring Constituency
- (iv) By collaborating with Rural Electrification Authority has managed to supply electricity lines to all secondary schools within the constituency
- (v) Built a number of dispensaries
- (vi) Given bursaries to thousands of students at National schools, colleges and universities
- (vii) Developed water springs in some areas
- (viii) Built many secondary school classrooms laboratories, dormitories, and dining halls
- (ix) Handled many emergency cases caused by fire and storm water

### 2. IMPLEMENTATION CHALLENGES

- (i) Some government technical officers are too expensive when they offer their services to CDF projects
- (ii) Capacity building the PMCs and monitoring their implementation programme has not been adequate due to inadequate budget
- (iii) Population density coupled with poverty is a major threat
- (iv) CDF image at the grassroots is so deep that the community expects CDF to do for them all that is required in terms of development
- (v) Built public conferences at the village level and CDF name is in the mind of the people at all times
- (vi) CDF has become a model at the grassroots and people from other neighboring countries admire and desire to have a similar system to their countries

The national government has deployed too many Technical staff at county level. Some of them do not appear to have assignments and they could be best attached to CDF programmes

Sign



CHAIRMAN CDFC



**III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government CDF shall prepare financial statements in respect of that CDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the (*indicate actual name of the 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, 20XX. 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 (*name of the 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, 20XX, and of the *CDF's* financial position as at that date. The Accounting Officer charge of the (*name of the 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.

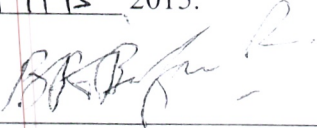
The Accounting Officer in charge of the (*name of the CDF*) confirms that the *CDF* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *CDF's* funds received during the year under audit were used for the eligible purposes 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.



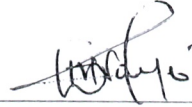
**CONSTITUENCY DEVELOPMENT FUND- TONGAREN CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

**Approval of the financial statements**

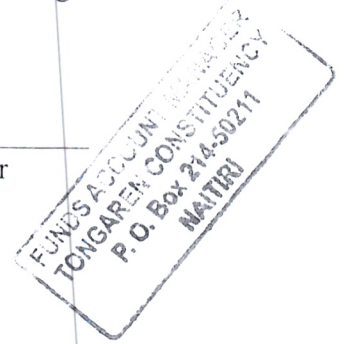
The CDF's financial statements were approved and signed by the Accounting Officer on 18/9/15 2015.



Chairman CDFC



Fund Account Manager





# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituency Development Fund - Tongaren Constituency set out on pages 6 to 31, which comprise the statement of financial assets and liabilities as at 30 June 2015, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

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

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

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. 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 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

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



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 opinion.

## **Basis for Adverse Opinion**

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

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

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

Further, the assets acquired in year under review of Kshs.545,490 have not been included in the summary of fixed assets in Annex 4 as the balance remains constant for 2014 and 2015 at Kshs.12,251,190.

### **2. Budgetary Control and Performance**

During the year under review, the Fund had an approved budget of Kshs.130,914,102 but only spent Kshs.99,114,995 resulting in an under expenditure of Kshs.31,799,107.

<b>Items</b>	<b>Final budget (Kshs.)</b>	<b>Current Year Actual Figures (Kshs.)</b>	<b>Difference between Actual and Budget (Kshs.)</b>	<b>% Difference</b>
Compensation of Employees	2,257,850	2,272,939	15,089	0.67
Use of Goods and Services	4,771,415	2,956,920	(1,814,495)	-38.03
Committee Expenses	4,584,739	4,704,820	120,081	2.62
Transfers to other Government units	73,448,686	42,848,686	(30,600,000)	-41.66
Other Grants and Transfers	36,081,252	44,325,740	8,244,488	22.85
Social Security benefits	20,800	20,800	-	0
Acquisition of Assets	545,490	545,490	-	0
Other Payments	9,203,870	1,439,600	(7,764,270)	-84.36
<b>Total Payments</b>	<b>130,914,102</b>	<b>99,114,995</b>	<b>(31,799,107)</b>	<b>-24.29</b>

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

The Fund overspent in transfer of other grants and transfers by Kshs.8,244,4888.

Consequently, the Fund did not meet its service delivery targets and budgetary objectives for the Constituents.

### **3. Project Implementation and Management**

During the year under review, the Fund was to implement a total of one hundred and thirty (130) projects/programmes in various sectors. An analysis of implementation status indicated that seventy two (72) or 55 % of projects had not started, four (4) or 3% of the projects were still ongoing while fifty four (54) or 42% of the projects had been completed. Further, the Fund had not commenced the implementation of various projects amounting to Kshs. 25,337,929.

In view of the foregoing, the Fund and the constituents have not realized value for money from the incomplete and unimplemented projects.

### **4. Unsupported Land Purchase**

The Fund disbursed Kshs.1,000,000 to Lusukho PAG Primary School PMC for acquisition of land and construction of a classroom. However, title deed for the land was not provided for audit review.

In the circumstances, the ownership of the land and project are in doubt.

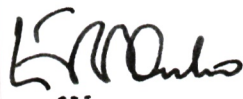
### **5. Construction of Tongaren Community Cereals Stores**

A service firm was awarded a labour based contract at a sum of Kshs.1,248,116 for the construction of Cereal stores. The Project Management Committee (PMC) sourced materials amounting to Kshs.6,739,824 as per the Bill of Quantities (BQs) prepared by the Clerk of Works. However, stores records maintained by the PMC were not availed for audit review.

Consequently, it has not been possible to confirm whether the stores worth Kshs.7,987,939 were received and used for the intended purposes.

### **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 - Tongaren 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 Constituencies Development Fund Act, 2013.



