

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
CONSTITUENCIES DEVELOPMENT FUND  
MANDERA WEST CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2015

*Paper laid by  
the Leader of  
Majority on*





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**CONSTITUENCY DEVELOPMENT FUND- MANDERA WEST  
CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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



**CONSTITUENCY DEVELOPMENT FUND – MANDERA WEST 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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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*. The objective of the fund is to ensure that a specific portion of the national annual budget is devoted to the constituencies for the purposes of infrastructural development wealth creation and in the fight against poverty at the constituency level.

**(b) Key Management**

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

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

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Yussuf Abdi
3.	Accountant	Nahashon Mathagu
4.		

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of CDF Board provide overall fiduciary oversight on the activities of Mandera West 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) MANDERA WEST CDF Headquarters**

P.O. Box 37-70303  
Takaba,  
Mandera, Kenya



**(f) MANDERA WEST CDF Contacts**

Telephone: (254) 728 205 570; (254) 720 756 788

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

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

**(g) MANDERA WEST CDF Bankers**

Equity Bank

Mandera Branch

Account Name: Mandera West Constituency Development Fund

Account No. 1000296633736

**(h) Independent Auditors**

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

**(i) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya



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

The entity has utilised its allocated budget for undertaking the slotted projects for the financial year. More than 60% of the funds received has been utilised though 50% of the funds for the financial year hasn't been received as at close of financial year. Over the years the entity improved water, sanitation, education access road through construction and desilting of dams in various villages, construction of various public dispensaries and toilets, construction of primary and secondary schools, payment of fees to over 15,000 needy and vulnerable students across the constituency.

**EMERGING ISSUES RELATED TO CDF**

Increasing population and settlements

Increasing school enrolment

Increasing vulnerability of communities and school/tertiary institutions going students

**IMPLEMENTATION CHALLENGES**

Huge resources available Vs needs gap

Low/lack of Capacity in some PMCs


Security threats/Clan conflicts

Low literate levels

Persistent droughts leading lack of water sources for construction and usage

Prevalent droughts, inter clan conflicts have been a deterrent factor and the situation exasperated by the immense gap between the resources available and the needs of the community. The Mandera West CDF has ensured that the resources have been equally distributed to spread the gains from the fund. Despite the numerous challenges, the fund has been at the fore front in the provision of basic social amenities, improved the general economic standards of the population and has thus has been considered transformational by the community.

Sign

  
**CHAIRMAN CDFC**  
**CHAIRMAN**  
**12 SEP 2015**  
Tel: +254 720 756 788  
husseinmaalim@gmail.com  
\* P. O. Box 37 - 70101, TAKABA. \*



**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 (*MANDERA WEST 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 (*MANDERA WEST 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 (*MANDERA WEST 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 (*MANDERA WEST 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 12-09-15



  
Fund Account Manager



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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON CONSTITUENCIES DEVELOPMENT FUND – MANDERA WEST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2015

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund – Mandera West Constituency set out on pages 7 to 25, 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 combined for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 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 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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.

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

## **Basis for Adverse Opinion**

### **1.0 Presentation and Disclosure of the Financial Statements**

The International Public Sector Accounting Standards (IPSAS) cash basis and the prescribed reporting presentation format by the National Treasury requires the management to indicate progress made in addressing previous year's audit issues. However, action taken on audit issues of 2013/2014 has not been indicated in the 2014/2015 financial statements as required. Further, the name of the Fund had changed with the passing of CDF Act, 2015 to National Government Constituency Development Fund - Mandera West. However, the Fund used the old name.

As a result, the presentation and disclosure in the financial statements do not conform to the IPSAS Cash prescribed reporting format.

### **1.2 Award of Contracts for Capital Projects**

Examination of payment vouchers, project files and other records held at CDF office revealed that contracts amounting to Kshs.17,079,422 were awarded during the financial year under review. However, scrutiny of the project files reflected that they lacked letters of notification to the unsuccessful bidders, certificate of practical completion and bill of quantities for the successful bidders were not availed for audit review.

Consequently, it has not been possible to confirm that proper procurement procedures were followed in the identification and eventual award of the contracts to various firms which won the tenders.

