

REPUBLIC OF KENYA



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**



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**CONSTITUENCY DEVELOPMENT FUND - KAITI CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2016**

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

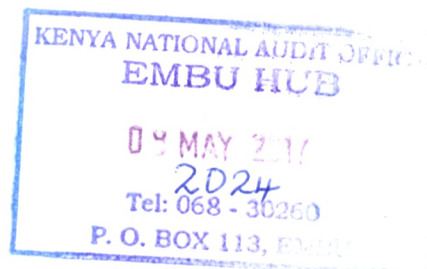


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## I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

### (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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 objective of the fund is to ensure that a specific portion of the annual budget is devoted to the constituencies for the purpose of infrastructural development, wealth creation, and the fight against poverty at the constituency.

### (b) Key Management

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

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

### (c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Daniel M. Maluki</b>
3.	Accountant	<b>Julius Muchohi</b>
4.		

### (d) Fiduciary Oversight Arrangements

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

P.O. Box 1 – 90301  
OKIA, MAKUENI

*NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KAITI  
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**(f) KAITI CDF Contacts**

Telephone: (254) 720 79 22 24

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

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

**(g) KAITI CDF Bankers**

1. Kenya Commercial Bank  
Wote – Branch  
P.O Box 269 – 90300  
WOTE, MAKUENI

**(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

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

The budget performance against the actual amounts concurred quite reasonably. There were minimal variances occasioned by economic phenomenon particularly the inflation index. Most of shortfalls and excesses are occasioned by the cost of materials budgeted at lower cost and increased by inflation indices by the time of funding.

As few of the shortfalls were due to non – implementation of the project by the Project Management Committees (PMCs) while awaiting perfection of the procurement documents before the end of the financial year.

Some meagre savings on some other projects were precipitated by the mean tenders awarded during procurement exercises by the Project Management Committees (PMCs) which were rather below the budgeted figure.

Some budgeted figures reflected quite minimal variances with the actuals due to strict adherence to the budgeted figures by the CDFC.

The Kaiti CDFC has managed to train the Project Management Committees (PMCs) extensively on procurement procedures which has perfected the implementation activities. The CDFC has enhanced its efforts in the Monitoring and Evaluation Exercise which has reflected enhanced transparency and accounting in the implementation process on the part of the Project Management Committees (PMCs)

We have had a few cases of Project Management Committees (PMCs) failing to adhere to the procurement strictly preferring to engage local masons and purchase items locally. We have been able to curb the habit by establishment of a system that ensures authorization of all payments of the Project Management Committees (PMCs) by the Fund Account Manager before effecting payments at the local banks.



CHAIRMAN CDFC

*NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KAITI  
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**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 *Kaiti 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, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *CDF*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *CDF*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the *Kaiti 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 charge of the *Kaiti 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 *Kaiti 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 30/6/2016.



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



\_\_\_\_\_  
Chairman CDFC

# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Kaiti Constituency set out on pages 5 to 20, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation 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. 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 the International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those Standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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*Report of the Auditor General on the financial statements of the National Government Constituencies Development Fund-Kaiti Constituency for the Year Ended 30 June 2016*



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

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

## **Basis for Adverse Opinion**

### **1.0 Non Compliance with the Prescribed Reporting Format**

The Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS) requires an inclusion of progress on follow – up of auditor recommendations as part of the financial statements.

However, although the Fund had a qualified audit opinion in 2014/2015, no report on the progress of follow up on the issues raised in the audit report was included in the financial statements for the year under review.

In the circumstances, the financial statements for the year under review did not comply with IPSAS (Cash Basis) financial presentation format as prescribed by the National Treasury.

### **2.0 Accuracy and Completeness of the Financial Statements**

The statement of cash flow for the year ended 30 June 2016 reflects a net cash flow from operating activities of Kshs. 24,188,655. However, a recasting of a cash flow figures gave an actual total Kshs.22, 988,655 leading to an unexplained variance of Kshs.1, 200,000. Further, the net increase in cash and cash equivalents is reflected as Kshs.31, 527,527 same as fund balance brought forward in statement of assets. However, the source of the fund balance has not been explained.

