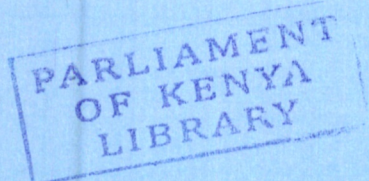


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND
CENTRAL BANK OF KENYA ACCOUNT**

**FOR THE YEAR ENDED
30 JUNE 2015**

*Paper Laid on the
Table of the
House by the
Leader of the Majority
Party on Thursday
8th June 2018.
(Afternoon)
[Signature]*





CONSTITUENCIES DEVELOPMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2015

(CENTRAL BANK OF KENYA ACCOUNT)

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

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I. KEY CDF INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was set up under the CDF Act 2003 now repealed by the NG-CDF Act 2015. The CDF Act 2015 aligns the Fund with the Constitution of Kenya 2010 and the Public Finance Management Act 2012 that lay emphasis on citizen participation in public finance management and decision making, transparency and accountability together with equity in public resource utilization.

The Funds overall management is the responsibility of the CDF Board. While the supervision and coordination is done by Ministry of Devolution and planning.

The operation of the Fund under CDF Act 2015 has faced scrutiny of the Constitution Implementation Commission (CIC), Commission of Revenue Allocation (CRA) and other stakeholders who have raised concerns on the possible inconsistency of certain sections of the Act with the Constitution. Nonetheless, the National Assembly Select Committee (NASC) on CDF have seized the opportunity and made amendments to the Act to address any possible inconsistencies and improve the management of the Fund.

The Board is now in the process of aligning the operations of the Fund with new Act and the Constitution, developing regulations, revision of the strategic plan and structural adjustments. These changes will definitely require more resources for the Board to effectively fulfil its mandate.

(b) Principal Activities

As outlined in the CDF Act 2015 the Board's core mandate and responsibilities include:

- to ensure timely and efficient disbursement of funds to every constituency;
- to ensure efficient management of the Fund;
- to receive and discuss annual reports and returns from the constituencies;
- ensure the compilation of proper records, returns and reports from the constituencies;
- receive and address complaints and disputes and take any appropriate action;
- consider project proposals submitted from various constituencies in accordance with the Act, approve for funding those projects proposals that are consistent with this Act and send funds to the respective constituency fund account of the approved projects;

- Perform such other duties as the Board may deem necessary from time to time for the proper management of the Fund.

The Board will provide strategic direction in the management, use and accountability of monies drawn from the Fund. The Board therefore aspires to the following Vision, Mission and Core Values in meeting its mandate.

VISION

To be the leading institution in the efficient and effective management of devolved funds in Africa.

MISSION

To provide leadership and policy direction in the optimal utilization of devolved funds for equitable development and poverty reduction at the community level.

CORE VALUES

- Transparency and Accountability - Committed to conducting all operations above board, open to scrutiny and beyond reproach
- Professionalism and Integrity - Acting at all times with Honesty, fairness and professionalism
- Passion for Results – All our activities are focused on achievement of results for all those we serve
- Neutrality and Timeliness – We treat all those we serve equally and in a timely manner
- Excellence in service delivery – We strive to not only meet but exceed the expectations of those we serve
- Advocate for participatory approaches – We will actively promote inclusive approaches to development at the community level
- Collaboration and team work – A strong commitment to teamwork within the Board and collaboration with our partners in realization of the Fund’s objectives
- Commitment to welfare of our staff – We will ensure that the Board is seen as a great place to work by looking after the welfare of our staff

KEY STRATEGIC OBJECTIVES

The Boards’ Strategic are:

- Devolve funds to Constituency levels in order to reduce inequalities in access to public services and income opportunities
- Strengthen policy, coordination and supervision of service delivery

- Open up opportunities for rural development, and
- Mobilize resources for rural development

STRATEGIC GOALS

For the Board to fulfil its mandate to Kenyans, the following key strategic goals are identified and being addressed:

- Improved Governance, Efficiency and Effectiveness
- Capacity Building
- Strengthened Linkages and Communication

STRATEGIC PROGRAMMES

In the Financial year 2014/2015, the Board shall enhance on the following programmes:

- Review the strategic plan to be in line with CDF Act 2015 and the constitution of Kenya 2010
- Reduce turnaround time for project approval
- Leverage ICT to improve efficiency
- Harness dynamic capabilities at the Board
- Enhance sharing of information and communication with stakeholders through public awareness campaigns.

