

REPUBLIC OF KENYA



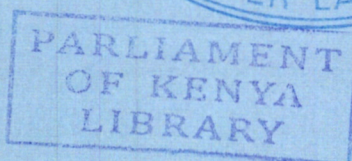
OFFICE OF THE AUDITOR-GENERAL



*Paper Laid*  
*By Hon. A. Sule, MP (Lom)*  
*on Thursday 14.09.2017*  
*(PM)*  
*Mmm*



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT  
FUND – MALINDI CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2016**





17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32



OFFICE OF THE AUDITOR GENERAL  
KENYA NATIONAL AUDIT OFFICE

02 JUN 2017

RECEIVED  
MOMBASA HUB



---

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
MALINDI CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

**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)

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

---

**TABLE OF CONTENTS**

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT ..... 1

II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC)  
..... 3

III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES ..... 4

IV. STATEMENT OF RECEIPTS AND PAYMENTS ..... 5

V. STATEMENT OF FINANCIAL ASSETS ..... 6

VI. STATEMENT OF CASHFLOW AS AT JUNE 30, 2016 ..... 7

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT  
COMBINED ..... 8

VIII. SIGNIFICANT ACCOUNTING POLICIES ..... 9

IX. NOTES TO THE FINANCIAL STATEMENTS ..... 11

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE ..... 17

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER ..... 18



## 4. 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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2015. The *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *Constituencies Development Fund*. The objective of the fund is to ensure specific portion of the National annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against the constituency poverty levels.

### (b) Key Management

The Malindi 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 June 30, 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Nyang'wara Nelson
3.	Accountant	Faith Munga

### (d) Fiduciary Oversight Arrangements

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

P.O. Box 244-80200  
Malindi, Kenya

### (f) MALINDI NG-CDF Contacts

Telephone: (254) 714867986  
E-mail: [cdmalindi@cdf.go.ke](mailto:cdmalindi@cdf.go.ke)  
Website: [www.cdf.go.ke](http://www.cdf.go.ke)

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

---

**(g) Malindi CDF Bankers**

Equity Bank  
Malindi Branch  
A/C No. 0450262081948

**(h) Independent Auditors**

Auditor General  
Office of the Auditor General  
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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI  
CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2016**

---

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

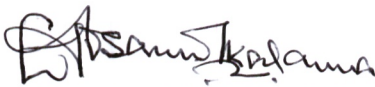
During the financial year 2015/2016, Malindi constituency was allocated Kshs. 126,114,546.00. Moreover, the fund had an opening balance of Kshs. 43,968,521.30, resulting to a total budget of Kshs. 169,708,109.20. However, as at 30 June 2016, Kshs. 63,114,546 was yet to be disbursed to the fund. As a result, during the financial year, the resources available for utilisation, amounted to Kshs. 106,593,563.20. The entity has utilised 70% of the available resources in undertaking projects aimed at improving education, access roads, construction of primary and secondary schools, payment of fees for needy and vulnerable students across the constituency amongst other projects.

**EMERGING ISSUES RELATED TO CDF**

- Access of Land to undertake various projects.
- Poor inter government relationship particularly with the County Government. This has affected delivery of services by the Constituency Development fund of Malindi

**WAY FORWARD**

For the fund to thrive, there should be minimal interference from political class. There should also be inter-governmental coordination of projects undertaken between the County Governments and the National Government entities.

Sign.....  


**CHAIRMAN CDFC**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

**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 by the Public Sector Accounting Standards Board of Kenya from time to time.

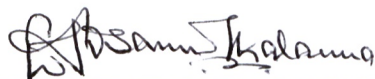
The Accounting Officer in charge of *Malindi Constituency CDF* is responsible for the preparation and presentation of the *CDF's* financial statements, which give a true and fair view of the state of affairs of the *CDF* for and as at the end of the financial year ended on June 30, 2016. This responsibility 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 *Malindi Constituency 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, 2016, and of the *CDF's* financial position as at that date. The Accounting Officer in-charge of *Malindi Constituency 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 *Malindi Constituency 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 30<sup>th</sup> September 2016.



