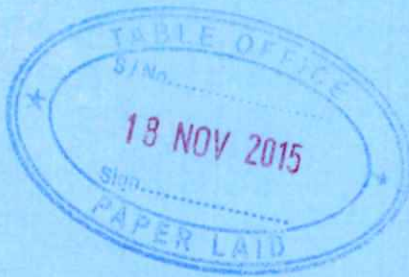


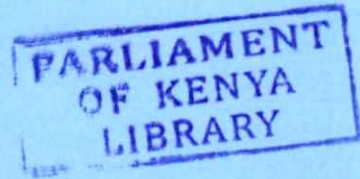


KENYA NATIONAL AUDIT OFFICE

*Paper laid
By Hon. K. Ole Ndetto
(Majority Party Whip) on
Wed. 18.11.2015 (PM)*



REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND-
BURA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2014



REPUBLIC OF KENYA

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

P.O. Box 30084-00100
NAIROBI



OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Bura Constituency set out on pages 4 to 12, which comprise 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. 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 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 provisions of Section 9 of the Public Audit Act 2003 and submit the report in compliance with Article 229(7) of the Constitution of Kenya. 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 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 qualified audit opinion.

Basis for Qualified Opinion

1.0 Transfers to Other Government Entities

Included in the statement of receipts and payments for the year ended 30 June 2014 is an amount of Kshs.47,674,829 for transfer to other government entities which includes amounts of Kshs.21,717,904, Kshs.14,497,125 and Kshs.11,459,800 in respect of transfers to primary, secondary schools and health institutions respectively as reported in note 6 to the financial statements. Although support schedules and payment vouchers were availed to support the expenditure, project files were incomplete since they lacked documents on management committee's minutes on initiation and execution, completion certificates and procurement plan.

In the consequence, it was not possible to ascertain whether the Public Procurement and Disposal Act, 2005 was complied with in the procurement process.

2.0 Other Grants and Other Payments

Included in the statement of receipts and payments for the year ended 30 June 2014 is an amount of Kshs.72,350,030 for other grants and other payments which includes an amount of Kshs.48,863,708 in respect of water projects and Kshs.4,981,322 for security projects as reported in note 7 to the financial statements. Although support schedules and payment vouchers were availed to support the expenditure, project files were incomplete in that they lacked details on project management committee's minutes on initiation and execution of the project, procurement plan and completion certificates.

Consequently, it was not possible to ascertain whether the Public Procurement and Disposal Act, 2005 was dully followed on the expenditure of the projects.

3.0 Cash and cash equivalentents

3.1 Bank Balance

Statements of financial assets and liabilities reflects a balance of Kshs.16,396,521 as at 30 June 2014. However review of the bank reconciliation for the month of June 2014 revealed that stale cheques amounting to Kshs.3,731,660 have not been written back to the cashbook. Further, funds deposited directly into the fund bank account on various dates from 11th August 2004 to 6th December 2010 amounting to Kshs.806,000 have not been included in the cash and bank balance of KShs.16,396,521. In addition, bank charges amounting to Kshs.172,453.35 have been excluded from these financial statements.

Consequently, the completeness, accuracy and validity of the bank balance of KShs.16,396,521 as at 30 June 2014 could not be confirmed.

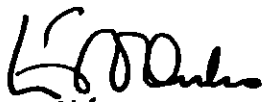
3.2. Outstanding Imprest

Note 10 of the financial statements reflect outstanding imprest of Kshs.937,832. However, the fund was observed not to maintain an imprest register and therefore it has not been possible to confirm imprest issued and surrendered during the period under review.

Consequently, the accuracy and completeness of the outstanding imprest of Kshs.937,832 as at 30 June 2014 could not be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2014 and its financial performance for the year then ended in accordance with International Public Sector Accounting Standards (Cash Basis), and comply with the Constituencies Development Fund Act, 2013.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

15 September 2015



OFFICE OF THE AUDITOR GENERAL
KENYA NATIONAL AUDIT OFFICE

02 OCT 2015

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MOMBASA HUB TEAM II

CONSTITUENCIES DEVELOPMENT FUND – BURA

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)

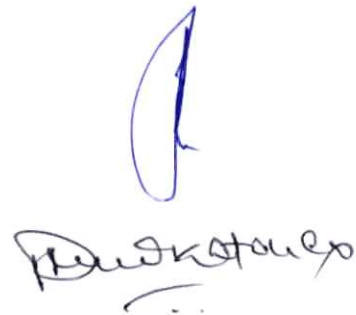
CONSTITUENCIES DEVELOPMENT FUND – BURA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs)