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

**Nairobi**

**21 December 2016**

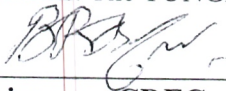
*Report of the Auditor-General on Constituencies Development Fund - Tongaren Constituency for the year ended 30 June 2015*

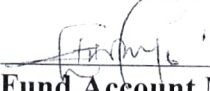
**CONSTITUENCY DEVELOPMENT FUND- TONGAREN CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

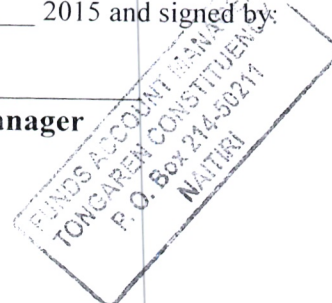
**I. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2014-2015	2013-2014
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	118,526,920.00	84,144,074.00
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
<b>TOTAL RECEIPTS</b>		<b>118,526,920.00</b>	<b>84,144,074.00</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,272,939.00	1,325,210.00
Purchase of goods and services	5	2,956,920.05	583,370.50
Committee Expenses	6	4,704,820.00	3,187,584.00
Transfers to Other Government Units	7	42,848,686.00	34,900,000.00
Other grants and transfers	8	44,325,740.00	32,761,203.00
Social Security Benefits	9	20,800.00	-
Acquisition of Assets	10	545,490.00	2,000,000.00
Other Payments	11	1,439,600.00	-
<b>TOTAL PAYMENTS</b>		<b>99,114,995.05</b>	<b>74,757,367.50</b>
<b>SURPLUS/DEFICIT</b>		<b>19,411,924.95</b>	<b>9,386,706.50</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The TONGAREN CDF financial statements were approved on 18/11 2015 and signed by:

  
**Chairman - CDFC**

  
**Fund Account Manager**





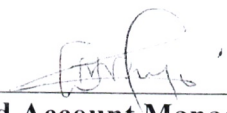
**CONSTITUENCY DEVELOPMENT FUND- TONGAREN CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

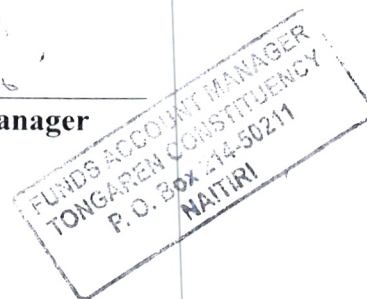
**II. STATEMENT OF FINANCIAL ASSETS**

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	12A	28,798,631.45	9,386,706.50
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	12C	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<u>28,798,631.45</u>	<u>9,386,706.50</u>
<b>REPRESENTED BY</b>			
und balance b/fwd 1st July...	13	9,386,706.50	-
urplus/Defict for the year		19,411,924.95	9,386,706.50
rior year adjustments	14	-	-
<b>NET LIABILITIES</b>		<u>28,798,631.45</u>	<u>9,386,706.50</u>

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

  
 Chairman - CDFC

  
 Fund Account Manager





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

STATEMENT OF CASHFLOW

<b>Receipts for operating income</b>		<b>2014 - 2015</b>	<b>2013 - 2014</b>
Transfers from CDF Board	1	118,526,920.00	84,144,074.00
Other Receipts	3	-	-
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,272,939.00	1,325,210.00
Use of goods and services	5	2,956,920.05	583,370.50
Committee Expenses	6	4,704,820.00	3,187,584.00
Transfers to Other Government Units	7	42,848,686.00	34,900,000.00
Other grants and transfers	8	44,325,740.00	32,761,203.00
Social Security Benefits	9	20,800.00	-
Other Payments	11	1,439,600.00	-
		98,569,505.05	72,757,367.50
<b>Adjusted for:</b>			-
Adjustments during the year		-	-
			-
<b>Net cash flow from operating activities</b>		-	-
			2013- 2014
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			Kshs
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	545,490.00	2,000,000.00
<b>Net cash flows from Investing Activities</b>		545,490.00	2,000,000.00
		99,114,995.05	74,757,367.50
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>19,411,924.95</b>	<b>9,386,706.50</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>15</b>	<b>9,386,706.50</b>	<b>0</b>
<b>Cash and cash equivalent at END of the year</b>	<b>16</b>	<b>28,798,631.45</b>	<b>9,386,706.50</b>

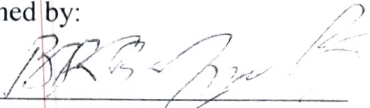




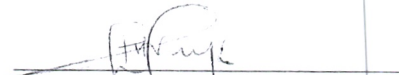
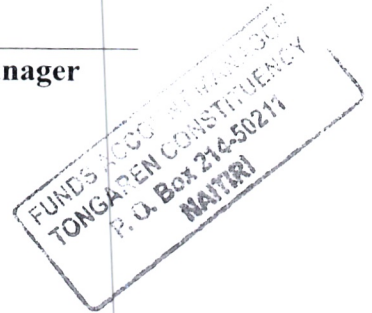
**CONSTITUENCY DEVELOPMENT FUND- TONGAREN CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The TONGAREN CDF financial statements were approved on 12/9 2015 and signed by:



**Chairman - CDFC**

  
**Fund Account Manager**



IV. 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	121526910	9386706.5	130913616.5	118,526,920.00	12,386,696.50	91
Proceeds from Sale of Assets	0	0	0	-	-	0
Other Receipts	0	0	0	-	-	0
	121526910	9386706.5	130913616.5	118526920	12,386,696.50	91
<b>PAYMENTS</b>						
Compensation of Employees	2257850		2257850	2,272,939.00	(15,089.00)	101
Use of goods and services	3182070	1589345	4771415	2,956,920.05	1,814,494.95	62
Committee Expenses	4200000	384739	4584739	4,704,820.00	(120,081.00)	103
Transfers to Other Government Units	68965931	4482755	73448686	42,848,686.00	30,600,000.00	58
Other grants and transfers	36000000	81252	36081252	44,325,740.00	(8,244,488.00)	123
Social Security Benefits	20800		20800	20,800.00	-	100
Acquisition of Assets	0	545490	545490	545,490.00	-	100
Other Payments	6900259	2303611	9203870	1,439,600.00	7,764,270.00	16
<b>TOTALS</b>	<b>121,526,910.00</b>	<b>9,387,192.00</b>	<b>130,914,102.00</b>	<b>99,114,995.05</b>	<b>31,799,106.95</b>	<b>76</b>

