

REPUBLIC OF KENYA



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Leader of the Majority,
Hon. Aden Duale, MP
under Order No. 65 of
1437 hrs
JBN*



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND-
KANDARA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2014



REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON CONSTITUENCIES DEVELOPMENT FUND - KANDARA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Kandara Constituency set out on pages 4 to 23, which comprise the statement of financial assets and liabilities as at 30 June 2014, the statement of receipts and payments, 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 8 of the Public Audit Act, 2003.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. 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 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.

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

Basis for Disclaimer of Opinion

1.0 Accuracy and completeness of financial statements

The financial statements for the year ended 30 June 2014 did not include statement of cash flows as required by IPSAs. In addition, no trial balance and ledgers were provided for audit review to support the financial statements balances.

Consequently, the completeness and accuracy of the financial statements could not be confirmed.

2.0 Use of Goods and Services

Statement of receipts and payments balance of Kshs.108,948,740 for the year ended 30 June 2014 includes use of goods and services figure of Kshs.2,300,255.

However, the schedule availed for audit review showed that the use of goods and services expenditure amount was Kshs.1,823,933.00, resulting in unexplained and unreconciled difference of Kshs.476,322.

In the circumstances, the accuracy of use of goods and services figure of Kshs.2,300,255 for the year ended 30 June 2014 could not be confirmed.

3.0 Irregular procurement method

During the year under review Kandara CDF incurred Kshs.6,435,820 and Kshs.4,999,985 on construction of Karugia – Ngurue-ini and Kabati – Githundu project road projects respectively. However, restricted tendering procurement method was irregularly applied in this contract as opposed to Open Tendering method. Kandara Constituency Development Fund may not have gotten value for their money in the above procurement by being denied the benefits of competitive bidding associated with Open Tendering method.

The CDF management was therefore in breach of the procurement and disposal Act, 2005 and regulations.

4.0 Failure to use technical advice on implementation of projects

Kandara Constituency Development Fund Committee (CDFC) was allocating money and funded all the projects based on the BQ's from the area Project Implementation Committees (PMCs). The PMCs identified the works to be done, the materials to be used, the corresponding unit costs of the items required and their total costs. However, the PMCs' did not consult the relevant Government departments in drawing the BQ's and for their technical expertise and input. Therefore, the total of Kshs.8,887,269.00 was irregularly spent to fund various projects without technical advice.

In the circumstances, it was not possible to ascertain whether the fund got value for money from the expenditure.

5.0 Irregular Diversion of Project Funds on Rehabilitation and Equipping of Health Facilities

During the financial year 2012/2013, the Kandara CDFC forwarded proposals to the CDF Board for funds to rehabilitate several dispensaries in the constituency. The funds amounting to Kshs.1,500,000 were authorized by the Board and disbursed by the CDFC to the Project Management Committee (PMC) during the financial year 2013/2014.

However, the original works to be implemented as authorized by CDF Board were changed by Project Management Committee. New work plans were prepared and presented to Kandara CDF committee and funds released. However, the change of the work plans was done without consultations with the relevant government department as required by section 25(1) of CDF Act.

It was further noted that none of these projects (new work plans for the dispensaries) were supported by the bill of quantities (BQs).

It was also noted that materials were bought through cash withdrawn from the specific project accounts. As a result, neither the Kandara Constituency Development Committee nor the Fund Accounts Manager had control over the cash withdrawals.

As a result, the resident of Kandara did not obtain the planned services during the year under review.

6.0 Failure to File Expenditure Returns for Kandara Constituency Water Project

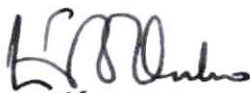
The Kandara Constituency Water Project received a total of Kshs.8,330,784 from Kandara CDF committee from funds allocated during the financial year 2012/2013.

Expenditure returns for the first disbursement of Kshs.3,550,000 was availed for audit, however, records for expenditure of Kshs.4,780,784 for the second disbursement utilized during financial year 2013/2014 were not availed for audit review.

In the circumstances, the propriety of Kshs.4,780,784 spent on water project could not be confirmed.

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.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 September 2015



CONSTITUENCIES DEVELOPMENT FUND – KANDARA

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014'**

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

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	1
II. STATEMENT OF CONSTITUENCY MANAGEMENT RESPONSIBILITIES.....	3
III. STATEMENT OF RECEIPTS AND PAYMENTS.....	4
IV. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES	5
V: SUMMARY STATEMENT OF APPROPRIATION	6
VI. SIGNIFICANT ACCOUNTING POLICIES.....	8
VII. NOTES TO THE FINANCIAL STATEMENTS	11

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 CDF Act 2013 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 overall management of the Fund is the responsibility of the Constituencies Development Fund Board.