KEY STRATEGIC PRIORITIES

- Improve the implementation, Monitoring and Evaluation projects
- Come up with strategies to develop and turnaround for under-performing Constituencies
- Ensure timely availability and disbursement of Funds to Constituencies
- Develop and implement guidelines for project implementation that are in line with existing procurement laws and regulations

Develop sound financial controls in line with Finance management Act of 2012 and in compliance with Kenya National Audit Requirements.

(c) Key Management

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

- CDF Board

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

No.	Designation	Name
1.	Ag.Chief Executive Officer	Yusuf Mbuno

(d) Fiduciary Oversight Arrangements

- Finance and Administration Committee of the Board
- Audit and Risk Management Committee of the Board

(e) Registered office

CDF headquarters
Harambee Plaza Building
10th Floor
Telephone No. 2230015/19/27
Haille Sellasie/Uhuru Highway Junction.
P.O. Box 46682 - 00100
NAIROBI

(f) Contacts

Telephone:(020) 2230015/9,2230027
E-mail: info@CDF.go.ke
Website: www.CDF.go.ke

(g) CDF Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Kenya Commercial Bank Ltd
Kipande House
Kenyatta Avenue
P.O. Box 30012 - 0010
NAIROBI

Co-operative Bank of Kenya
Cannon House
Parliament Road
P.O. Box 5772-00200

Independent Auditors

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

(h) Principal Legal Adviser

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

II. THE BOARD OF DIRECTORS



1. **Hon Elias Mbau** – Board Chair (Appointed on 01.01.2015)

Hon Mbau holds a Masters degree in Economics and Public Finance



2. **Boniface Lookale** (Appointment lapsed on 9th April, 2015)

Mr Lockale holds a Bachelor of Arts degree in Anthropology. Lookale has worked in a number of community projects including being a project officer with Vertinaires Sans frontieres –Germany.



3. **Joseph Mukui** – Alternate Director to the Principal Secretary, State Department of Planning, Ministry of Devolution and Planning



4. **Mumbi Mahinda**, Alternate Director to the Attorney General

An Advocate of the High Court of Kenya

5. **Dr Jane N Kabugi** – (Appointment lapsed on September 08, 2014)

Dr. Jane N Kabugi has a specialty in Gender and development and social development. She is also an expert in Behaviour Change Communication, HIV/AIDS, Gender and Development, child right issues, OVCS and Project Monitoring and Evaluation. Dr Jane has worked for National and International Agencies including Trocaire, Caritas Kenya, Caritas Nairobi, UNFPA, KNCHR, Child line Kenya, UNICEF, BMZ, AMREF, Inter-Religious Council of Kenya. She has extensive research and community project support experience for educational and social sector programs. Jane is a holder of Ph.D in Religious Studies from University of Nairobi; Master of arts in Gender and Development (Nairobi) and a Bachelor of Education from Moi University



6. **David Koross** – (Appointment lapsed on September 08, 2014)

Mr Koross is a graduate of Economics from university of Nairobi and a holder of Executive MBA from Moi University. He has served as a Head of Client Relationship and Client Relationship Manager at Stanbic Bank. He has also served as Senior Compliance officer at Retirement Benefits Authority David is currently the Chief Executive Officer of LAFUND

7. **Hillary James Nyaanga** – (Appointment lapsed on September 08, 2014)

Mr. Nyaanga is a Civil /Structural Engineer and registered consulting engineer with engineer's registration of Kenya and institute of Engineers of Kenya. Nyaanga is a graduate of Bachelor of Science Civil Engineering.

