

REPUBLIC OF KENYA



Approved by the leader of majority party on Tuesday 4.10.2016

OFFICE OF THE AUDITOR-GENERAL



REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT
FUND KATHIANI CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2015





CONSTITUENCY DEVELOPMENT FUND- KATHIANI CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

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

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

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

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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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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*.

(b) Key Management

The *Kathiani 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 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Raphael Makau
3.	Accountant	Nancy Nyobokey Mogoi
4.		

(d) Fiduciary Oversight Arrangements

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

P.O. Box 144-90105
DC's Building
Kathiani Town
Kathiani, KENYA

CONSTITUENCY DEVELOPMENT FUND- KATHIANI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

(f) KATHIANI CDF Contacts

Telephone: (254)
E-mail: kathianicdf@gmail.com
Website: www.go.ke

(g) KATHIANI CDF Bankers

1. **Coop Bank**
Athiriver
P.O. Box 321
Athiriver, Kenya

(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)

Forward note by the Chairman CDFC

The budget performance was proportionate to the actual expenditure and disbursements. At 59% funding the Constituency had utilized 61% of the funds meaning the amount received within that period were disbursed plus the balance brought forward from the previous years.

CDF is a fund which can be classified as community friendly. Apart from funding what is required by the community members, its implementation is done by the same community thus achieving several objectives. First, it is wealth creation as a vast number of items and resources used are from the community. It also encourages ownership of the projects by the community hence their sustainability. There is also transfer of skills (capacity building) to the community as managing projects creates experience. Finally, the biggest achievements are on the projects themselves. In Kathiani so many primary and secondary schools have benefited thus improving their infrastructure. There are water, health, roads and security projects that have been implemented. These have gone a long way in improving the lives of the beneficiaries.

However, there is an emerging challenge with the management of the fund. The 5% provision that goes to PMCs is increasingly failing in its original intent. Whereas it was meant to facilitate the operations of the PMCs, it is becoming the real attraction rather thus pMCs may lose focus to the successful implementation of the project itself.

Sign 

CHAIRMAN CDFC

III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the *Kathiani 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, 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 Accounting Officer in charge of the *Kathiani 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, 2015, and of the *CDF's* financial position as at that date. The Accounting Officer charge of the *Kathiani 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 *Kathiani 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 16/9 2015.



CDFC Chairman



Funds Accounts Manager

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Kathiani Constituency set out on pages 6 to 21, which comprise the statement of financial assets as at 30 June 2015, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed with a view 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 evaluation of 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 audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Constituencies Development Fund – Kathiani Constituency as at 30 June 2015, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Constituencies Development Fund Act, 2013.

Other Matter

1. Budget and Budgetary Control

The summary statement of appropriation reflects expenditure totalling to Kshs.85,359,512 compared to the approved budget of Kshs.140,707,345 resulting to a difference of Kshs.55,347,833 or 39% as shown below:

Item	Budget as per Approved summary statement of Appropriation Kshs	Actual expenditure figures as per statement of appropriation Kshs	Budget Utilisation Difference Kshs
Compensation of employees	1,416,000	973,284	442,716
Use of good and Services	3,218,900	2,238,907	979,993
Committee expenses	5,641,138	4,575,319	1,065,819
Transfers to other government units	64,337,891	35,950,032	28,387,859
Other grants and transfers	63,261,416	41,262,920	21,998,496

Social security benefits	102,000	30,900	71,100
Acquisition of assets	230,000	328,150	-98,150
	2,500,000	-	2,500,000
TOTALS	<u>140,707,345</u>	<u>85,359,512</u>	<u>55,347,833</u>

Of the amount of Kshs.140,707,345 budget for the year, an amount of Kshs.43,656,997 relates to projects relating to 2013/2014 and earlier years that had not been implemented and were carried forward. During the year, the fund had received amount of Kshs.82,683,623 from the CDF Board and additional amount of Kshs.8,196 from other sources. It also had an opening balance of Kshs.9,597,548 brought forward from the previous year. The total funds available was therefore Kshs.92,289,367. The Fund spent an amount of Kshs.85,359,512, leaving an amount of Kshs.6,929,855. The amount could have been expended on the projects detailed below:-

NO.	PROJET NAME/USE	VOTED AMOUNT KSHS.
1.	Bursary	2,362,000
2.	Strategic plan	500,000
3.	Emergency	663,448
4.	Katuni Sec School	200,000
5.	Kasioni Sec School	550,000
6.	Office administration	2,654,407
	TOTAL	<u>6,929,855</u>

No reason was given for the failure to execute the indicated programmes.