(b) Key Management

The *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 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	David M Githinji
3.	District Accountant	Walter Avihama

(d) Fiduciary Oversight Arrangements

1. Hon. Alice Muthoni Area MP
2. John Sese Sub-county Commissioner
3. Charles Reuben Gitau Chairman
4. Simon Karira Kimara Member
5. Stanley Kuria Wathigo Member
6. Esther Wanjiku Ngigi Member
7. Catherine Gitiri Ngone Member
8. Lydia Wairimu Wamwea Member
9. Joseph Gichui Muiruri Member
10. David M Githinji FAM

(e) Entity Headquarters

Provide box and physical address of the constituency CDF office

P.O. Box 111- 01034
CDF Building
Opposite Kandara law Court,
Kandara, KENYA

(f) Entity Contacts

Provide telephone number and email of the constituency CDF office

Telephone: (254) 0724 925 786
E-mail: dgithinji@cdf.go.ke
Website: www.go.ke

(g) Entity Bankers

Constituency CDF main banker (provide the bank, branch, account number and address)

1. CO-OPERATIVE
THIKA
01120074486100.

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(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. STATEMENT OF CONSTITUENCY 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 entity shall prepare financial statements in respect of that entity. 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 Fund Account Manager in charge of the Kandara *CDF* is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 2014. 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 constituency; (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 constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Account Manager in charge of the Kandara *CDF* accepts responsibility for the Constituency'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) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the Kandara *CDF* financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2014, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the Kandara *CDF* further confirms the completeness of the accounting records maintained for the Constituency, which have been relied upon in the preparation of the Constituency financial statements as well as the adequacy of the systems of internal financial control.


The Fund Account Manager in charge of the Kandara *CDF* confirms that the entity has complied fully with applicable Government Regulations and that the Constituency'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 Fund Account Manager confirms that the Constituency'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 Kandara *CDF* financial statements were approved and signed on 20/9 2014.



Charles Reuben Gitau
Chairman - CDFC




David M. Githinji
Fund Account Manager

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY
Reports and Financial Statements
 For the year ended June 30, 2014 (Kshs'000)

STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2013-2014 Kshs	2012-2013 Kshs
RECEIPTS			
Transfers from CDF Board(AIEs received)	1	115,559,529.40	-
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		115,559,529.40	0
PAYMENTS			
Compensation of Employees	4	1,339,200.00	0
Use of goods and services	5	2,300,254.90	0
CDFC Committee Expenses	6	4,209,142.00	0
Transfers to Other Government Units	7	85,048,129.50	0
Other grants and transfers	8	16,053,014.00	0
Social Security Benefits	9	0	0
Acquisitions of assets	10	0	0
Other payments	11	0	0
TOTAL PAYMENTS		108,949,740.10	0
SURPLUS/DEFICIT		6,609,789	0

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kandara CDF financial statements were approved on 20/9 2014 and signed by:


Charles Reuben Gitau
 Chairman - CDFC


David M. Githinji
 Fund Account Manager

IV

STATEMENT OF ASSETS AND LIABILITIES

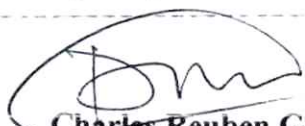
	Note	2013-2014 Kshs	2012-2013 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances as per Cash book	12	6,638,370.10	0
Cash Balances (Sales of tenders, hire of grader)	13	0	0
Outstanding Imprests	14	0	0
Cash equivalents	15	0	0
TOTAL FINANCIAL ASSETS		<u>6,638,370.10</u>	<u>0</u>

^

REPRESENTED BY

Fund balance b/fwd 1 st July...	16	<u>27,581.10*</u>	
Surplus/Deficit for the year		<u>6,610,789.00</u>	
Prior year adjustments	17		
NET LIABILITIES		<u>6,638,370.10</u>	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kandara CDF financial statements were approved on 20/9 2014 and signed by:


Charles Reuben Gitau
 Chairman - CDFC


David M. Githinji
 Fund Account Manager

* figure not explained
 ^ Casting downwards confirmed correct
 A Casting downwards incorrect.