8. **Xavier Maina Nyamu** – (Appointment lapsed on September 08, 2014)

9. **Odongo Mark Okeyo** – (Appointment lapsed on September 08, 2014)

Odongo Mark Okeyo holds a MBA in Strategic Management from MOI University, LLB Honors from Aligarh University, Economic and public administration from Punjab University. Mr Okeyo is also an advocate of the High Court and a member of Chartered public secretaries of Kenya. Mr Okeyo served in various positions at Kenya Reinsurance Corporation limited rising from legal officer to Senior Manager Strategy and Business Development

10. **Rosalia Shida Nyalle** – (Appointment lapsed on September 08, 2014)

Rosalia is a bachelor of Commerce graduate, a certified public accountant of Kenya and a Certified Public Secretaries of Kenya with over 25 years of experience in auditing both internal and external and general accounting and finance.

11. **Kioko Rose Mbula** – (Appointment lapsed on September 08, 2014)

Rose holds a Bachelor of Development studies from Mt Kenya University

12. **Ms. Jennifer N. Baraza** - (Appointment lapsed on September 08, 2014)

13. **Dr. John Ongenge Wamakonjio** – (Appointment lapsed on September 08, 2014)



14. Yusuf Mbuno
Ag. Chief Executive Officer

III. MANAGEMENT TEAM

	NAME	DESIGNATION	ACADEMIC	PROFESSIONAL
1	Yusuf Mbuno	Chief Executive Officer	Master of Arts – Economics Bachelor of Arts –Economics	<ul style="list-style-type: none"> • Certificate in Project Planning & Management
2	Simon Ndweka	Corporation Secretary	Master of Business Administration Bachelor of Laws	<ul style="list-style-type: none"> • CPA K • CPS Final
3	Venazio Gachara	Senior Accountant	Degree Course (ongoing)	<ul style="list-style-type: none"> • CPA K
4	Alice Wachira	Chief Internal Auditor	Master of Business Administration – Finance & Banking	<ul style="list-style-type: none"> • CPA K CPS Final
5	Anne Thumbi	Senior Manager Human Resource	Master of Science – Human Resource Management Bachelor of Science – Communication & PR	<ul style="list-style-type: none"> • Higher Diploma – Human Resource Management • Diploma – Personnel Management
6	Brenda Onyino	Senior Manager Communication	Master of Arts – Communication (ongoing) Bachelor of Arts in Communication – PR & Business Administration	Diploma in Project Management
7	Jack Odhoch	Chief ICT Officer	Master of Science – Information Systems Bachelor of Science	<ul style="list-style-type: none"> • Certified Professional – Oracle • CCNSP • Prince 2 and Web development
8	Shafee Yaqub	Procurement Officer	Msc Procurement & Logistics (Ongoing) Bachelor of Commerce - Finance	<ul style="list-style-type: none"> • CIPS • Diploma – Purchasing & Supply
9	Elizabeth Twili	Program Manager - Coordination	Master of Education – Economics & Education Bachelor of Education – Arts	<ul style="list-style-type: none"> • Diploma in Management – Project Planning

IV. CHAIRMAN'S STATEMENT

The Board has the responsibility of preparing financial statements that give a true and fair view of the state of affairs of the Fund at the end of the financial year and also the Income and Expenditure Statement for the same period. The CDF Act, 2015 requires that the Directors do ensure that proper books of accounts and records are maintained which disclose with reasonable accuracy at any time the financial position of the Fund and ensure that the financial statements comply with the establishing Act. They are also responsible for safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors regularly meet to monitor the Fund's financial performance. Specific review of management performance and operational issues are undertaken through Committees, which make suitable recommendations to the Board of Directors.