In addition, the cash flow statement reflected a cash and cash equivalents at the end of the year of Kshs.7,335,873. However, a casting of the figures give an actual balance of Kshs.21,827,900 leading to an unexplained variance of Kshs.14,492,027.

Again, a prior year adjustment figure of Kshs.7,338,873 in Note 14 to the financial statements has not been explained. Meanwhile, there was also an unexplained difference of Kshs.3000 between Kshs.7,338,873 and Kshs.7,335,873 reflected in the statement of assets and statement of cash flow and cash equivalents balance.

In the circumstances, the accuracy and completeness of the financial statements as at 30 June 2016 could not be confirmed.

## **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 the National Government Constituencies Development Fund – Kaiti

Constituency as at 30 June 2016, 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 the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

## Other Matter

### 1.0 Budget and Budgetary Control

The Fund had an approved budget of Kshs.104,546,736 while the actual expenditure was Kshs.108,327,757 leading to an over-expenditure of Kshs.3,781,021. Further, the approved budget of Kshs.104,546,736 differs with budget reflected in the summary statement of appropriation of Kshs.145,374,246 by an unexplained variance of Kshs.40,827,510. In addition, the summary statement of appropriation reflected budgeted receipts of Kshs.145,374,264 but the actual receipt as per statement of receipts and payments was Kshs.84, 139, 103 leading to a variance of Kshs.61,235,161 (42%). The analysis of the budget as per the summary statement of appropriation and actual expenditure is as shown below;

Component	Budget (Kshs)	Actual (Kshs)	Variance (Kshs)	Absorption Rate (%)
Transfers from BOARD	145,374,264.00	84,139,103.20	-61,235,160.80	58
Compensation of employees	2,756,422.78	2,636,804.70	-119,618.08	96
Use of goods and services	10,327,261	13,671,432	(3,344,171)	132
Transfer to other government units	65,075,941	51,307,931	12,568,010	78.8
Other grants and transfers	67,214,639	39,511,590	28,903,049	58.8
Amount undercasted	-	1,200,000	(1,200,000)	-
<b>GRAND TOTAL</b>	<b>145,374,264.00</b>	<b>108,827,757</b>	<b>37,046,507</b>	<b>74.5</b>

In the circumstances, the residents of Kaiti Constituency did not receive promised and expected services equivalent to Kshs.37,046,507.

### 2.0 Project Implementation Status

The approved budget reflect an allocation of Kshs.92,444,534 to 135 projects in various sectors namely emergency, bursary, education, health, roads, environment, sports, market sheds and water.

Review of the project implementation status report for 2015/2016 revealed that 68 projects worth Kshs.27,207,612 were completed, 70 projects worth Kshs.50,601,868 had not started while 1 project worth Kshs.3,000,000 was ongoing as shown below;

Sector	Project Status	Amount Allocated (Kshs)	Amount Disbursed (Kshs)	No. of projects
Education	Completed	5,000,000	5,000,000	6
	Ongoing			
	Not started	47,300,934	47,300,934	65
	<b>Sub Total</b>	<b>52,300,934</b>	<b>52,300,934</b>	<b>71</b>
Bursary	Completed	10,000,000	2,383,983	1
	Ongoing	0	0	0
	Not started	0	0	0
	<b>Sub Total</b>	<b>10,000,000</b>	<b>2,383,983</b>	<b>1</b>
Health	Completed	6,000,000	6,000,000	4
	Ongoing	0	0	
	Not started	0	0	
	<b>Sub Total</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>4</b>
Market Shed	Completed	0	0	0
	Ongoing	0	0	0
	Not started	0	0	0
	<b>Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
Water	Completed	8,400,000	4,450,000	6
	Ongoing	0	0	
	Not started	0	0	
	<b>Sub Total</b>	<b>8,400,000</b>	<b>4,450,000</b>	<b>6</b>
Roads Bridges	Completed	0	0	19
	Ongoing	0	0	0
	Not started	0	0	0
	<b>Sub Total</b>	<b>8,400,000</b>	<b>0</b>	<b>19</b>
Environment	Completed	2,300,934	1,411,568	16
	Ongoing	0	0	0
	Not started	0	0	0
	<b>Sub Total</b>	<b>2,300,934</b>	<b>1,411,568</b>	<b>16</b>
Emergency	Completed	5,767,647	6,587,976	14
	Ongoing	0	0	0
	Not started	0	0	0
	<b>Sub Total</b>	<b>5,767,647</b>	<b>6,587,976</b>	<b>14</b>
Sport	Completed	451,070	451,070	1
	Ongoing	0	0	
	Not started	2,300,934	2,300,934	4
	<b>Sub Total</b>	<b>2,752,004</b>	<b>2,752,004</b>	<b>5</b>
Security	Completed	923,015	923,015	1
	Ongoing	3,000,000	3,000,000	1
	Not started	1,000,000	1,000,000	1
	<b>Sub Total</b>	<b>4,923,015</b>	<b>4,923,015</b>	<b>3</b>
Other	Completed	0	0	0
	Ongoing	0	0	0
	Not started	0	0	0
	<b>Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Grand Total</b>	<b>92,444,534</b>	<b>80,809,480</b>	<b>135</b>