**Chairman-CDFC**

f 

**Fund Account Manager**



# REPUBLIC OF KENYA

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



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – MALINDI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

---

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Malindi Constituency set out on pages 5 to 17, which comprise the statement of financial assets as at 30 June 2016, 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 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 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 purpose of

---

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



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

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

## **Basis for Disclaimer of Opinion**

### **1. Presentation of the Financial Statements**

The financial statements for the year ended 30 June 2016 availed for audit review contained the following presentation anomalies:

- 1.1. The numbering of the Notes in statement of receipts and payments and the statement of assets are not consistent with the actual Notes as detailed below:

<b>Item No.</b>	<b>Financial Statements Components</b>	<b>Number as per Notes to the Financial Statements</b>	<b>Actual Note as per Financial Statements</b>
1.	Compensation of Employees	4	3
2.	Use of Goods and Services	5	4
3.	Transfer to Other Government Units	6	5
4.	Other Grants and Transfers	7	6
5.	Acquisition of Assets	8	7
6.	Other Payments	9	8
7.	Cash and Cash Equivalents	10	9
8.	Outstanding Imprests	11	10

- 1.2. Accounting Policy No.1 on page 9 to the financial statements states that figures have been rounded to the nearest shilling. However, the figures in the financial statements have not been rounded off. As a result of these anomalies, the presentation of the financial statements do not comply with financial reporting template requirements prescribed by the Public Sector Accounting Standards Board.

### **2.0. Cash-and-Cash Equivalents**

#### **2.1. Bank Balance**

The statement of financial assets as at 30 June 2016 reflects a bank balance of Kshs. 32,244,655.75. However, the bank reconciliation statement as at 30 June 2016 presented for audit review reflected unrepresented cheques amounting to Kshs. 819,102.05, out of which the sum Kshs.442,889.25 relates to stale cheques not



reversed in cash book as at the year end. In addition, subsequent bank statements were not availed for audit to confirm when cheques amounting to Kshs. 376,752.20 outstanding as at 30 June 2016 cleared. Further, from the books of account, receipts in bank but not in cashbook of Kshs. 1,320.20 have remained outstanding since 15 October 2014 and bank charges of Kshs. 58,927 were not recorded in the cashbook.

## **2.2. Unaccounted Transfers**

Review of bank statements revealed that two transactions of Kshs.2 Million each were done on 11th December 2015, where funds were transferred from the CDF main bank account to CDF Office Project management Committee (PMC). However, review of the PMC bank account statements for the same period availed did not reflect this amount. It was not therefore possible to ascertain where the funds amounting to Kshs.4 million were transferred to.

Consequently, the accuracy and completeness of the bank balance of Kshs.32,244,655.75 as at 30 June 2016 could not be confirmed.

## **3.0 Outstanding Imprests**

The statement of assets as at 30 June 2016, reflects outstanding imprests of Kshs.468,000 which have not been supported with a schedule. Further, the imprest warrant book, supporting approvals and imprest register/ ledger and surrender vouchers were not made available for audit review.

Consequently, the propriety and accuracy of the imprests balance of Kshs.468,000 as at 30 June 2016 cannot be confirmed.

## **4.0 Compensation of Employees**

### **4.1 Failure to Remit Statutory Deductions**

The statement of receipts and payments reflects compensation of employees figure of Kshs.2,024,816. Included in this amount are statutory deductions amounting to Kshs.290,300. However, only Kshs.9,600 was remitted to the statutory bodies, resulting to unremitted statutory deductions of Kshs.280,700.

Subsequently, the Fund breached the law on remittance of employee deductions.

### **4.2 Irregular Termination of Employees' Contracts**

Examination of personnel records availed for audit revealed that during the year under review, employment contracts for four (4) employees were terminated by the Constituency's Member of Parliament vide a letter dated 19 April 2016. This was irregular as only the CDF Committee has authority to terminate employees' contracts.