Nothing has come to the attention of the Directors to indicate that the Constituencies Development Fund will not remain as a going concern for at least the next twelve months



.....
Hon Elias Mbau
Board Chair

Date.....18/05/2017

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Constituencies Development Fund has been allocated a total of Kshs.170.913 billion from 2003/2004 to 2014/2015 financial year as the statutory allocation out of which Kshs.5.1545 billion was allocation for running the Board secretariat and the balance of Kshs.165.76 billion is allocation for disbursement to constituencies. The Board has disbursed a total of Kshs.162.86 billion to the constituencies since the inception of the Fund for funding various projects as provided for in the CDF Act.

The 2.5% of the Government Ordinary Revenue allocation to CDF in 2014/2015 was **Kshs.33.213**. The Board received a total of Kshs **32.906 billion** in 2014/2015 financial year including arrears of Kshs.4 billion for previous years leaving a balance of **Kshs.6.976 billion** to be received in 2015/2016 financial year.

The CDF Board disbursed all the funds received from Treasury during the year except for **Kshs.213.4 million** which was still in the CBK account as at 30/6/2015. However, the entire amount has since been disbursed to the constituencies.

Similarly, the Board intensified internal and constituency audits and inspection of constituencies books of accounts. This ensures the Board complies with Public Finance Management Act 2012 on financial management of the Fund and also improves efficiency in utilization of CDF funds.

The Board also enhanced the monitoring and evaluation of projects and handling of complaints from various stakeholders for prudent management of the Fund.

The Board undertook various trainings including training of Fund Account Managers of project management, ICT and ISO workshops, HIV/Aids, gender mainstreaming and disability training, corporate governance and audit risk for Board Members. These activities were undertaken with a view to enhance efficiency and effectiveness in the management of CDF.

Finally, this year the Board has prepared financial statement for the secretariat based on 5% of the allocation, CBK account financial statement and separate 290 financial statements for the constituencies on the remaining 95%.



.....
Yusuf Mburu

Ag. Chief Executive Officer

Date... 18/08/2017

VI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 37 of the National Government Constituencies Development Fund Act, 2015 require the Directors to prepare financial statements in respect of CDF, which give a true and fair view of the state of affairs of the CDF at the end of the financial year/period and the operating results of the CDF for that year/period. The Directors are also required to ensure that the CDF keeps proper accounting records which disclose with reasonable accuracy the financial position of the CDF. The Directors are also responsible for safeguarding the assets of the CDF.

The Directors are 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, 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 Directors accept responsibility for the *CDF's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are 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, 2014, and of the *CDF's* financial position as at that date. The Directors further confirm 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.

Nothing has come to the attention of the Directors to indicate that the *CDF* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The CDF financial statements were signed on behalf of the Board by:



Yusuf Mbuno
Ag. Chief Executive Officer



Hon. Elias Mbau
Board Chair

REPUBLIC OF KENYA

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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 CONSTITUENCIES DEVELOPMENT FUND – CENTRAL BANK OF KENYA ACCOUNT FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Constituencies Development Fund – Central Bank of Kenya Account set out on pages 1 to 8, which comprise the statement of 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 4 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 (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.

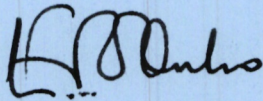
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

Report of The Auditor-General on Constituencies Development Fund – Central Bank of Kenya Account for the year ended 30 June 2015

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Constituencies Development Fund – Central Bank of Kenya Account as at 30 June 2015 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis), and comply with the Public Finance Management Act, 2012.