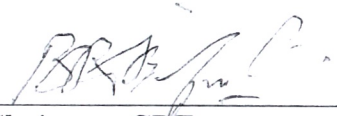
(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

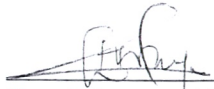



(b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- i. There was overutilization of other grants and transfers due to conditional grant for health facilities for 2013/14 which was spent in the year 2014/15
- ii. There was underutilization on other payments because there were few emergencies in the constituency

The TONGARENCDF financial statements were approved on 18/9 2015 and signed by:

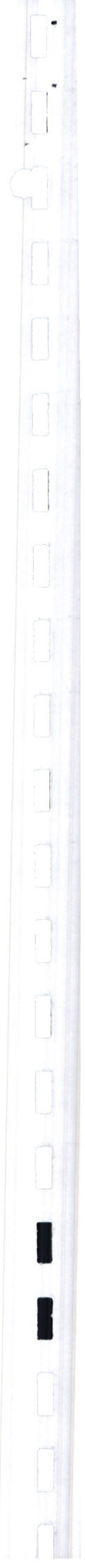
  
\_\_\_\_\_  
**Chairman CDF**

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











## **V. 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*.

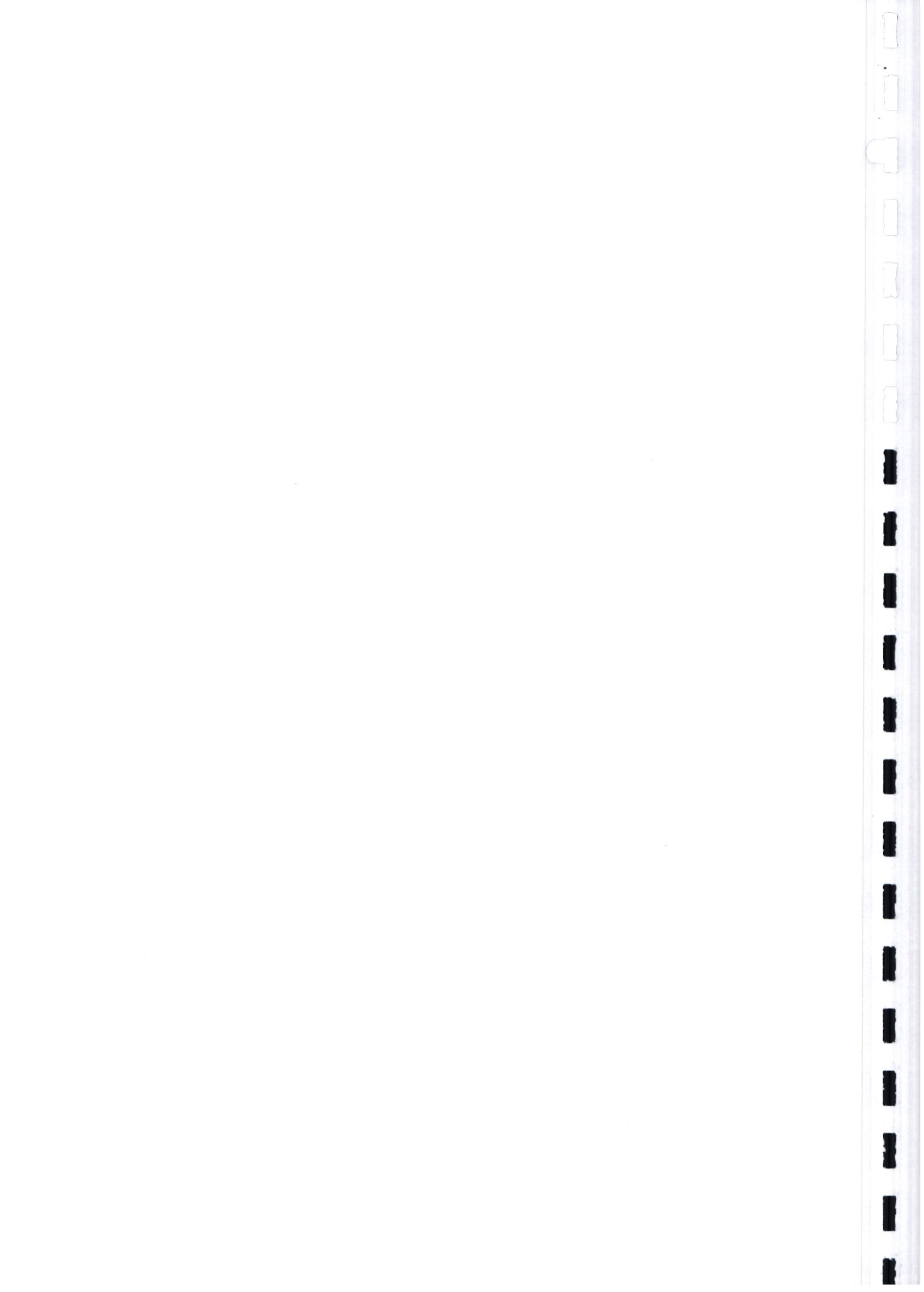
### **3. In-kind contributions**

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.