Table of Content Page

V: SUMMARY STATEMENT OF APPROPRIATION.....6

VI. SIGNIFICANT ACCOUNTING POLICIES7

VII. NOTES TO THE FINANCIAL STATEMENTS.....9



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	Peter Katoni
3.	District Accountant	Charles Wamwea

(d) Fiduciary Oversight Arrangements

CDFC Members

Dube Masha Boru	-Chairman
Fund Account Manager, Bura Ex-officio Member	-(Secretary)
Deputy County Commissioner National Government Official	-(Member)
Godana Hussein Dara	-Member
Amina Hamza Mohamed	-Member
Rosemary Mboya	-Member
Hawa Luli Adan Member	-Member
Nassor M. Baroba Member	-Member
Hussein Takano Dado Member	-Member

(e) Entity Headquarters

P.O. Box 100-70014

Bura CDF Office Building



CONSTITUENCIES DEVELOPMENT FUND – BURA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs)

Hola - Garissa Road
Bura-Tana

(f) Entity Contacts

Provide telephone number and email of the constituency CDF office

Telephone: (254) 0712 449205
E-mail: cdfbura@cdf.go.ke
Website: www.cdf.go.ke

(g) Entity Bankers

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

1. Kenya Commercial Bank, Garissa Branch
Acc/No.1107773164
P.O.Box 100-70100
Garissa

(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

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CONSTITUENCIES DEVELOPMENT FUND – BURA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs)

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 Bura *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 Bura *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 Bura *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 Bura *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 Bura *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 Bura *CDF* financial statements were approved and signed on 30/9/ 2014.


Dube Masha Boru
Chairman - CDFC


Peter Katoni

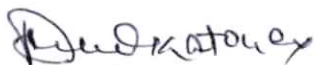
Fund Account Manager

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


III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2013-2014
		Kshs
RECEIPTS		
Transfers from CDF board-AIEs' Received	1	76,357,818.40
Other Receipts	2	208,500.00
TOTAL RECEIPTS		76,566,318.40
PAYMENTS		
Compensation of Employees	3	1,010,000.00
Use of goods and Services	4	2,463,030.00
Committee meeting allowances	5	4,103,290.00
Transfers to other Government units	6	47,674,829.00
Other Grants and Transfers	7	72,350,030.00
Social Security Benefits	8	10,000.00
Total Payments		127,611,179.00
Surplus/Deficit		(51,044,860.60)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/9/2014 2014 and signed by:



Peter Katoni.
Fund Account Manager
DATE:


Dube Masha Boru
Chairman CDFC

CONSTITUENCIES DEVELOPMENT FUND – BURA CONSTITUENCY

Reports and Financial Statements

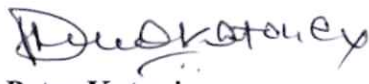
For the year ended June 30, 2014 (Kshs)

IV. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS	Note	2013-2014
		KShs
Cash and Cash Equivalents		
Bank Balances (as per the cash book)	9	16,396,521.10
Outstanding Imprest	10	937,832.00
TOTAL FINANCIAL ASSETS		<u><u>17,334,353.10</u></u>
REPRESENTED BY		
Fund balance b/f 1st July 2013	11	68,379,213.70
Surplus/Deficit for the year		<u>(51,044,860.60)</u>
NET LIABILITIES		<u><u>17,334,353.10</u></u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Bura CDF financial statements were approved on 30/9/ 2014 and signed by:


Dube Masha Boru
Chairman CDFC


Peter Katoni
Fund Account Manager


Reports and Financial Statements

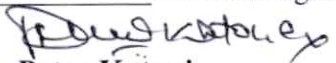
For the year ended June 30, 2014 (Kshs'000)

V: SUMMARY STATEMENT OF APPROPRIATION

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=d-c	f=d/c %
Compensation of Employees	1,010,000.00		1,010,000.00	1,020,000.00	0	0%
Use of goods and Services	2,463,030.00		2,463,030.00	2,463,030.00	0	0%
Committee allowances	4,103,290.00		4,103,290.00	4,103,290.00	0	0%
Transfer to other Government Units	47,674,829.00	0	47,674,829.00	47,674,829.00	0	0%
Other grants and transfers	72,350,030.00	0	72,350,030.00	72,350,030.00	0	0%
Social Security Benefits	10,000.00	0	10,000.00	10,000.00	0	0%
Totals	127,611,179.00	0	127,611,179.00	127,621,179.00		0%

The entity financial statements were approved on _____ 2014 and signed by:


Dube Masha
 Chairman CDFC


Peter Katoni
 Fund Account Manager

CONSTITUENCIES DEVELOPMENT FUND – BURA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs)

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. 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

CONSTITUENCIES DEVELOPMENT FUND – BURA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs)

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.