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

Nairobi

02 November 2016

**VII. STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2014/2015 Kshs	2013/2014 Kshs
RECEIPTS			
Transfers from Other Government Entities	1	32,910,053,250	22,374,250,000
TOTAL RECEIPTS		32,910,053,250	22,374,250,000
PAYMENTS			
Transfers to other government entities	2	32,806,614,560	28,069,950,358
TOTAL PAYMENTS		<u>32,806,614,560</u>	<u>28,069,950,358</u>
SURPLUS/DEFICIT		<u>103,438,690</u>	<u>(5,695,700,358)</u>

VIII. STATEMENT OF ASSETS AS AT 30TH JUNE 2015

	Note	2014/2015 Kshs	2013/2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	3	213,438,084	109,999,394
TOTAL FINANCIAL ASSETS		<u>213,438,084</u>	<u>109,999,394</u>

REPRESENTED BY

Fund balance b/fwd	4	109,999,394	5,805,699,752
Surplus/Deficit for the year		<u>103,438,690</u>	<u>(5,695,700,358)</u>
NET FINANCIAL POSITION		<u>213,438,084</u>	<u>109,999,394</u>

The Financial Statements set out on pages 1 to 12 were signed on behalf of the Board of Directors by:



Yusuf Mbuno
Ag. Chief Executive Officer

Date

18/05/2017



Hon Elias Mbau
Board Chair

Date

18/05/2017

IX. STATEMENT OF CASHFLOW AS AT 30TH JUNE 2015

	2014/2015	2013/2014
Receipts for operating income		
Transfers from Other Government Entities	32,906,500,000	22,374,250,000
Payments for operating expenses		
Other grants and transfers	32,803,061,310	28,069,950,358
Net cash flow from operating activities	103,438,690	(5,695,700,358)
NET INCREASE IN CASH AND CASH EQUIVALENT	103,438,690	(5,695,700,358)
Cash and cash equivalent at BEGINNING of the year	109,999,394	5,805,699,752
Cash and cash equivalent at END of the year	213,438,084	109,999,394

XI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from Other Government Entities	33,213,000,000	-	33,213,000,000	32,910,053,250	302,946,750	99%
Receivable from Treasury		6,670,250,000	6,670,250,000	-	6,670,250,000	0%
TOTALS	33,213,000,000	6,670,250,000	39,883,250,000	32,910,053,250	6,973,196,750	83%
PAYMENTS			-			0%
Transfers to Constituencies	31,564,500,000	-	31,564,500,000	31,158,114,560	406,385,440	99%
Transfers to Secretariat	1,648,500,000		1,648,500,000	1,309,581,848	338,918,152	79%
TOTALS	33,213,000,000	-	33,213,000,000	32,467,696,408	745,303,592	98%

XII. 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.

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.

NOTES TO FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2013 - 2014 Kshs	2013/2014 Kshs
Transfers from Central government entities		
Ministry of Devolution and Planning	32,910,053,250.00	22,374,250,000.00
	-	-
TOTAL	32,910,053,250.00	22,374,250,000.00

2 TRANSFER TO CONSTITUENCIES AND BOARD SECRETARIAT

	2014/2015 Kshs	2013/2014 Kshs
Transfers to constituencies	31,158,114,559.70	26,981,850,358
Transfer to CDF Board Secretariat (5% allocation)	1,648,500,000.00	1,088,100,000
Total	32,806,614,559.70	28,069,950,358

3: Bank Accounts

Name of Bank, Account No. & currency	2014/2015 Kshs	2013/2014 Kshs
Central Bank of Kenya, Recurrent Account no.1000185031	213,438,084.35	109,999,394.05
	-	-
	-	-
Total	213,438,084.35	109,999,394.05

4. BALANCES BROUGHT FORWARD

	2014/2015 Kshs	2013 - 2014 Kshs
Bank accounts	109,999,394.05	5,805,699,751.65
Total	<u>109,999,394.05</u>	<u>5,805,699,751.65</u>

5. OTHER IMPORTANT DISCLOSURES

	2014/2015 Kshs	2013/ 2014 Kshs
Receivable from Treasury	6,973,196,750	6,670,250,000
Owings to the constituencies	7,186,634,834	6,780,249,394

Owings to constituencies = Receivable from Treasury + Cash and Cash Equivalent at the end of the year