**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.



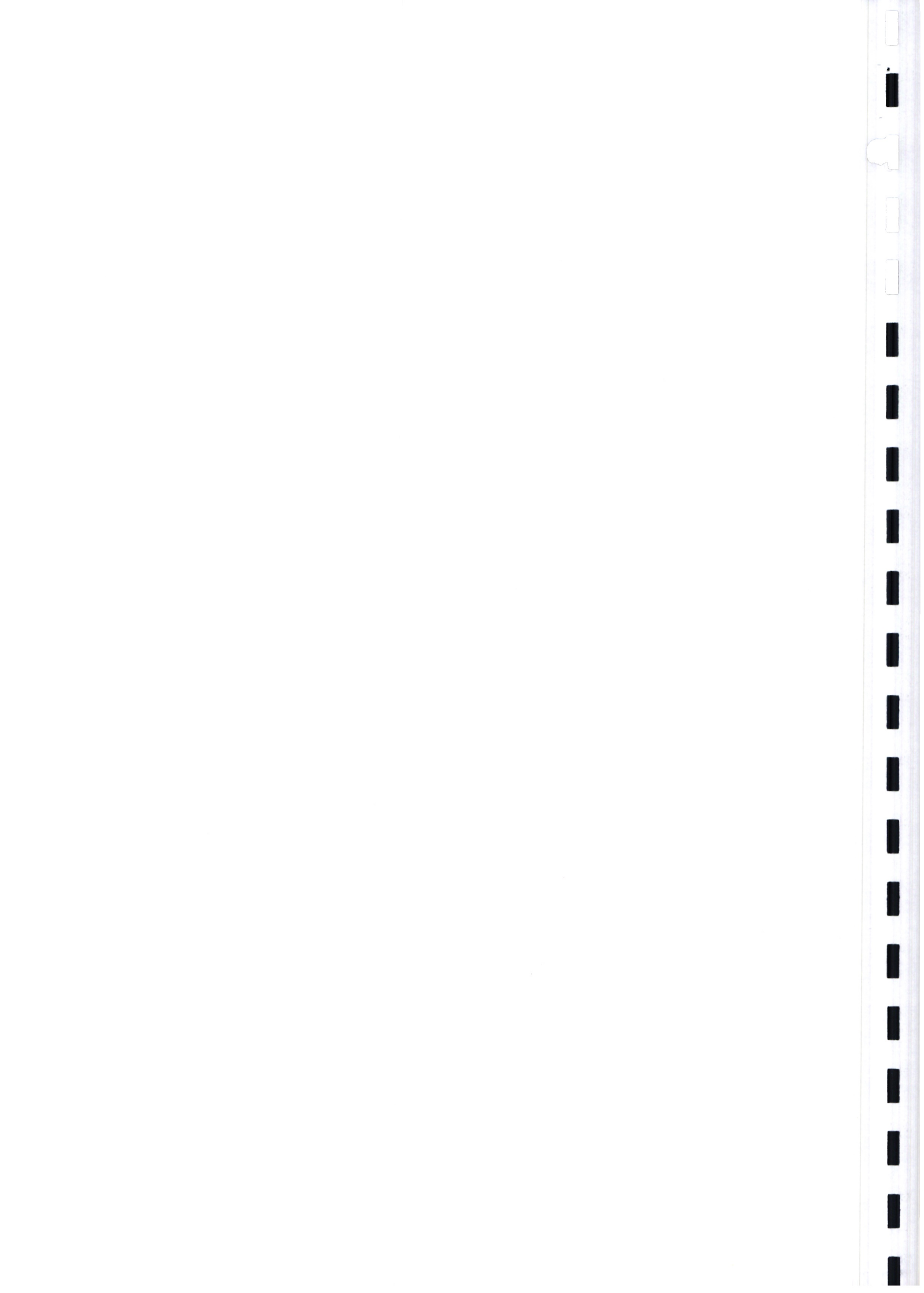
NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

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

I. NOTES TO THE FINANCIAL STATEMENTS

GFS CODES	Description		2014 - 2015 Kshs	2013 - 2014 Kshs				
	<b>1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES</b>							
1330407	Normal Allocation	AIE NO... 2014/2015/078	7,300,000.00	2,000,000.00				
		AIE NO... 2014/2015/212	23,081,737.50	31,657,629.60				
		AIE NO... 2014/2015/460	14,229,036.50	46,003,689.40				
		AIE NO... 2014/2015/682	16,152,691.00					
		AIE NO... 2014/2015/902	30,381,727.50					
		AIE NO2014/2015	27,381,727.50					
1330408	Conditional grants			4,482,755.00				
1330409	Receipt from other Constituency		-					
	<b>TOTAL</b>		<b>118,526,920.00</b>	<b>84,144,074.00</b>				





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

Reports and Financial Statements

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

3510000	2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS							
	Description		2014 - 2015	2013 - 2014				
			Kshs	Kshs				
3510202	Receipts from the Sale of Buildings							
3510601	Receipts from the Sale of Vehicles and Transport Equipment			-				
3510801	Receipts from the Sale Plant Machinery and Equipment							
3510803	Receipts from the Sale of office and general equipment							
		Total	-	-				
1400000	3 OTHER RECEIPTS							
	Description		2014 - 2015	2013- 2014				
			Kshs	Kshs				
1410107	Interest Received		-	-				
1410405	Rents		-	-				
1420601	Sale of tender documents		-	-				
1450207	Other Receipts Not Classified Elsewhere (specify)		-	-				
	Total		-	-				