Consequently, the Fund breached the law on termination of employment for CDF staff.

## **5.0 Transfer to Other Government Units**

The statement of receipts and payments for the year ended 30 June 2016 reflects transfers to other government units amounting to Kshs.8,979,014 as detailed in note 6 to the financial statements. Included in the balance is expenditure in respect of transfers to secondary schools amounting to Kshs.1,000,000 paid to the Project Management Committee for construction of an Administration Block at Barani High School. The site was handed over to the contractor on 8th March 2016 and work was to be completed by 7th August 2016. However, the project stalled at lintel stage and no work has been carried out since April 2016 as all funds allocated to the project amounting to Kshs.3.5 million were spent and paid to the contractor. The fund had allocated Kshs. 2.5 million to the project in the financial year 2014/15 and Kshs.1 million in financial year (2015/16) under review. Records availed for audit reveals no additional funds were allocated in financial year 2016/17 hence the project will not be completed despite Kshs.3.5 million of public funds having been spent.

Consequently, the propriety and value-for-money of transfer to other government units of Kshs 1 million for the year under review cannot be confirmed.

## **6.0 Other Transfers and Payments**

### **6.1 Security Projects**

The statement of receipts and payments reflects other grants and other payments of Kshs. 33,668,569 as disclosed under Note 7 to the financial statements. Included in this figure are payments of Kshs.14,000,000 in respect of security projects. Review of documents availed for audit indicated that the Fund applied request for quotations for Kakuyuni Administration Police posts project of Kshs.7,992,636 thus exceeding the threshold matrix of Kshs.6 million set by the first schedule of Public Procurement and Disposal Regulations 2006 as amended in 2013.

Consequently, the validity and propriety of the expenditure amounting to Kshs.7,992,636 incurred during on projects during the year under review cannot be confirmed.

### **6.2 Emergency**

The statement of receipts and payments reflects other grants and other payments of Kshs.33,668,569 as disclosed under Note 7 to the financial statements. Included in this figure are payments of Kshs.3,841,800 in respect of emergency projects. Records availed for audit revealed that a contractor was paid Kshs.1,200,000 for the emergency grading works on road C103- Malindi –Baolala (Sala gate) road and another contractor was paid Kshs 2,000,000 for construction of Malindi CDF/ MP



office civil works and storm water drainage works through single-sourcing contrary to Section 102 (2) (b) of the Public Procurement and Asset Disposal Act, 2015 on restricted tendering procedures. Further, opinion of the committee that these two projects were emergencies and therefore could not wait till the following financial year to be included in the budget as per Section 8(3) of the NGCDF Act 2015 was not availed for audit.

As a result, the propriety and legality of expenditure totaling Kshs.3,200,000 incurred on the two projects during the year under review could not be confirmed.

## **7.0 Acquisition of Assets**

The statement of receipts and payments reflects a figure of Kshs.20,598,116 in respect of payments for acquisition of assets for the year ended 30 June 2016. However, audit verification of project management committee and project files revealed the following anomalies:

The Fund spent a total of Kshs.6,050,000 to acquire land as follows: Kshs.5,000,000 paid to land vendor and Kshs.1,050,000 paid to a single sourced consultant to verify the lands details.

Further, records availed for audit did not provide information on how the piece of land and the vendor were identified. Perusal of payment details revealed that the land was acquired and paid for before valuation.

Records availed for audit further revealed that the land acquired was formerly a road reserve which had been alienated through allotment letter dated 17 June 1999. The vendor had not processed ownership documents and as at the time of the audit, the Fund had not acquired ownership documents and the matter was under investigation by Ethics and Anti-Corruption Commission (EACC).

Further, examination of documents availed for audit indicated that construction of the office commenced before land sale agreement was signed.

In addition, no taxes were withheld when making payments as per Income Tax Act Cap 470 and VAT Act, Cap 476.