CONSTITUENCIES DEVELOPMENT FUND - KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
Compensation of Employees	1,329,600.00	10,000.00	1,339,600.00	1,339,200.00	400.00	99.97014
Use of goods and services	1,788,621.00	634,256.70	2,422,877.70	2,300,254.90	122,622.80	94.93896
Committee expenses	3,159,310.00	1,500,069.50	4,659,379.50	4,209,142.00	450,237.50	90.336964
Subsidies		-	0.00		0.00	
Transfers to Other Government Units		-	0.00		0.00	0
Other grants and transfers	63,001,180.00	32,449,960.50	95,451,140.50	85,048,129.50	10,403,011	89.101219
Social Security Benefits	00	0.00	0.00	0.00	0.00	0.00
Acquisition of Assets	16,053,014.00	0	16,053,014.00	16,053,014.00	0	100.0
Finance Costs, including Loan Interest			-		-	
Repayment of principal on Domestic and Foreign borrowing			-		-	
Other Payments			-		-	
TOTALS	69,293,111.00	34,604,286.70	103,872,997.70	108,948,740.40	34,787,277.60	

The Kandara CDF financial statements were approved on 20/9/ 2014 and signed by:

Charles Reuben Gitau
Chairman - CDFC

David M. Githinji
Fund Account Manager




Reports and Financial Statements

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

ASSETS REGISTER

COUNTY	CONSTITUENCY	CODE	ASSET NAME	ASSET TAG	ASSET SERIAL	ACQUISITION DATE	COST	LOCATION	CONDITION	WARRANT	GENERAL DISCRPTION
MURANG'A	KANDARA	109	Swivel Midback Chair	CDF/109/LBC1/1-2	N/A	01-01-06	10,000.00	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Low Back Chair	CDF/109/LBC/3-13	N/A	26/10/2005	57,155.17	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	High Back Chair	CDF/109/HBC/1-2	N/A	26/10/2005	11,206.90	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Metal Cabinet	CDF/109/MC/1-3	N/A	26/10/2005	59,862.07	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Seater Link Chairs	CDF/109/SL/1-4	N/A	26/10/2005	54,224.13	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Secretarial Chairs	CDF/109/SC/1-2	N/A	26/10/2005	15,431.03	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Office Desk	CDF/109/OD/1	N/A	26/10/2005	11,724.14	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Reception Desk	CDF/109/RD/1	N/A	26/10/2005	37,563.79	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Conference Table	CDF/109/CT/1	N/A	26/10/2005	29,775.86	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Writing Tables	CDF/109/WT/2	N/A	26/10/2005	22,000.00	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Computer	CDF/109/CS/1	CZC0106SM7	21/11/2005	85,650.00	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Computer	CDF/109/CS/2	K579FKG1070 5080	21/11/2005	85,650.00	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Telephone Heads	CDF/109/TH/1	5DBFC662206	21/11/2005	71,100.00	CDF HALL	UNSERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Telephone Heads	CDF/109/TH/2	N/A	21/11/2005	71,100.00	CDF HALL	UNSERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Telephone Heads	CDF/109/TH/3	N/A	21/11/2005	71,100.00	CDF HALL	UNSERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Deskjet Printer	CDF/109/DP/1	CN47G95207	21/11/2005	34,600.00	CDF HALL	UNSERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Photocopying Machine	CDF/109/PC/1	56003311	18/04/2007	149,850.00	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY

Reports and Financial Statements

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

MURANG'A	KANDARA	109	Wall Clocks	CDF/109/WC/1-2	N/A	26/10/2005	595	CDF HALL	UNSERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Desk Organizer	CDF/109/DO/1	N/A	26/10/2005	150	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Stapler, Celotape,P/Punch	CDF/109/SCP/1-3	N/A	26/10/2005	2,820	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Gas Cylinder	CDF/109/GC/1	N/A	18/04/2007	4,200	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Camera	CDF/109/DC/1	N/A	28/07/2010	CDF Board	CDF HALL	UNSERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	HP Laserjet Printer	CDF/109/LP/1	CNCJH39934	28/07/2010	CDF Board	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Uninterruptible Power System	CDF/109/UPSS/1	PB0030332316	28/07/2010	CDF Board	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Generator	CDF/109/GEN/1	N/A	28/07/2010	399,000	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Ahuja Public Address	CDF/109/PUB/1	716893	28/07/2010	154,450	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Kentainer Tank	CDF/109/PLATA/1	N/A	28/07/2010	78,600	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Plastic Chairs	CDF/109/PLACH/1-100	N/A	28/07/2010	98,600	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Leather Coated Chairs	CDF/109/PCS/1-6	N/A	28/07/2010	29,650	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING
MURANG'A	KANDARA	109	Veneer Office Table	CDF/109/VOT/1	N/A	28/07/2010	38,000	CDF HALL	SERVISABLE	N/A	TAGIBLE FIXTURE & FITTING