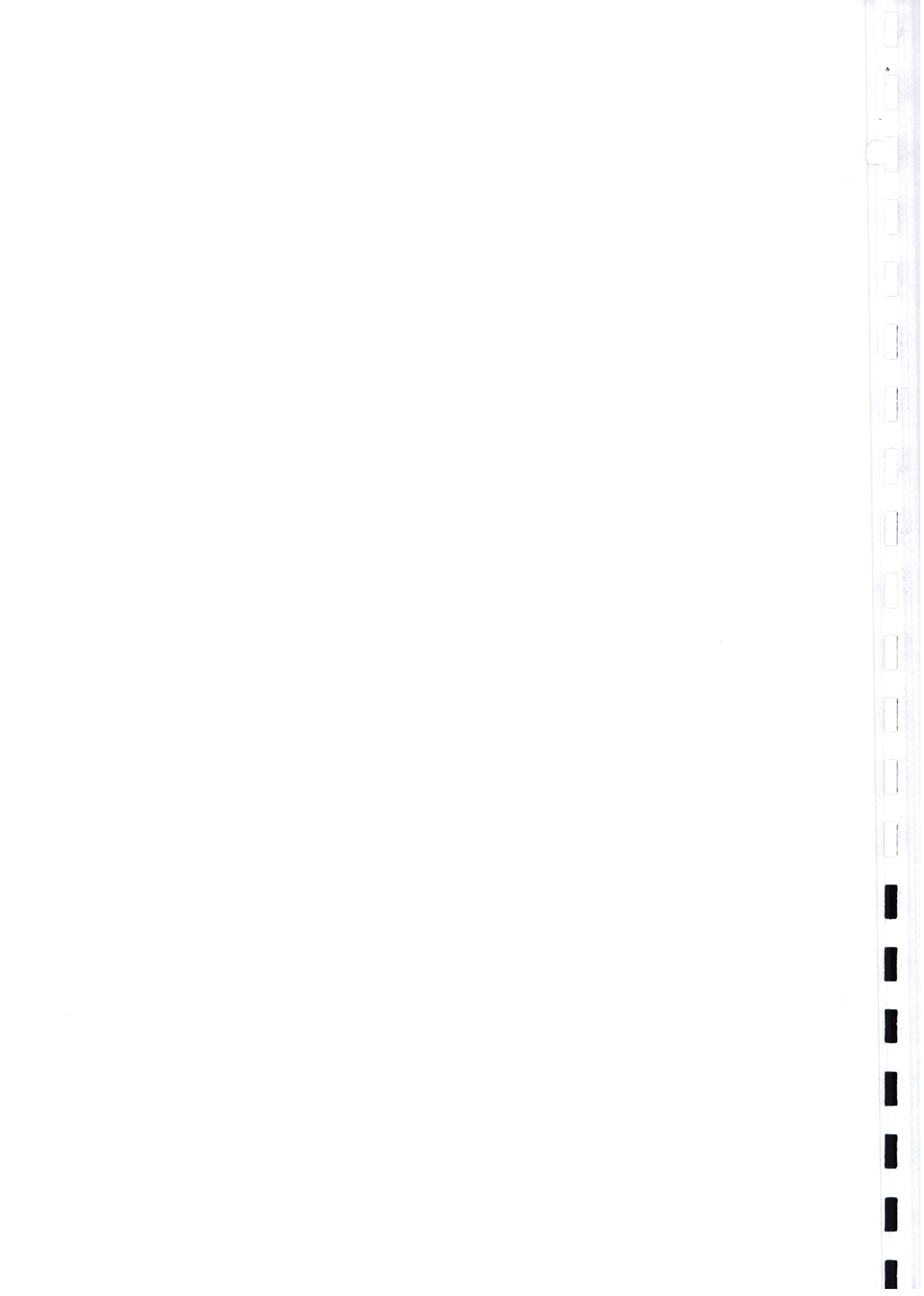


NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

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

2110000		4 COMPENSATION OF EMPLOYEES					
	Description	2014 - 2015	2013- 2014				
		Kshs	Kshs				
2110201	Basic wages of contractual employees	2,272,939.00	1,276,330.00				
2110202	Basic wages of casual labour	-					
	Personal allowances paid as part of salary						
2110301	House allowance	-	-				
2110314	Transport allowance	-	-				
2110320	Leave allowance	-	-				
2110326	Other personnel payments	-	48,880.00				
2710120	gratuity						
	Total	2,272,939.00	1,325,210.00				
2200000		5 USE OF GOODS AND SERVICES					
	Description	2014 - 2015	2013 - 2014				
		Kshs	Kshs				
2210100	Utilities, supplies and services	37,480.00	300,000.00				
2210104	Office rent						



Reports and Financial Statements

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

2210200	Communication, supplies and services		6,000.00	-				
2210300	Domestic travel and subsistence							
2210500	Printing, advertising and information supplies & services		-					
2210600	Rentals of produced assets		-					
2210700	Training expenses		500,000.00					
2210800	Hospitality supplies and services							
2210900	Insurance costs		333,785.00					
2211000	Specialised materials and services		-					
2211100	Office and general supplies and services		416,826.85					
2211200	Fuel ,oil & lubricants		1,076,900.00	283,370.50				
2211300	Other operating expenses		-					
2220100	Routine maintenance – vehicles and other transport equipment		585,928.20					
2220200	Routine maintenance – other assets		-					
			-					
	<b>Total</b>		<b>2,956,920.05</b>	<b>583,370.50</b>				



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

**Reports and Financial Statements**

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

2210800	<b>6 COMMITTEE EXPENSES</b>						
	<b>Description</b>		<b>2014 - 2015</b>	<b>2013 - 2014</b>			
			<b>Kshs</b>	<b>Kshs</b>			
2210802	Other committee expenses		830,000.00	3,187,584.00			
2210809	Committee allowance		3,874,820.00	-			
	<b>TOTAL</b>		<b>4,704,820</b>	<b>3,187,584.00</b>			
						7,661,740.05	
2630200	<b>7 TRANSFER TO OTHER GOVERNMENT ENTITIES</b>						
	<b>Description</b>		<b>2014 - 2015</b>	<b>2013 - 2014</b>			
			<b>Kshs</b>	<b>Kshs</b>			
2630204	Transfers to primary schools		12,137,931.00	14,550,000.00			
2630205	Transfers to secondary schools		16,300,000.00	17,600,000.00			
2630206	Transfers to Tertiary institutions		9,928,000.00	2,000,000.00			
2630207	Transfers to Health institutions		4,482,755.00	750,000.00			
	<b>TOTAL</b>		<b>42,848,686.00</b>	<b>34,900,000.00</b>			