Consequently, ownership of the asset and validity and propriety of the expenditure of Kshs.20,000,000 for the year ended 30 June 2016 cannot be ascertained.

## **8.0 Budgetary Control and Performance**

During the year under review, the Fund was allocated Kshs.126,114,546 by the Constituencies Development Fund Board, in addition to an opening balance of Kshs.43,593,563 as per the audited financial statements for the 2014/15 financial year. The Fund therefore had resources amounting to Kshs.169,708,108 available for

use the year under review. Out of allocation amounting to Kshs.126,114,546 for the year, only Kshs.63,000,000 (50%) was disbursed by the CDF Board. During the year, the Fund made transfers and payments amounting to Kshs.74,255,866 or 44% of funds available and therefore the Fund did not utilize Kshs.95,452,242 or 56% of the resources available as summarized in the following table:

Receipt/ Expense Item	Original Budget	Adjust- ments	Final Budget	Actual on Comparable Basis	Under Absorp- tion in Kshs.	% of Utiliza- tion	Under Absorp- tion - %
Compensa- tion of Employees	2,320,000	400,000	2,720,000	2,024,816	695,184	74%	26
Use of goods and services	9,030,308	1,500,000	10,530,308	8,085,351	2,444,958	77%	23
Transfers to Other Governme- nt Units	59,479,014	6,800,000	66,279,014	8,979,014	57,300,000	14%	86
Other grants and transfers	50,259,178	16,893,563	67,152,741	33,668,569	33,484,172	50%	50
Acquisition of Assets	3,526,045	18,000,000	21,526,045	20,598,116	927,929	96%	4
Other payments	1,500,000		1,500,000	900,000	600,000	60%	40
<b>Total</b>	<b>126,114,545</b>	<b>43,593,563</b>	<b>169,708,108</b>	<b>74,255,866</b>	<b>95,452,242</b>	<b>44%</b>	<b>56</b>

It is clear that the management did not execute the budget as planned. Consequently, the development agenda of the Constituency was not met.

## 9.0 Project Implementation

During the year under review, disbursement to projects budgeted in the year 2015/16 was Kshs.30,559,014.40 and further, the total cost of projects carried forward from the previous year (2014/15) amounted to Kshs.21,556,768. Project verification during the year under review indicated the following state of affairs.

### 9.1 Construction of Building and Other Civil Works Projects

Item No.	Name	Accumulated Costs Kshs	Project	Observations
1.	Kasimbiji Primary School	1,990,055	Construction of Administration Block	Building completed and in use. However, the building has developed cracks on the wall.

2.	Lango Baya Primary school	4,700,000	Renovation of 12 Classroom Roof & Painting	Although the works were certified as complete a site visit revealed that the work was not completed and painting was poorly done only external walls of Some classes were painted.
3.	Barani High school	7,595,344.76	Construction of Administration Block	The project stalled at lintel level due to underfunding. The Contractor left the site over year ago. Only funded up to Kshs.3,500,000
4.	CDF office	23,750,101.84	Fund and Constituency Office Office Furniture	Office complete and in use
5.	Security Lights	5,000,000	Installation of Street lights	No signage. Streetlights installed at Majengo Road not functional.
6.	Kakuyuni AP Post	7,992,635.88	Staff Houses and Office	No signage, work done differs from bills of quantities availed.
7.	Malindi police line	1,998,593	Painting	Completed and in use.
8.	Mere AP Post	4,923,000	Renovation of Staff Houses	Works amounting to Kshs. 981,610 had not been done. Some fittings not fitted, Doors and windows not replaced.
9.	Weru Technical Institute	4,000,000	Co-funded with Ministry of Education	Technical institute complete and awaiting supply of equipments.
	<b>Total</b>	<b>61,949,730.48</b>		

## 9.2 Verification of Road Projects

Audit verification of road projects carried out in April 2017 revealed that no (signposts) signage were erected on all the road projects undertaken by the Malindi Constituency Fund even though the signposts were part of the works as sums in respective the contract and the cost of erecting the signposts was included in the contracts.