2. Transfers to Other Government Entities

The statement of receipts and payments reflects expenditure of Kshs.35,950,032 under Transfers to Other Government entities while the approved budget for the year amounted to Kshs.64,337,891 resulting to under expenditure of Kshs.28,387,859. In addition, while the summary statement of appropriation reflects an amount of Kshs.64,337,891, the approved project proposal for the Constituency reflected an amount of Kshs.44,317,931 resulting in unsupported budget of Kshs.20,019,960.

No explanation was provided for the difference between the summary statement of appropriation and the approved project proposal for the Constituency as detailed below:-

PROJECT NAME	BUDGET	ACTUAL KSHS	OVER EXPENDITURE KSHS	UNDER EXPENDITURE KSHS
Kisovo Primary	500,000	-	-	500,000
Kya Mulili Nursery School	900,000	-	-	900,000
Kwa Ngolya Primary	900,000	-	-	900,000
Mangaani Primary School	90,000	90,000	-	-
Kituli Primary School	90,000	90,000	-	-
Isooni Primary School	500,000	-	-	500,000
Kitengei Primary School	500,000	-	-	500,000
Iveti Primary School	500,000	-	-	500,000
Ikoleni Primary School	500,000	-	-	500,000
Nzaikoni Primary School	500,000	500,000	-	-
St Benedicts Kituli Secondary	-	900,000	900,000	-
Katulya Primary School	300,000	-	-	300,000
Ithaeni Primary School	400,000	500,000	100,000	-
Kikombi Primary School	500,000	500,000	-	-
Makumbini Primary School	500,000	-	-	500,000
Kasioni Primary School	550,000	-	-	550,000
Kalala Primary School	500,000	-	-	500,000
Kitie Primary School	500,000	-	-	500,000
Lumbwa Primary School	500,000	500,000	-	-
Mivandoni Primary School	500,000	-	-	500,000
Nthunguni Primary School	500,000	600,000	100,000	-
Kyuluni Nursery School	200,000	387,201	187,201	
Kathiani Primary school	700,000	-	-	700,000
Maanzoni Primary School	500,000	-	-	500,000
Mitaboni Primary School	600,000	400,000	-	200,000
Muonyweni Primary School	500,000	-	-	500,000
Kalambya Primary School	400,000	-	-	400,000
Kwa Muunda Primary School	400,000	-	-	400,000
Kasovya Primary School	400,000	-	-	400,000
Kisekini Primary School	400,000	-	-	400,000
Kingongoi Primary School	400,000	-	-	400,000
Kitulu Primary School	400,000	-	-	400,000
Mathunya Primary School	500,000	-	-	500,000

Rehabilitation of schools	837,931	-	-	837,931
Kalala Primary	450,000	-	-	450,000
Ithaene Primary	450,000	-	-	450,000
Mang`aani Primary	450,000	-	-	450,000
Kaviani Primary	450,000	500,000	50,000	-
Kikaawani Primary	450,000	700,000	250,000	-
Muthala Primary	450,000	300,000	-	150,000
Kathiani Primary	450,000	-	-	450,000
Kikala Primary	450,000	-	-	450,000
Mutondoni Primary	450,000	500,000	50,000	-
Lumbwa Primary	450,000	-	-	450,000
Kalilya Primary	450,000	-	-	450,000
Maanzoni Primary	450,000	-	-	450,000
Kitulu Primary	450,000	-	-	450,000
Mwonyweni Primary	450,000	-	-	450,000
Kwale Primary	450,000	-	-	450,000
Wandathe Primary	450,000	1,200,000	750,000	-
Ngoleni Primary	450,000	500,000	50,000	-
Kaewa Secondary School	1,000,000	-	-	1,000,000
St. Benedict Kituli Secondary School	500,000	-	-	500,000
Ikoleni Secondary School	700,000	-	-	700,000
Kituvu Secondary School	1,400,000	-	-	1,400,000
Kikombi Secondary School	1,100,000	-	-	1,100,000
St. Vincent- Imilini Secondary	1,650,000	1,650,000	-	-
Kauti Secondary School	500,000	-	-	500,000
Kathuni Secondary	200,000	-	-	200,000
Kaani Lions Secondary School	400,000	-	-	400,000
Kitie Secondary School	1,600,000	1,600,000	-	-
Mbee Secondary School	2,150,000	1,700,000	-	450,000
Ngoleni Secondary School	500,000	-	-	500,000
Kwa Ngengi Secondary	1,200,000	-	-	1,200,000