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

Reports and Financial Statements

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

2640000	<b>8 OTHER GRANTS AND OTHER PAYMENTS</b>							
	<b>Description</b>		<b>2014 - 2015</b>	<b>2013 - 2014</b>				
			<b>Kshs</b>	<b>Kshs</b>				
2640101	Bursary -Secondary		8,073,850.00	8,047,548.00				
2640102	Bursary -Tertiary		10,293,190.00	1,457,400.00				
2640104	Bursary-Special schools		-	3,026,000.00				
2640105	Mocks & CAT		2,000,000.00	-				
2640504	water		-	-				
2640505	Agriculture (food security)		2,800,000.00	1,800,000.00				
2640506	Electricity projects		-	-				
2640507	Security		2,100,000.00	500,000.00				
2640508	Roads		12,400,000.00	15,000,000.00				
2640509	Sports		1,000,000.00	999,900.00				
2640510	Environment		1,000,000.00	749,500.00				
2640200	Emergency Projects (specify)		4,658,700.00	1,180,855.00				
	<b>Total</b>		<b>44,325,740.00</b>	<b>32,761,203.00</b>				
2120000	<b>9 SOCIAL SECURITY</b>							



Reports and Financial Statements

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

BENEFITS								
				2014 - 2015	2013 - 2014			
				Kshs	Kshs			
2120101	Employer contribution to NSSF			20,800.00	-			
	<b>Total</b>			<b>20,800.00</b>	<b>-</b>			
3100000	<b>10 ACQUISITION OF ASSETS</b>							
	<u>Non Financial Assets</u>			2014- 2015	2013 - 2014			
				Kshs	Kshs			
3110102	Purchase of Buildings			-	-			
3110202	Construction of Buildings			-	-			
3110302	Refurbishment of Buildings			-	-			
3110701	Purchase of Vehicles			-	2,000,000.00			
3110704	Purchase of Bicycles & Motorcycles			545,490.00	-			
3110801	Overhaul of Vehicles			-	-			
3111001	Purchase of Office furniture and fittings			-	-			
3111002	Purchase of computers ,printers and other IT equipments			-	-			
3111005	Purchase of photocopier			-	-			



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

Reports and Financial Statements

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

			-	-				
3111009	Purchase of other office equipments		-	-				
3111112	Purchase of soft ware		-	-				
3130101	Acquisition of Land		-	-				
				-				
	<b>Total</b>		<b>545,490.00</b>	<b>2,000,000.00</b>				
	<b>11</b>	<b>Other Payments</b>						
	<b>BUNGOMA NORTH DISTRICT TREASURY STRATEGIC PLAN EXPENSES</b>		<b>1,000,000.00</b>	-				
	specify		<b>439,600.00</b>	-				
			-	-				
	<b>TOTAL</b>		<b>1,439,600.00</b>	-				
			<b>99,114,995.05</b>					
	<b>12A: Bank Balances (cash book bank balance)</b>							
	<b>Name of Bank, Account No. &amp; currency</b>	<b>Account Number</b>	<b>2014 - 2015</b>	<b>2013 - 2014</b>				
			<b>Kshs (30/6/2015)</b>	<b>Kshs (30/6/2014)</b>				



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

Reports and Financial Statements

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

	<i>Cooperative Bank, Kimilili branch Branch A/C no.01141470213900</i>		28,798,631.45	-				
			-	9,386,706.50				
			-	-				
	<b>Total</b>		<b>28,798,631.45</b>	<b>9,386,706.50</b>				
	<b>12B: CASH IN HAND)</b>							
			<b>2014 - 2015</b>	<b>2013 - 2014</b>				
			<b>Kshs (30/6/2015)</b>	<b>Kshs (30/6/2014)</b>				
	<b>Location 1</b>		-	-				
	<b>Location 2</b>		-	-				
	<b>Location 3</b>		-	-				
	<b>Other receipts (specify)</b>		-	-				
			-	-				
	<b>Total</b>		-	-				
			<i>[Provide cash count certificates for each]</i>					