There were other discrepancies noted as detailed below:

Project No.	Name of project	Distance Paid for (KM)	Actual distance graded length (KM)	Variance (KM)	Amount paid for (Kshs)	Amount for road works done (Kshs)	Variance (Kshs)
1.	Magongoloni Langobaya Road	5.4	2	3.4	1,000,000	370,370	629,629



2.	Mashambani (Catholic) Sokomoko Tanga Madukani Road	4.0	2.4	1.6	1,000,000	600,000	400,000
3.	Kijiwetanga Maasai Mshongoleni Arabuko Kakukuyuni Road	7.8	1.3	6.5	1,500,000	250,000	1,250,000
4.	Kakoneni Shella Road	7.2	2	5.2	1,000,000	277,779	722,222
5.	Kwa Koti Mashamba Mkunguni Road	4.5	2.4	2.1	1,500,000	800,000	700,000
6.	Kijiwetanga Gahalleni Pry School road	6.7	3.5	3.2	1,000,000	522,388	477,612
	<b>Total Kshs.</b>	<b>49.5</b>	<b>27.5</b>	<b>22</b>	<b>7,000,000</b>	<b>2,820,537</b>	<b>4,179,463</b>

As this summary, shows the management paid for road works totaling 49kms in length but only 27 kilo metres were executed. 22 km of road worth Kshs.2,820,537 were not worked on.

The Fund management did not explain the reason for the variances in between distances paid and actual work done and which resulted in nugatory expenditure of Kshs.2,820,537.

### **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 opinion on the financial statements.



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

**Nairobi**

**07 July 2017**


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI  
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
<b>RECEIPTS</b>			
Transfers from Other Government Entities	1	63,000,000.00	124,012,646.00
Other Receipts	2	-	-
<b>TOTAL RECEIPTS</b>		<b>63,000,000.00</b>	<b>124,012,646.00</b>
<b>PAYMENTS</b>			
Compensation of Employees	3	2,024,816.00	1,338,900.00
Use of goods and services	4	8,085,350.55	7,950,669.00
Transfers to Other Government Units	5	8,979,014.00	39,042,225.75
Other grants and transfers	6	33,668,569.00	66,852,485.70
Acquisition of Assets	7	20,598,116.00	-
Other Payments	8	900,000.00	-
<b>TOTAL PAYMENTS</b>		<b>74,255,865.55</b>	<b>115,184,280.50</b>
<b>SURPLUS/DEFICIT</b>		<b>(11,255,865.55)</b>	<b>8,828,365.50</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> September 2016 and signed by:

  
**Chairman - CDFC**

  
**Fund Account Manager**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI  
CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

**V. STATEMENT OF FINANCIAL ASSETS**

	Note	2015-2016 Kshs	2014-2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances (as per cash book)	9	32,244,655.75	43,968,521.30
Outstanding Imprests	10	468,000.00	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>32,712,655.75</b>	<b>43,968,521.30</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd.		43,968,521.30	32,405,597.00
Surplus/Deficit for the year		(11,255,865.55)	8,828,365.50
Prior Year Adjustments		-	2,734,558.80
<b>NET FINANCIAL POSITION</b>		<b>32,712,655.75</b>	<b>43,968,521.30</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> September 2016 and signed by:

  
 Chairman -CDFC

  
 Fund Account Manager



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

**VI. STATEMENT OF CASHFLOW AS AT JUNE 30, 2016**

	2015-2016 Kshs	2014-2015 Kshs
<b>Cash Flows From Operating Activities</b>		
<b>Receipts for operating income</b>		
Transfers from CDF Board	63,000,000.00	124,012,646.00
Other Receipts	-	-
	<b>63,000,000.00</b>	<b>124,012,646.00</b>
<b>Payments for operating expenses</b>		
Compensation of Employees	(2,024,816.00)	(1,338,900.00)
Use of goods and services	(8,085,350.55)	(7,950,669.00)
Transfers to Other Government Units	(8,979,014.00)	(39,042,225.75)
Other grants and transfers	(33,668,569.00)	(66,852,485.70)
Other Payments	(900,000.00)	0
	<b>(53,657,749.45)</b>	<b>(115,184,280.45)</b>
<b>Adjusted for:</b>		
Adjustments during the year	-	2,734,558.80
<b>Net cash flows from operating activities</b>	<b>9,342,250.45</b>	<b>11,562,924.30</b>
<b>Cash Flows From Investing Activities</b>		
Acquisition of Assets	(20,598,116.00)	-
<b>Net cash flows from Investing Activities</b>	<b>(20,598,116.00)</b>	<b>-</b>
<b>Net Increase In Cash and Cash Equivalent</b>	<b>(11,255,865.55)</b>	<b>11,562,924.30</b>
<b>Cash and cash equivalent at Start of the year</b>	<b>43,968,521.30</b>	<b>32,405,597.00</b>
<b>Cash and cash equivalent at END of the year</b>	<b>32,712,655.75</b>	<b>43,968,521.30</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> September 2016 and signed by:

  
Chairman -CDFC

+   
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI  
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 Utilization Difference	% of Utilization
	A	B	c=a+b	D	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	126,114,546	43,593,563.20	169,708,109.20	106,593,563.20	63,114,546.00	63
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
<b>PAYMENTS</b>						
Compensation of Employees	2,320,000.00	400,000.00	2,720,000.00	2,024,816.00	695,184.00	75
Use of goods and services	9,030,309.14	1,500,000.00	10,530,309.14	8,085,350.55	2,444,958.59	75
Transfers to Other Government Units	59,479,014.40	6,800,000.00	66,279,014.40	8,979,014.00	57,300,000.40	14
Other grants and transfers	50,259,177.84	16,893,563.20	67,152,741.04	33,668,569.00	33,484,172.04	50
Acquisition of Assets	3,526,044.62	18,000,000.00	21,526,044.62	20,598,116.00	927,928.62	96
Other Payments	1,500,000.00	-	1,500,000.00	900,000.00	600,000.00	60
<b>TOTALS</b>	<b>126,114,546</b>	<b>43,593,563.20</b>	<b>169,708,109.20</b>	<b>74,255,865.55</b>	<b>95,452,243.65</b>	

Adjustments on Transfers from CDF Board refers to previous years Cash and Bank Balances. Furthermore, some payments were made in relation to last year's Cash and Bank Balances.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> September 2016 and signed by:



**Chairman CDFC**



**Fund Account Manager**



## VIII. SIGNIFICANT ACCOUNTING POLICIES

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

### 1. Statement of compliance and basis of preparation

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

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

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

### 2. Recognition of revenue and expenses

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

### 3. In-kind contributions

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

### 4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**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, 2016.



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

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

<b>2015-2016</b>		<b>2014/15</b>
<b>Description</b>	<b>Amount</b>	<b>Amount</b>
<b>2015/2016 Transfers from CDF Board</b>	<b>Kshs</b>	<b>Kshs</b>
AIE NO A 796326	10,000,000.00	29,729,806.50
AIE NO A 724123	10,000,000.00	13,891,922.50
AIE NO A820608	10,000,000.00	2,000,000.00
AIE NO A825651	33,000,000.00	15,837,883.75
		29,729,806.50
		3,093,421,.00
		29,729,806.50
<b>TOTAL</b>	<b>63,000,000.00</b>	<b>124,012,646.75</b>

**2. PROCEEDS FROM SALE OF ASSETS**

<b>Description</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from the Sale of office and general equipment	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**3. OTHER RECEIPTS**

	<b>2015-2016</b>	<b>2014-2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Other Receipts Not Classified Elsewhere	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**4. COMPENSATION OF EMPLOYEES**