In the circumstances, the residents did not enjoy services from the incomplete and unimplemented projects worth Kshs.3,000,000 and Kshs.50,601,868 respectively as at 30 June 2016.



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

**Nairobi**

**19 October 2017**

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KAITI  
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**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015-2016 Kshs	2014-2015 Kshs
<b>RECEIPTS</b>			
Transfers from Other Government Entities	1	84,139,103.20	86,373,737
Proceeds from Sale of Assets		0	0
Other Receipts		0	0
<b>TOTAL RECEIPTS</b>		<b>84,139,103.20</b>	<b>86,373,373</b>
<b>PAYMENTS</b>			
Compensation of Employees	2	2,514,930.10	2,215,657.70
Use of goods and services	3	6,924,858.00	4,805,516.28
Committee Expenses	4	6,746,574.00	5,530,850.00
Transfers to Other Government Units	5	51,307,931.00	20,962,069.25
Other grants and transfers	6	39,511,590.10	54,662,490.47
Social Security Benefits	7	31,200.00	33,600.00
Acquisition of Assets	8	0	0
Other Payments	9	90,674.60	90,592.30
<b>TOTAL PAYMENTS</b>		<b>108,327,757.00</b>	<b>88,300,776</b>
<b>SURPLUS/DEFICIT</b>		<b>(24,188,654.00)</b>	<b>(1,927,039)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The **KAITI CDF** financial statements were approved on **30/6/2016** and signed by:

  
\_\_\_\_\_  
**Chairman - CDFC**

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

*NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KAITI  
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**V. STATEMENT OF ASSETS**

	Note	2015-2016 Kshs	2014-2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances (as per cash book)	12A	7,338,873.40	1,160,755.15
Cash Balances (cash at hand)	12B	0	0
Outstanding Imprests	12C	0	0
<b>TOTAL FINANCIAL ASSETS</b>		7,338,873.40	1,160,755.15
 <b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>		31,527,527	3,087,794
<b>Surplus/Deficit for the year</b>		(24,188,654.00)	(1,927,039)
<b>Prior year adjustments</b>		0	-
<b>NET FINANCIAL POSITION</b>		7,338,873.40	1,160,755.15

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The **KAITI CDF** financial statements were approved on **30/6/ 2016** and signed by:

  
\_\_\_\_\_  
**Chairman - CDFC**

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KAITI  
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**VI. STATEMENT OF CASHFLOW**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
<b>Receipts for operating income</b>		
Transfers from CDF Board	1 84,139,103.20	86,373,755.15
Other Receipts	0	0
<b>Payments for operating expenses</b>		
Compensation of Employees	2 2,514,930.10	2,215,657.70
Use of goods and services	3 6,924,858.00	4,805,516.28
Committee Expenses	4 6,746,574.00	5,530,850.00
Transfers to Other Government Units	5 52,507,931.00	20,962,069.25
Other grants and transfers	6 38,311,590.10	54,662,490.47
Social Security Benefits	7 31,200.00	33,600.00
Other Payments	9 90,674.60	90,592.30
<b>Adjusted for:</b>		
Adjustments during the year	0	0
Sub totals	108,387,757.00	88,300,776
<b>Net cash flow from operating activities</b>	<b>(24,188,654.60)</b>	<b>(1,927,039)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Assets	10 0	0
Acquisition of Assets	8 0	-
<b>Net cash flows from Investing Activities</b>	<b>0</b>	<b>0</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>31,527,527.00</b>	<b>(1,927,039)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>(1,160,755.15)</b>	<b>3,087,794</b>
<b>Cash and cash equivalent at END of the year</b>	<b>7,335,873.40</b>	<b>1,160,755.15</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KAITI CDF financial statements were approved on 30/6/ 2016 and signed by:

  
\_\_\_\_\_  
Chairman CDFC

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KAITI CONSTITUENCY  
 Reports and Financial Statements  
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**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>	115,046,736.00	30,327,528.00	145,374,264.00	84,139,103.20	61,235,160.80	58.9%
Transfers from CDF Board	0	0	0	0	0	0
Proceeds from Sale of Assets	0	0	0	0	0	0
Other Receipts	0	0	0	0	0	
<b>Subtotal</b>	<b>115,046,736.00</b>	<b>30,327,528.00</b>	<b>145,374,264.00</b>	<b>84,139,103.20</b>	<b>61,235,160.80</b>	<b>58.9%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,181,386.40	575,036.38	2,756,422.78	2,636,804.70	119,618.08	95.7%
Use of goods and services	8,172,819.89	2,154,441.17	10,327,261.06	13,671,432.00	(3,344,170.94)	132.4%
Transfers to Other Government Units	51,500,000.00	13,575,940.93	65,075,940.93	51,307,931.00	12,568,009.93	80.7%
Other grants and transfers	53,192,529.71	14,022,109.54	67,214,639.25	39,511,590.10	28,903,049.15	57.0%
Acquisition of Assets	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
<b>TOTALS</b>	<b>115,046,736.00</b>	<b>30,327,528.00</b>	<b>145,374,264.00</b>	<b>108,327,757.00</b>	<b>37,046,506.22</b>	<b>73.7%</b>

The KAITI CDF financial statements were approved on 30/6/2016 and signed by:

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

  
 \_\_\_\_\_  
 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.

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*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, 2016.

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**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1.1.1.1.1.1.1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2015 – 2016</b>		<b>2014 – 2015</b>
	<b>Kshs</b>		<b>Kshs</b>
CDF Board			
AIE NO A724230	10,000,000.00	AIE NO <b>A750457</b>	27,139,103
AIE NO A820742	27,000,000.00	AIE NO <b>A796563</b>	14,283,461
AIE NO A820561	10,000,000.0	AIE NO <b>A796750</b>	12,855,641
AIE NO A796272	10,000,000.00	AIE NO <b>A790782</b>	27,139,103
AIE NO A796040	27,139,103.20	AIE NO <b>A750217</b>	4,956,428
AIE NO A790782	27,139,103.00		
(other constituency e.g, parent constituency)			
<b>TOTAL</b>	<b>84,139,103.20</b>		<b>86,373,737</b>

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1.1.1.1.1.1.2 COMPENSATION OF EMPLOYEES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,829,096.10	1,814,007.70
Basic wages of casual labour	0	0
<b>Personal allowances paid as part of salary</b>		
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Gratuity	0	0
Other personnel payments	685,834	401,650
<b>Total</b>	<b>2,514,930.10</b>	<b>2,215,658</b>

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**1.1.1.1.1.1.3 USE OF GOODS AND SERVICES**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	0	0
Communication, supplies and services	132,000	66,000
Domestic travel and subsistence	0	0
Printing, advertising and information supplies & services	0	0
Rentals of produced assets		0
Training expenses	4,307,600	2,828,415
Hospitality supplies and services	0	0
Insurance costs	0	0
Specialized materials and services	0	0
Office and general supplies and services	1,598,659	1,714,450.28
Other operating expenses	0	0
Routine maintenance – vehicles and other transport equipment	886,599	0
Routine maintenance – other assets	0	0
<b>Total</b>	<b>6,924,858</b>	<b>4,805,516</b>
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**1.1.1.1.1.1.1.4 COMMITTEE EXPENSES**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee allowances	3,047,600	2,702,435
Other committee expenses	3,698,974	2,828,415
<b>Total</b>	<b>6,746,574</b>	<b>5,530,850</b>