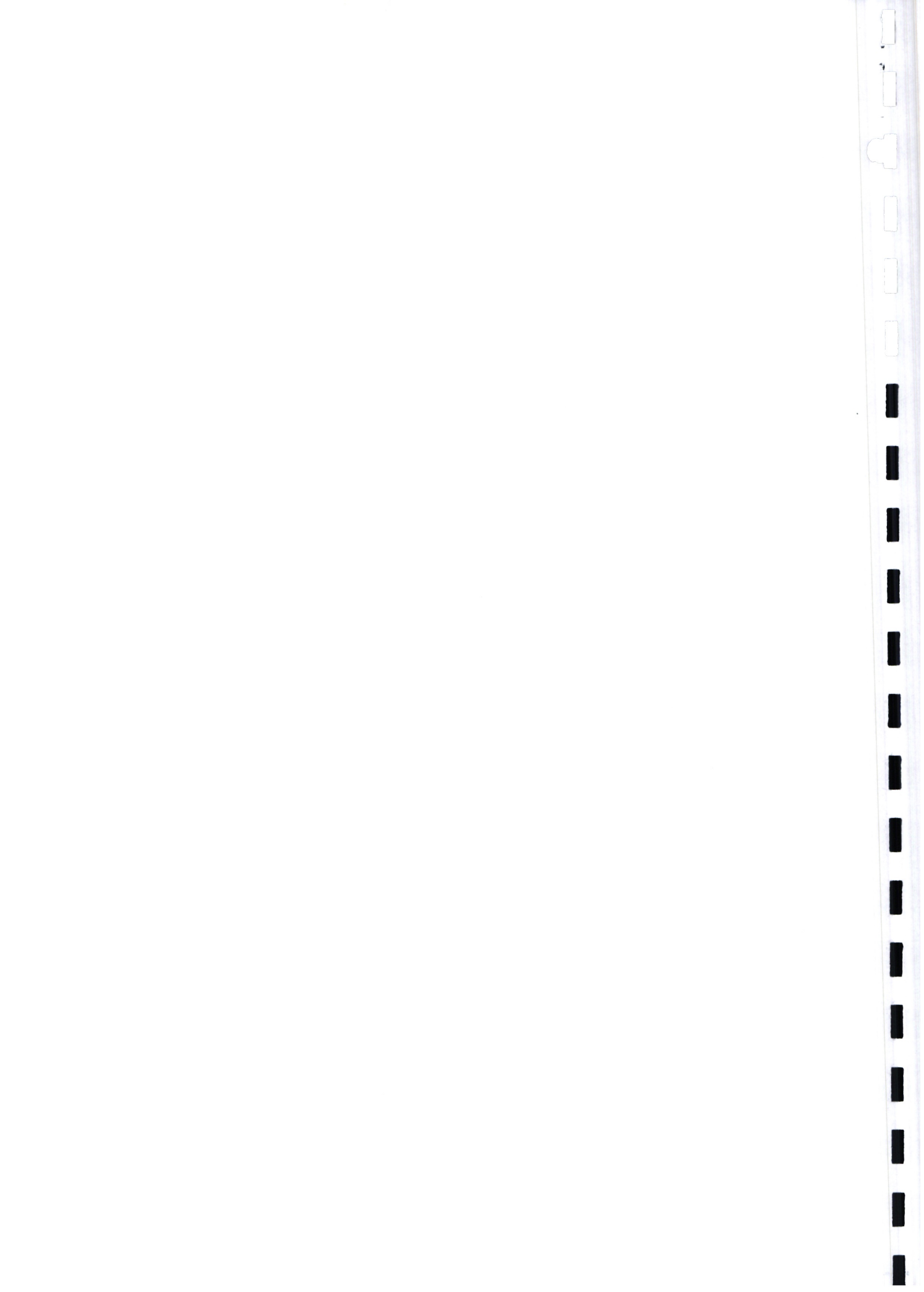


NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

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

<b>12C: OUTSTANDING IMPRESTS</b>							
<i>Name of Officer</i>	<i>Date imprest taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2015)</i>			
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>			
<i>Name of Officer</i>	<i>dd/mm/yy</i>			-			
<i>Name of Officer</i>	<i>dd/mm/yy</i>	-	-	-			
<i>Name of Officer</i>	<i>dd/mm/yy</i>	-	-	-			
<i>Name of Officer</i>	<i>dd/mm/yy</i>	-	-	-			
<i>Name of Officer</i>	<i>dd/mm/yy</i>	-	-	-			
<i>Name of Officer</i>	<i>dd/mm/yy</i>	-	-	-			
<i>Total</i>		-	-	-			
<b>13 BALANCES BROUGHT FORWARD</b>							
			<b>2014 - 2015</b>	<b>2013 - 2014</b>			
			<b>Kshs (1/7/2014)</b>	<b>Kshs (1/7/2013)</b>			
<b>Bank accounts</b>			9,386,706.50	-			
<b>Cash in hand</b>			-	-			
<b>Imprest</b>			-	-			



Reports and Financial Statements

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

	<b>Total</b>		9,386,706.50	-				
		<i>[Provide short appropriate explanations as necessary]</i>						
	<b>14</b>	<b>PRIOR YEAR ADJUSTMENTS</b>						
			<b>2014 - 2015</b>	<b>2012 - 2013</b>				
	<b>Bank accounts</b>		<b>Kshs</b>	<b>Kshs</b>				
	<b>Cash in hand</b>		-	-				
	<b>Imprest</b>		-	-				
			-	-				
	<b>Total</b>		-	-				

In the year 2013/14 there was an outstanding imprest of Kshs.1,033,090 in the name of Carolyne N.Wanyonyi. This imprest was cleared in July 2015. However this imprest had been captured in financial statement as payments, Therefore clearing off the imprest.

15. OTHER IMPORTANT DISCLOSURES

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**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs'000)**

15.3: OTHER PENDING PAYABLES (See Annex 1)							
			Kshs	Kshs			
	Amounts due to other Government entities (see attached list)		19,100,000.00	-			
	Amounts due to other grants and other transfers (see attached list)		8,600,000.00	-			
	Others ( <i>specify</i> )		3,636,631.45	-			
			31,336,631.45	-			

**Kshs.31,336,631.45 includes an amount of Kshs.3,000,000 not received from the CDFB as at 30<sup>th</sup> June 2015.**



Reports and Financial Statements

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

ANNEX 1 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance		
					2015	2014		
		a	b	c	d=a-c			
Amounts due to other Government entities	funds received , to be disbursed to the following projects							
1	Milima sec school	1,000,000		0	1,000,000			
2	Nabiswa Sec School	1,000,000		0	1,000,000			
3	Mfupi Primary School	1,000,000		0	1,000,000			
4	Dr. Eseli Primary	1,000,000		0	1,000,000			
5	Nabiswa Pr.	500,000		0	500,000		Comments	
6	Riverside primary	1,000,000		0	1,000,000			
7	Minyali Primary	1,000,000		0	1,000,000			
8	Musembe Primary	600,000		0	600,000			
9	Bungoma Education Centre	1,500,000		0	1,500,000			