	<b>2015-2016</b>	<b>2014-2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Gross salary of Contractual Employees	2,018,016.00	1,333,900.00
Basic Wages of Casual Labour	-	-
Personal Allowances Paid as part of Salary	-	-
House Allowance	-	-
Transport Allowance	-	-
Gratuity	-	-
National Social Security Fund Contribution by Employer	6,800.00	5,000.00
<b>TOTAL</b>	<b>2,024,816.00</b>	<b>1,338,900.00</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. USE OF GOODS AND SERVICES**

	<b>2015-2016</b>	<b>2014– 2015</b>
	<b>Kshs.</b>	<b>Kshs</b>
Utilities, supplies and services	49,539.55	42,475.00
Communication, supplies and services	234,990.00	218,018.00
Domestic travel and subsistence	559,970.00	-
Printing, advertising and information supplies & services	-	-
Training expenses	-	-
Committee Expenses	3,558,534.00	4,479,981.00
Hospitality supplies and services	-	-
Insurance Costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	2,600,000.00	2,825,195.00
Fuel, oil & Lubricants	-	-
Rental of produced assets	262,500.00	-
Other operating expenses	819,817.00	385,000.00
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	-	-
<b>TOTAL</b>	<b>8,085,350.55</b>	<b>7,950,669.00</b>

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2015-2016</b>	<b>2014 – 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to primary schools	1,979,014.00	15,159,466.75
Transfers to secondary schools	1,000,000.00	14,400,000.00
Transfers to tertiary institutions	4,000,000.00	-
Transfers to health institutions	2,000,000.00	9,482,759.00
<b>TOTAL</b>	<b>8,979,014.00</b>	<b>39,042,225.75</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI  
CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2015**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**7. OTHER GRANTS AND OTHER PAYMENTS**

	<b>2015-2016</b>	<b>2014– 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary – Secondary schools, Tertiary School, Special Schools	1,600,000.00	13,624,600.00
Mock & CAT	1,670,000.00	-
Water projects	-	6,000,000.00
Agriculture Projects	-	-
Electricity projects	-	2,250,000.00
Security projects	14,000,000.00	5,000,000.00
Roads projects	9,000,000.00	30,393,421.00
Sports projects	1,378,384.50	723,520.70
Environment projects	2,178,384.50	2,808,802.00
Emergency projects	3,841,800.00	5,857,319.00
Other Current Grants and Transfers	-	194,823.00
<b>TOTAL</b>	<b>33,668,569.00</b>	<b>66,852,485.70</b>

**8. ACQUISITION OF ASSETS**

<b>Non-Financial Assets</b>	<b>2015-2016</b>	<b>2014-2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	-	-
Construction of Buildings	15,000,000.00	-
Refurbishments of Buildings	-	-
Purchase of Vehicles and other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Office Furniture and General Equipment	598,116.00	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equipment	-	-
Acquisition of Land	5,000,000.00	-
Acquisition of Intangible Assets	-	-
<b>TOTAL</b>	<b>20,598,116.00</b>	<b>-</b>

**9. OTHER PAYMENTS**

	<b>2015-2016</b>	<b>2014– 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Other Payments	900,000.00	-
<b>Total</b>	<b>900,000.00</b>	<b>-</b>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2015**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**10A. BANK ACCOUNTS (cash book bank balance)**

Name of Bank, Account No. & currency	Account Number	2015-2016	2014-2015
		Kshs	Kshs
Equity Bank, Malindi Branch	0450262081948	32,244,655.75	43,968,521.30
<b>TOTAL</b>		<b>32,244,655.75</b>	<b>43,968,521.30</b>

**10B. CASH IN HAND**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other receipts (specify)	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**11. OUTSTANDING IMPREST**

Name of Officer	2015-2016	2014-2015
	Kshs	Kshs
Nelson Nyang'wara	468,000.00	-
<b>TOTAL</b>	<b>468,000.00</b>	<b>-</b>