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**1.1.1.1.1.1.5 TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2015 – 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to National Government entities	0	0
Transfers to primary schools	27,887,931	10,900,000
Transfers to secondary schools	19,600,000	5,200,000
Transfers to tertiary institutions	0	0
Transfers to health institutions	3,820,000	4,862,069.25
<b>TOTAL</b>	<b>51,307,931</b>	<b>20,962,069.25</b>

**1.1.1.1.1.1.6 OTHER GRANTS AND OTHER PAYMENTS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary – secondary schools	1,435,483	3,326,027
Bursary – tertiary institutions	948,500	4,491,577
Bursary – special schools	0	0
Mock & CAT	300,000	1,300,250
Water projects	4,450,000	8,767,350
Agriculture projects	0	0
Electricity projects	0	0
Security projects	4,873,000	4,100,000
Roads projects	19,053,993.10	22,464,213
Sports projects	451,070	3,667,971.54
Environment projects	1,411,568	1,122,001.56
Emergency projects	6,587,976	5,423,100
<b>Total</b>	<b>39,511,590.10</b>	<b>54,662,490.47</b>

**1.1.1.1.1.1.7 SOCIAL SECURITY BENEFITS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Employer contribution to NSSF	31,200	33,600
<b>Total</b>	<b>31,200</b>	<b>33,600</b>

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1.1.1.1.1.1.8 ACQUISITION OF ASSETS

**Non Financial Assets**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialised Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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**1.1.1.1.1.1.9 OTHER PAYMENTS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
Specify (PAYE)	<b>Kshs</b>	<b>Kshs</b>
	90,674.60	90,592.30
	<b>90,674.60</b>	<b>90,592.30</b>
	<b>90,674.60</b>	<b>90,592.30</b>

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

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
<i>Kenya Commercial Bank Wote Branch A/C No:- 1105347109</i>		
	7,338,873.40	1,160,755.15
<b>Total</b>	<b>7,338,873.40</b>	<b>1,160,755.15</b>



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**13. BALANCES BROUGHT FORWARD**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts (certificate balance)	0	-
Cash in hand	7,338,873.40	29,166,772.85
Imprest	0	0
<b>Total</b>	<b>7,338,873.40</b>	<b>29,166,772.85</b>

**14. PRIOR YEAR ADJUSTMENTS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	7,338,873.40	29,166,772.85
Cash in hand	0	0
Imprest	0	0
<b>Total</b>	<b>7,338,873.40</b>	<b>29,166,772.85</b>

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**15. OTHER IMPORTANT DISCLOSURES**

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

	<b>Kshs</b>	<b>Kshs</b>
Amounts due to other Government entities	0	1,400,000
Amounts due to other grants and other transfers	0	4,900,000
Others ( <i>specify</i> )	0	0
	<b>0</b>	<b>6,300,000</b>

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**ANNEX 1 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Outstanding Balance 2016
		a	d=a-c
<b>Amounts due to other Government entities</b>			
1.			
2.			
3.			
<b>Sub-Total</b>			
<b>Amounts due to other grants and other transfers</b>			
4.			
5.			
6.			
7.			
<b>Sub-Total</b>			
<b>Sub-Total</b>			
<b>Others (<i>specify</i>)</b>			
8.			
9.			
10.			
<b>Sub-Total</b>			
<b>Grand Total</b>			

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**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	-	-
Buildings and structures	6,100,000	6,100,000
Transport equipment	4,343,000	4,343,000
Office equipment, furniture and fittings		
ICT equipment, Software and other ICT Assets	267,500	267,500
Other machinery and equipment	18,005,520	18,005,520
Heritage and cultural assets		
Intangible		
<b>TOTAL</b>	<b>28,716,020</b>	<b>28,716,020</b>