VI. SIGNIFICANT ACCOUNTING POLICIES

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

a) 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 and relevant legal framework of the Government of Kenya. 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 Constituency and all values are rounded to the nearest thousand (Kshs'000). 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 Constituency.

b) Recognition of revenue and expenses

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

c) In-kind contributions

In-kind contributions are donations that are made to the Constituency 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 Constituency 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.

d) 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 various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

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

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY

Reports and Financial Statements

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Receivables and payables

Receivables are funds due to the Constituency at the end of the financial year from the CDF Board and other sources but not yet received while payables are funds due to other parties at the end of the financial year but not yet paid. As receivables and payables do not involve the receipt or payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Constituency at the end of the year. When the receivables or payables are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

f) 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 Constituency's budget was approved required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Constituency's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

g) Comparative figures

This is the first year the Constituency is preparing financial statements and hence we do not have comparative figures.

h) 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, 2014.

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

VII. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2013 - 2014
	Kshs
Transfers from Central government entities (CDF BOARD Details of AIE numbers)	
BALANCE B/F	
AIE 2012/2013/509	32,267,106 00
AIE 2013/2014/072	2,000,000 00
JE2012/2013/606	46,095,867 90
AIE 2011/2012/134	
AIE 07/2013/2014/449	35,196,555 50
(insert name of budget agency)	0
TOTAL	115,559,529.40

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS

	2013 – 2014
	Kshs
Receipts from the Sale of Buildings	0
	0
Receipts from the Sale of Vehicles and Transport Equipment	
	0
Receipts from the Sale Plant Machinery and Equipment	
	0
Receipts from Sale of Certified Seeds and Breeding Stock	
	0
Receipts from the Sale of Strategic Reserves Stocks	
	0
Receipts from the Sale of Inventories, Stocks and Commodities	
	0
Disposal and Sales of Non-Produced Assets	
	0
Receipts from the Sale of Strategic Reserves Stocks	
	0
Total	-

3. OTHER REVENUES

2013 - 2014

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

	Kshs
Interest Received	0
Profits and Dividends	0
Rents	0
Other Property Income	0
Sales of Market Establishments	0
Receipts from Administrative Fees and Charges	0
Receipts from Administrative Fees and Charges - Collected as AIA	0
Other Receipts Not Classified Elsewhere	0
Total	-

4 COMPENSATION OF EMPLOYEES

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Basic salaries of permanent employees	1,289,760.00	0
Basic wages of temporary employees	0	
Personal allowances paid as part of salary	0	
Personal allowances paid as reimbursements	0	

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

Personal allowances provided in kind	0
Pension and other social security contributions	28,800
Compulsory national social security schemes	0
Compulsory national health insurance schemes	20,640
Social benefit schemes outside government	0
Other personnel payments	0
Total	1,339,200

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 USE OF GOODS AND SERVICES

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Utilities, supplies and services	2,300,254.90	0
Communication, supplies and services	0	0
Domestic travel and subsistence	0	0
Foreign travel and subsistence	0	0
Printing, advertising and information supplies & services	0	0
Rentals of produced assets	0	0

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

Printing expenses	0	0
Hospitality supplies and services	0	0
Insurance costs	0	0
Specialised materials and services	0	0
Office and general supplies and services	0	0
Other operating expenses	0	0
Routine maintenance – vehicles and other transport equipment	0	0
Routine maintenance – other assets	0	0
Total	2,300,254.90	0

6. COMMITTEE EXPENSES

	2013 - 2014 Kshs	2012 - 2013 Kshs
M&E	3,395,142.00	0
Allowances	814,000.00	0
Interest on Borrowing From Other Government Units	0	0
Total	4,209,142.00	0

7 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2013 - 2014 Kshs	2012 - 2013 Kshs
Transfers to Central government entities		
Education	21,377,149.00	