**12. RETENTION**

Supplier/Contractor	Payment Voucher No	2015-2016	2014-2015
		Kshs.	Kshs.
-	-	-	-
<b>TOTAL</b>		<b>-</b>	<b>-</b>

**13. BALANCES BROUGHT FORWARD**

Description	2015 - 2016	2014 - 2015
	Kshs (1/7/2015)	Kshs (1/7/2014)
Bank Accounts	43,968,521.30	32,405,597.00
Cash in hand	-	-
Imprest	-	-
<b>TOTAL</b>	<b>43,968,521.30</b>	<b>32,405,597.00</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI  
CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2015**

**14. PRIOR YEAR ADJUSTMENT**

	<b>2015-2016</b>	<b>2014-2015</b>
	<b>Kshs</b>	<b>Kshs.</b>
Bank Accounts	-	2,734,558.85
Cash in Hand	-	-
<b>TOTAL</b>	<b>-</b>	<b>2,734,558.85</b>

**15. OTHER IMPORTANT DISCLOSURES**

**15.1. PENDING ACCOUNTS PAYABLE (See Annex 1)**

	<b>2015-2016</b>	<b>2014-2015</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Construction of Buildings	-	-
Construction of Civil Works	-	-
Supply of Goods	-	-
Supply of Services	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**15.2. PENDING STAFF PAYABLES**

<b>Details</b>	<b>2015-2016</b>	<b>2014 – 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Senior Management	-	-
Middle Management	-	-
Employee Salary for the month of June 2016	269,735.90	-
<b>TOTAL</b>	<b>269,735.90</b>	<b>-</b>

**15.3. OTHER PENDING PAYABLES (See Annex 1)**

<b>Details</b>	<b>2015-2016</b>	<b>2014 – 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Amount due to Other Government Entities	-	-
Amount due to Other grants and Other Transfers	-	-
Others (Specify)	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

15.4. RECEIVABLES

Details	2015-2016 Kshs	2014 – 2015 Kshs
Transfers from CDF board	63,114,546.00	-
Others ( <i>specify</i> )	-	-
<b>TOTAL</b>	<b>63,114,546.00</b>	<b>-</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

<b>Name</b>	<b>Brief Transaction Description</b>	<b>Original Amount</b>	<b>Date Payable Contracted</b>	<b>Amounts Paid to Date</b>	<b>Outstanding Balance 2016</b>	<b>Comments</b>
<b>Amounts Due to Other Government Entities</b>						
1. Amount Due to Educational institutions	-	-	-	-	-	-
2. Amounts Due to Tertiary Institutions	-	-	-	-	-	-
3. Amounts Due to Health Projects	-	-	-	-	-	-
<b>Sub-Total</b>		-			-	
<b>Amounts due to Other Grants and Other Transfers</b>						
4. Bursaries	-	-	-	-	-	-
5. Water Projects	-	-	-	-	-	-
6. Road Projects	-	-	-	-	-	-
7. Emergency	-	-	-	-	-	-
<b>Sub-Total</b>		-			-	
<b>Sub-Total</b>		-			-	
<b>Others (Specify)</b>						
8. Malindi CDF Office	-	-	-	-	-	-
9. M&E& Administration	-	-	-	-	-	-
<b>Sub-Total</b>		-			-	
<b>Grand Total</b>		-			-	

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

---

**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost (Kshs) 2015/16</b>	<b>Historical Cost (Kshs) 2014/15</b>
Land	5,000,000.00	-
Building and Structures	-	-
Construction of Buildings	15,000,000.00	-
Transport Equipment	-	-
Office Equipment, Furniture and Fittings	820,497.00	222,381.00
ICT Equipment, Software and other ICT Assets	974,327.00	974,327.00
Other Machinery and Equipment	22,750,000.00	22,750,000.00
Heritage and Cultural Assets	-	-
Intangible Assets	-	-
<b>Total</b>	<b>44,344,824.00</b>	<b>23,946,708.00</b>