Kaiani Secondary School	700,000	-	-	700,000
Kinyau Secondary School	1,000,000	-	-	1,000,000
Miumbuni Secondary School	1,600,000	-	-	1,600,000
Thinu Secondary School	400,000	-	-	400,000
Ngiini Secondary School	900,000	-	-	900,000
Kalikya Secondary School	500,000	-	-	500,000
Kaiani Primary	-	500,000	500,000	-
Mbuuni Sec Sch	450,000	-	-	450,000
Kisovo Sec Sch	450,000	-	-	450,000
Ikoleni Sec Sch	450,000	-	-	450,000
Kwa Ngengi Sec	450,000	-	-	450,000
Isyooni Primary	-	400,000	400,000	-
Thinu Sec Sch	450,000	-	-	450,000
Kithunguini Sec	450,000	-	-	450,000
Ngeleni Primary	-	500,000	500,000	-
Isyukoni primary	-	500,000	500,000	-
Kikunuani Primary	-	400,000	400,000	-
Komarock Youth Polytechnic	-	800,000	800,000	-
Kwang'engi Primary	-	500,000	500,000	-
Yanzonga Primary	-	350,000	350,000	-
Ngiini Primary School	-	500,000	500,000	-
Mutuyu Youth Polytechnic	-	600,000	600,000	-
Kaewa Primary School	-	500,000	500,000	-
Mwanga Primary	-	300,000	300,000	-
Kya Mueene Youth Polytechnic	-	700,000	700,000	-
Thinu Primary School	-	500,000	500,000	-
Kathiani School Toilet Project	-	2,250,000	2,250,000	-
Mitaboni School Toilet Project	-	2,250,000	2,250,000	-
Kathiani School Toilet Project	-	1,350,000	1,350,000	-

Upper Iveti School Toilet Project	-	900,000	900,000	-
Lower Iveti School Toilet Projects	-	450,000	450,000	-
Kaewa School Toilets Project	-	1,350,000	1,350,000	-
	-		-	-
Upper Iveti School Toilet Project	-	900,000	900,000	-
Lower Iveti School Toilet Projects	-	900,000	900,000	-
Kaewa School Toilets Project	-	450,000	450,000	-
Health projects	-	4,982,831	4,982,831	-
Total per supporting documents	44,317,931	35,950,032	25,270,032	33,637,931
Unsupported	20,019,960	-	-	-
Balance per the Financial Statements	<u>64,337,891</u>	<u>35,950,032</u>	<u>25,270,032</u>	<u>33,637,931</u>

3. Other Grants and Transfers

The statement of receipts and payments reflects expenditure of Kshs.41,262,920 under Other Grants and Transfers while the approved budget for the year amounted to Kshs.63,261,417 resulting in under expenditure of Kshs.21,998,497. In addition, while the summary statement of appropriation reflects an amount of Kshs.63,261,417, the approved project proposal for the Constituency reflected an amount of Kshs.44,533,360 resulting in unsupported budget of Kshs.18,728,057.

PROJECT	BUDGETED AMOUNT (KSH)	ACTUAL EXPENDITURE (KSH)	OVER EXPENDITURE (KSH)	UNDER EXPENDITURE (KSH)
Bursary primary	-	12,118,450	12,118,450	-
Bursary Secondary	5,074,636	5,162,500	87,864	-
MOCK and CAT	7,300,000	9,462,238	2,162,238	-
Water project	5,900,000	6,000,000	100,000	-
Roads	300,000	300,000	-	-
Security	5,713,240	3,270,000	-	2,443,240

Sports projects	1,944,966	2,049,866	-	
Environment projects	5,400,259	2,899,866	-	2,500,393
Emergency	5,400,259	-	-	5,400,259
Tertiary	7,500,000	-	-	7,500,000
Total per supporting documents	44,533,360	41,262,920	14,573,452	17,843,892
Unsupported	18,728,057	-	-	-
Balance per the Financial Statements	63,261,417	41,262,920	14,573,452	17,843,892

No explanation was provided for the difference between the summary statement of appropriation and the approved project proposal for the Constituency.

My opinion is not qualified in respect of these matters.