**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs'000)**

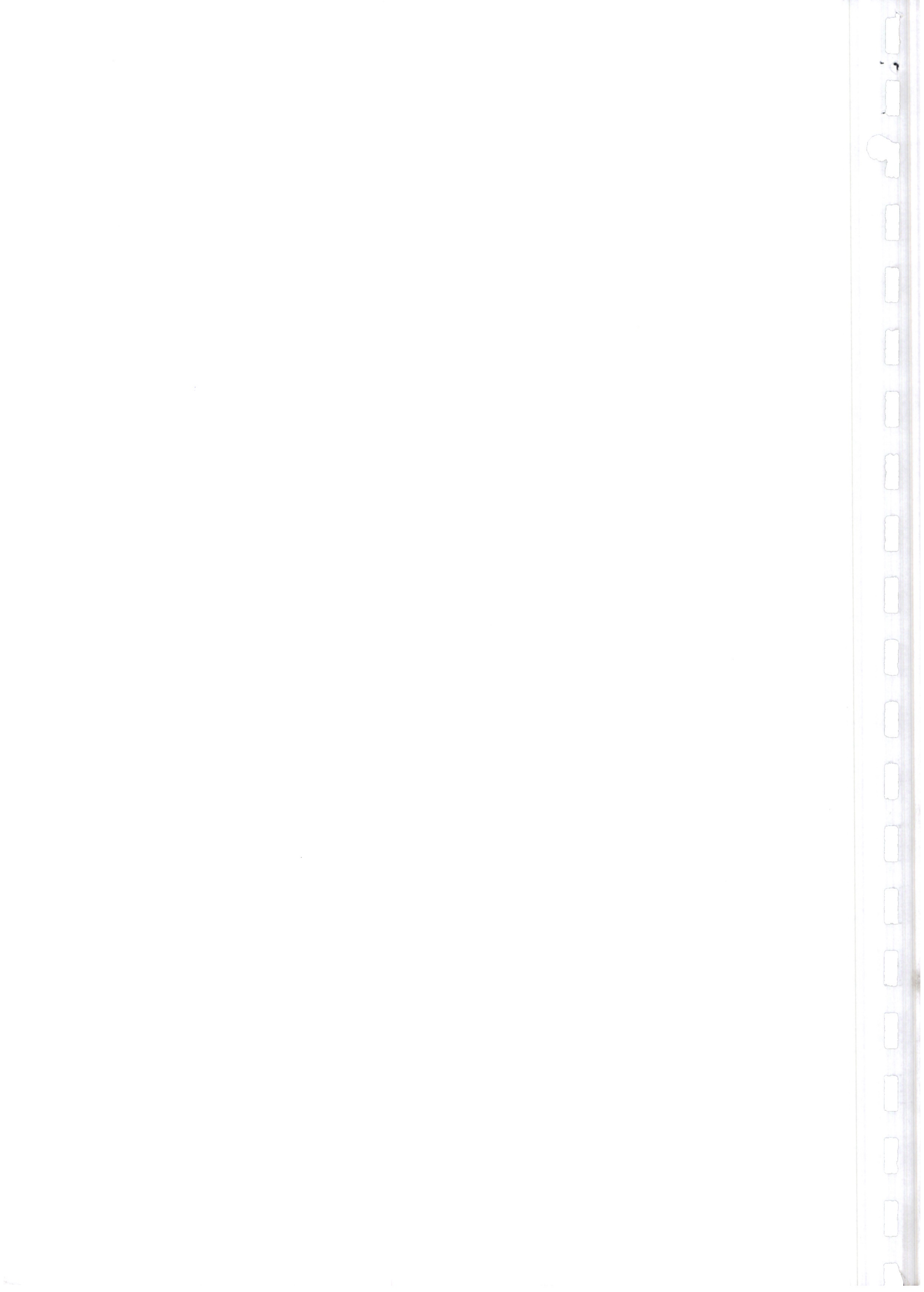
10	Maliki Boys Sec School	2,000,000	0	2,000,000		
11	Brigadia police post	500,000	0	500,000		
12	Bungma North TTI	13,000,000	5000000	8,000,000		
				-		
				-		
<b>Sub-Total</b>		<b>24,100,000</b>		<b>19,100,000</b>		
<b>Amounts due to other grants and other transfers</b>				-		
13	Mbakalo Market	600,000	0	600,000		
14	Tongaren Market	600,000	0	600,000		
15	Ndalul Market	600,000	0	600,000		
16	Brigadia Market	600,000	0	600,000		ksh 3M was re-allocated to education
17	Naitiri Market	600,000	200000	600,000		
18	Mukuyuni Market	600,000	0	600,000		
19	Bungoma North community cereal stores	8000000	3000000	5,000,000		
6.				-		



Reports and Financial Statements

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

Sub-Total		11,600,000			8,600,000		
Others (specify)					-		
20	Emergency	2102385		0	2,886,114.50		
21	goods and services	393379		0	393,379.00		
22	committee expenses	185963.5		0	185,963.50	KSH 400,000 Yet to be received from CDFB	
23	Salaries	171174.45		0	171,174.45	KSH 600,000 Yet to be received from CDFB	
Sub-Total		2852901.95			3,636,631.45	ksh. 2m not yet received from the CDFB	
Grand Total		38,552,901.95			31,336,631.45		
ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER							



Reports and Financial Statements

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

Asset class	Historical Cost	Historical Cost				
	(Kshs)	(Kshs)				
	2014/15	2013/14				
Land						
Buildings and structures	6,500,000.00	6,500,000.00				
Transport equipment	5,009,000.00	5,009,000.00				
Office equipment, furniture and fittings	374690	374690				
ICT Equipment, Software and Other ICT Assets	352500	352500				
Other Machinery and Equipment	15000	15000				
Heritage and cultural assets						
Intangible assets						
<b>Total</b>	<b>12,251,190.00</b>	<b>12,251,190.00</b>				