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 as 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 – BURA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs)

VII. NOTES TO THE FINANCIAL STATEMENTS

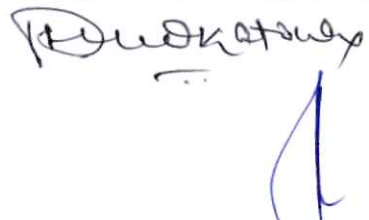
1 TRANSFERS FROM CDF BOARD		
	Description	2013-2014
Normal Allocation	AIE NO...A709863	2,000,000.00
	AIE NO...A711978	28,776,772.40
	AIE NO A735652	45,581,046.00
	Total	76,357,818.40

2 OTHER REVENUES		
		2013-2014
		Kshs
1420601	Sale of tender documents	208,500.00
	Total	208,500.00

3 COMPENSATION OF EMPLOYEES		
		2013-2014
		Kshs
2110201	Basic wages of contractual employees	1,010,000.00
		0
	Total	1,010,000.00

4 USE OF GOODS AND SERVICES		
		2013-2014
		Kshs
2210200	Communication, supplies and services	8,600.00
2210300	Domestic travel and subsistence	457,700.00
2210500	Printing, advertising and information supplies & services	886,495.00
2211200	Fuel,oil and Lubricants	350,000.00
2220100	Routine maintenance- vehicles and other transport equipments	760,235.00
	Total	2,463,030.00

5. Committee Expenses		
	Description	2013-2014
		Kshs
2210802	Other Committee expenses office	840,290.00
2210809	Committee allowance	3,263,000.00
	Total	4,103,290.00

Rudkatsuy


CONSTITUENCIES DEVELOPMENT FUND – BURA CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2014 (Kshs)***NOTES TO THE FINANCIAL STATEMENTS (Continued)*

6 TRANSFER TO OTHER GOVERNMENT ENTITIES		
	Description	2013-2014
		Kshs
2630204	Transfer to primary schools	21,717,904.00
2630205	Transfers to secondary schools	14,497,125.00
2630206	Transfers to tertiary institutions	0
2630207	Transfers to Health Institutions	11,459,800.00
	Total	47,674,829.00

7. OTHER GRANTS AND OTHER PAYMENTS		
	Description	2013-2014
		Kshs
2640101	Bursary- Secondary	8,865,750.00
2640102	Bursary- Tertiary	8,650,750.00
2640504	Water	48,863,708.00
2640507	Security	4,981,322.00
2640509	Sports	988,500.00
	Total	72,350,030.00

8. Social Security Benefits		
		2013-2014
		Kshs
2120101	Employer Contribution to NSSF	10,000.00
	Total	10,000.00

9. Bank Balances (Cash Book Bank Balance)		
	Name of Bank, Account No. & Currency	2013-2014
		Kshs
	<i>KCB, Acc./ NO. 1107773164 Kshs</i>	16,396,521.10
	Total	16,396,521.10

D. K. K. K.

[Signature]

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

12.2 ASSET REGISTER

ITEM DESCRIPTION	MAKE	SERIAL NO./ REGISTRATION NO.	CHASIS NO	YEAR OF PURCHASE	PURCHASE COST	CONDITI
Wooden Chairs (5)				2005	4,000.00	Broken
Lockable Tables (2)				2005	6,500.00	Good
Wooden Cabinet (1)				2005	10,000.00	Good
Tender Boxes (3)				2005/09	2,000.00	Good
Office Seats (4)				2007	7,000.00	Worn out
Executive Seats (2)				2007	15,000.00	Worn out
Office Tables(4)				2007	10,000.00	Broken
Telephone Head		5FBFC009050		2005	2,110.00	Not in use
Laptop	HP	CND7470D2L		2007	60,000.00	Broken/c
Desktop Computer/Monitor	HP	MXL7104XL		2007	60,000.00	Good
Generator	Tiger	GX160051253166		2007	40,000.00	Good
Notice Boards (2)				2007	5,000.00	Good
Printer	HP Laser jet 1018	VNC4222923		2007	10,000.00	Broken n in use
CDF Vehicle	Land Rover - Defender 110 TDI	GKA797U	ENGINE: 090828011554244 DT	2010	5,000,000.0 0	Good
Metal Filling Cabinet				2011	20,000.00	Good
Procured by CDF Board						
Computer-CPU	HP	CZC0111XVK		2010	From HQ	Good
Printer	HP	CNCJH39775		2010	From HQ	Good
Monitor		CNC951QGY4		2010	From HQ	Good
UPS				2010	From HQ	Good
Digital Camera	Sony 12.1 MP	4086884		2010	From HQ	Good
CDF Office Building				2011		Good

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