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

Nairobi

23 August 2016

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-2015 Kshs	2013-2014 Kshs
RECEIPTS			
Transfers from Other Government Entities	1	82,683,622.50	34,059,448.50
Proceeds from Sale of Assets	2	8,196.00	-
Other Receipts	3	-	-
TOTAL RECEIPTS		82,691,818.50	34,059,448.50
PAYMENTS			
Compensation of Employees	4	973,284.00	83,500.00
Use of goods and services	5	2,238,907.00	-
Committee Expenses	6	4,575,319.00	-
Transfers to Other Government Units	7	35,950,032.00	13,000,000.00
Other grants and transfers	8	41,262,920.00	8,741,816.00
Social Security Benefits	9	30,900.00	-
Acquisition of Assets	10	328,150.00	-
Other Payments	11	-	2,834,584.00
TOTAL PAYMENTS		85,359,512.00	24,659,900.00
SURPLUS/DEFICIT		(2,667,693.50)	9,399,548.50

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KATHIANI CDF financial statements were approved on 16/9/ 2015 and signed by:



Chairman - CDFC



Fund Account Manager

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

V. STATEMENT OF ASSETS

	Note	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	12A	6,929,855.00	9,399,548.50
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	12C	-	198,000.00
TOTAL FINANCIAL ASSETS		6,929,855.00	9,597,548.50

REPRESENTED BY

Fund balance b/fwd	13	9,597,548.50	198,000.00
Surplus/Deficit for the year		(2,667,693.50)	9,399,548.50
Prior year adjustments	14	-	-
NET FINANCIAL POSITION		6,929,855.00	9,597,548.50

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KATHANI CDF financial statements were approved on 16/9/2015 and signed by:



Chairman - CDFC



Fund Account Manager

CONSTITUENCY DEVELOPMENT FUND- KATHIANI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

VI. STATEMENT OF CASHFLOW

		2014 - 2015	2013 - 2014
Receipts for operating income			
Transfers from CDF Board	1	82,683,622.50	34,059,448.50
Other Receipts	3	8,196.00	-
Payments for operating expenses			
Compensation of Employees	4	973,284.00	83,500.00
Use of goods and services	5	2,238,907.00	-
Committee Expenses	6	4,575,319.00	2,834,584.50
Transfers to Other Government Units	7	35,950,032.00	13,000,000.00
Other grants and transfers	8	41,262,920.00	8,741,816.00
Social Security Benefits	9	30,900.00	-
Other Payments	11	-	-
Adjusted for:			
Adjustments during the year		-	198,000.00
Net cash flow from operating activities		(2,339,548.50)	9,597,548.50
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	(328,150.00)	-
Net cash flows from Investing Activities		328,150.00	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(2,667,693.50)	9,597,548.50
Cash and cash equivalent at BEGINNING of the year	13	9,597,548.50	-
Cash and cash equivalent at END of the year	12	6,929,855.00	9,597,548.50

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KATHIANI CDF financial statements were approved on 16/9/ 2015 and signed by:



Chairman CDFC



Fund Account Manager

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	116,691,994.00	47,934,665.00	164,626,659.00	135,453,660.00	29,172,999.00	79.00
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
PAYMENTS						
Compensation of Employees	1,383,000.00	416,953.00	1,799,953.00	964,777.00	835,176.00	54.00
Use of goods and services	4,215,254.00	-	4,215,254.00	2,298,531.00	1,916,723.00	55.00
Committee Expenses	4,568,000.00	3,141,632.00	7,709,632.00	5,992,000.00	1,717,632.00	78.00
Transfers to Other Government Units	67,250,000.00	13,082,759.00	80,332,759.00	70,332,759.00	10,000,000.00	88.00
Other grants and transfers	34,063,740.00	24,456,079.00	58,519,819.00	39,377,489.00	19,142,330.00	67.00
Social Security Benefits	12,000.00	-	12,000.00	11,000.00	1,000.00	92.00
Acquisition of Assets	3,000,000.00	5,017,242.00	8,017,242.00	5,848,898.00	2,168,344.00	73.00
Other Payments	2,200,000.00	1,820,000.00	4,020,000.00	-	4,020,000.00	-
TOTALS	116,691,994.00	47,934,665.00	164,626,659.00	124,825,454.00	39,801,205.00	

(a) There was no AIA received during the year.

(b) Part of the funding for use of goods and services is intended for purchase of insurance and office equipment. The procurement plan is being developed to ensure that the funds are utilised in the next financial year.

(c) Kshs 4,020,000 on Other Payments is intended for development of a Strategic Plan. This has been tendered for and the contract awarded in June 2015. No payment had been made by close of the financial year hence the 0% utilisation on budget.

(d) Compensation of Employees had a low utilisation as it includes gratuity due to employees from the previous financial year as well as salaries for June 2015. Gratuity to employees will be paid in due course at the end of the employees three year contract.

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

- iii The average underutilization for the year was due to all funds budgeted for not having been received from the CDF board so that they couldn't be disbursed.