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

Water	13,330,734.00	0
Roads	22,560,602.10	0
Health	5,350,000.00	0
Others	22,429,644.50	0
TOTAL	85,048,129.60	0

8. OTHER GRANTS AND OTHER PAYMENTS

	2013 - 2014 Kshs	2012 - 2013 Kshs
Scholarships and other educational benefits	13,053,014.00	0
Emergency relief and refugee assistance	3,000,000.00	0
Subsidies to small businesses, cooperatives, and self employed	0	0
Other current transfers, grants	0	0
Other capital grants and transfers	0	0
Total	16,053,014.00	0

9 SOCIAL SECURITY BENEFITS

2013 - 2014 **2012 - 2013**

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

Overhaul and Refurbishment Construction and Civil works	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 Specialised Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Purchase of Certified Seeds, Breeding Stock and Live Animals	0	0
Research, Studies, Project Preparation, Design & Supervision	0	0
Rehabilitation of Civil Works	0	0
Acquisition of Strategic Stocks and commodities	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
<u>Financial Assets</u>	0	0
Domestic Public Non- Financial Enterprises	0	0
Domestic Public Financial Institutions	0	0
Foreign financial Institutions operating Abroad	0	0
Other Foreign Enterprises	0	0
Foreign Payables - From Previous Years	0	0

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

	0	0
Total	0	0

11 OTHER PAYMENTS

	2013 - 2014 Kshs	2012 - 2013 Kshs
Budget Reserves	0	0
Civil Contingency Reserves	0	0
Capital Transfers to Non-Financial Public Enterprises	0	0
Capital Transfer to Public Financial Institutions and Enterprises	0	0
Capital Transfer to Private Non-Financial Enterprises	0	0
Other expenses	0	0
Domestic Accounts	0	0
	0	0

12 Bank Accounts

Name of Bank, Account No. & currency	2013 - 2014 Kshs	2012 - 2013 Kshs
<i>CO-OPERATIVE-THIKA01120074486100</i>	4,515,028.60	0
<i>Name of Bank, Account No & currency</i>	0	0
<i>Name of Bank, Account No & currency</i>	0	0
Total	4,515,028.60	

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 CASH IN HAND

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Sale of tender	0.00	0.00
Hire of graders	0.00	0.00
Hire of hall	0.00	0.00
Other receipts (specify)	0.00	0.00
	0.00	0.00
Total	0.00	0.00

[Provide cash count certificates for each]

14. OUTSTANDING IMPRESTS

<i>Name of Officer</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Bala nce</i>
	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer</i>	0.00	0.00	0.00
<i>Name of Officer</i>	0.00	0.00	0.00
<i>Name of Officer</i>	0.00	0.00	0.00
<i>Name of Officer</i>	0.00	0.00	0.00
<i>Name of Officer</i>	0.00	0.00	0.00
<i>Name of Officer</i>	0.00	0.00	0.00
<i>Name of Officer</i>	0.00	0.00	0.00
Total	0.00	0.00	0.00

15. CASH EQUIVALENTS (SHORT-TERM DEPOSITS)

Name of Bank, Account No. & currency	Amount in foreign currency	Exchange rate	2013 - 2014	2012 - 2013
			Kshs	Kshs
<i>Describe the nature of deposit</i>	0	0	0	
<i>Describe the nature of deposit</i>	0	0	0	
<i>Describe the nature of deposit</i>	0	0	0	
<i>Describe the nature of deposit</i>	0	0	0	
Total			0	

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

**16. BANK
BALANCES
BROUGHT
FORWARD**

27,581.10

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Bank accounts	420,649.80	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	xxx	-
Imprest	-	-
Receivables	xxx	-
Payables	xxx	-
Total	<u>420,649.80</u>	<u>-</u>

[Provide short appropriate explanations as necessary]

17

**PRIOR YEAR
ADJUSTMENTS**

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Bank accounts	0	-
Cash in hand	0	-
Cash equivalents (short-term deposits)	0	-
Imprest	0	-
Receivables	0	-
Payables	0	-
	0	
Total	<u>0</u>	

CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

18.5 DISBURSEMENTS FROM THE BOARD

<i>AIE NO</i>	<i>AMOUNT</i>	<i>FINANCIAL YEAR</i>
AIE2012/2013/509	32,267,106.00	2012/2013
2013/2014/072	2,000,000.00	2013/2014
AIE2012/2013/606	46,095,867.90	2013/2014
AIE 07/2013/2014/449	35,196,555.50	2013/2014