The KATHIANI CDF financial statements were approved on 6/9 2015 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.

CONSTITUENCIES DEVELOPMENT FUND – KATHIANI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

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.

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2014 - 2015	2013 - 2014
		Kshs	Kshs
CDF Board			
AIE NO	A750249	34,059,448.50	34,059,448.50
AIE NO	A759667	24,312,087.00	
AIE NO	A796761	14,587,252.00	
AIE NO	A797010	9,724,835.00	
(other constituency e.g, parent constituency)			
TOTAL		82,683,622.50	34,059,448.50

CONSTITUENCIES DEVELOPMENT FUND – KATHIANI CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2015***NOTES TO THE FINANCIAL STATEMENTS (Continued)***3. OTHER RECEIPTS**

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	8,196.00	-
Total	8,196.00	-

4. COMPENSATION OF EMPLOYEES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Basic wages of contractual employees	887,964.00	83,500.00
Basic wages of casual labour	85,320.00	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Other personnel payments	-	-
Total	973,284.00	83,500.00

CONSTITUENCIES DEVELOPMENT FUND – KATHIANI CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2015***NOTES TO THE FINANCIAL STATEMENTS (Continued)***5. USE OF GOODS AND SERVICES**

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Utilities, supplies and services	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	198,000.00	-
Rentals of produced assets	-	-
Training expenses	648,000.00	-
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	168,818.00	-
Other operating expenses	-	-
Routine maintenance – vehicles and other transport equipment	1,224,089.00	-
Routine maintenance – other assets	-	-
Total	2,238,907.00	-

6. COMMITTEE EXPENSES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Committee allowances	-	-
Other committee expenses	4,575,319.00	2,834,584.00
Total	4,575,319.00	2,834,584.00

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools	23,167,201.00	2,000,000.00
Transfers to secondary schools	7,800,000.00	11,000,000.00
Transfers to tertiary institutions	-	-
Transfers to health institutions	4,982,831.00	-
TOTAL	35,950,032.00	13,000,000.00

8. OTHER GRANTS AND OTHER PAYMENTS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bursary – secondary schools	12,118,450.00	-
Bursary – tertiary institutions	5,162,500.00	-
Bursary – special schools	-	-
Mock & CAT	9,462,238.00	1,902,039.00
Water projects	6,000,000.00	-
Agriculture projects	-	-
Electricity projects	-	-
Security projects	3,270,000.00	3,200,000.00
Roads projects	300,000.00	659,777.00
Sports projects	2,049,866.00	80,000.00
Environment projects	2,899,866.00	-
Emergency projects	-	2,900,000.00
Total	41,262,920.00	8,741,816.00

9. SOCIAL SECURITY BENEFITS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Employer contribution to NSSF	30,900.00	-
Total	30,900.00	-

CONSTITUENCIES DEVELOPMENT FUND – KATHIANI CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2015***NOTES TO THE FINANCIAL STATEMENTS (Continued)***10. ACQUISITION OF ASSETS****Non Financial Assets**

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	254,150.00	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	74,000.00	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	328,150.00	-

CONSTITUENCIES DEVELOPMENT FUND – KATHIANI CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2015***NOTES TO THE FINANCIAL STATEMENTS (Continued)***12A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2014 - 2015	2013 - 2014
	Kshs	Kshs
<i>Coop bank, Athiriver, 01141563295800, Kshs.</i>	6,929,855.00	9,399,548.50
Total	6,929,855.00	9,399,548.50

CONSTITUENCIES DEVELOPMENT FUND – KATHIANI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	9,399,548.50	-
Cash in hand	-	-
Imprest	198,000.00	-
Total	9,597,548.50	-

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

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities	27,637,931.00	-
Amounts due to other grants and other transfers	16,251,499.00	-
Others (<i>specify</i>)-electrification and provision for auditing fees	2,500,000.00	-
	<u>46,389,430.00</u>	<u>-</u>

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

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities						27,637,931.00	
1.							
2.							
3.							
Sub-Total							
Amounts due to other grants and other transfers						16,251,499.00	
4.							
5.							
6.							
Sub-Total							
Sub-Total							
Others (specify)						2,500,000.00	
7.							
8.							
9.							
Sub-Total							
Grand Total						46,389,430.00	

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

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2014/15	Historical Cost (Kshs) 2013/14
Land		
Buildings and structures		
Transport equipment	4,000,000.00	4,000,000.00
Office equipment, furniture and fittings	105,424.00	31,424.00
ICT Equipment, Software and Other ICT Assets	122,500.00	122,500.00
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
Total	4,227,924.00	4,153,924