### **2.0 Procurement of Goods, Works and Services - Unaccounted For Grants**

During the year under review, the CDF Committee allocated and issued other grants totaling Kshs.38,965,185. However, Kshs.6,369,700 was issued to health, education, water and roads sectors for various projects as follows:-

<b>Payee</b>	<b>Activity</b>	<b>Amount (Kshs)</b>
Teso Ramu Dispensary PMC	Construction of a Dispensary	1,569,700
Darwed primary school PMC	Electrical wiring of the school	600,000
Argesa primary school PMC	Construction of 2 No. classrooms	1,500,000

Awacho sagira water tank PMC	Construction of a water tank.	1,500,000
Gither- junction road PMC	Bush clearing of 12 kms gither junction – Khaliso road	1,200,000
<b>TOTAL</b>		<b>6,369,700</b>

However, project procurement files for the projects worth Kshs.6,369,700 were not made available for audit review and verification and it was therefore not possible to confirm whether proper procurement procedures were followed to determine the levels of completion of the projects.

As a result, the propriety of the expenditure of Kshs.6,369,700 could not be confirmed.

### **3.0 Unaccounted for Bursary Expenses**

During the financial year under review, the Mandera West CDF disbursed bursaries amounting to Kshs.17,530,411 to various schools and universities to benefit needy students. Although the payment records showed that the funds were disbursed as allocated, there were no fees payment receipts amounting to Kshs.4,170,000 and acknowledgement letters from relevant institutions were not availed for audit review. Under the circumstances, it has not been possible to confirm that Kshs.4,170,000 reached the relevant institutions or that the Fund benefited the deserving cases as intended.

### **4.0 Monitoring and Evaluation Expenditure**

Examination of payment vouchers and the supporting documents revealed that Mandera West CDF Office spent Kshs.4,961,000 on monitoring and evaluation activities during the period under review. However, payment vouchers were not supported with temporary work tickets, copies of the logbooks, and driver's license for the hired vehicles. Further, a list of the projects visited and the progress reports were neither attached to the payment vouchers nor availed for audit review.

In view of the foregoing, it has not been possible to confirm the expenditure of Kshs.4,961,000 as a proper charge to public funds.

### **5.0 Unaccounted for Administration Expenses**

The CDF management spent Kshs.1,401,068 on administration during the period under review. However, payment vouchers were not supported by muster rolls to confirm that payments made were only for the number of the days worked. Further, no documentary evidence was provided to show that the statutory deductions were remitted to the relevant institutions.

In the circumstances, the propriety of the expenditure of Kshs.1,401,068 could not be ascertained.

### **Adverse Opinion**

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the

financial position of Constituencies Development Fund – Mandera West 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 do not comply with the Constituencies Development Fund Act, 2013.

## Other Matter

### 1.0 Budgetary Control and Performance

#### 1.1 Budget Performance Analysis

During the year under review, the budget for Mandera West Constituency Development Fund was Kshs.198,577,265.40. An amount of Kshs.17,141,657.81 (8.6 %) was allocated to recurrent expenditure and Kshs.181,435,607.59 (91.4 %) to development activities as shown in the table below:

Item	Actual (Kshs)	Budget Allocation (Kshs)	Absorption (%)	% of Total Expenditure
Recurrent Expenditure	8,045,919	17,141,658	46.9	8
Development Expenditure	82,964,310	181,435,608	45.7	91
<b>TOTAL</b>	<b>91,010,229</b>	<b>198,577,265</b>	<b>45.8</b>	

- i. However; during the reporting period the CDF Mandera West received Kshs.121,711,188 or 61.29 % of their budget with the remaining Kshs.76,866,077 representing 38.71 % not financed as at 30 June 2015. The fund therefore could only absorb 46% of its budget.
- ii. The budget of Kshs.198,577,265 includes Kshs.49,577,206 for projects budgeted for the financial year 2013/2014 but funded during the financial year 2014/2015.
- iii. The Mandera West CDF spent Kshs.82,964,310 (91.2%) on development activities in education, health, roads and water projects within the Constituency. The expenditure on development vote of Kshs.82,964,310 includes payment of Kshs.54,309,300.40 made to contractors engaged to implement 2013/2014 projects which were rolled over to the financial year 2014/2015.
- iv. An amount of Kshs.12,000 budgeted for Social Security benefits was not spent as at 30 June 2015. Further, Kshs.1,800,000 allocated to other payments was not utilized and no explanation was provided.

## 1.2 Budgeted Development Projects

A total of Kshs.142,662,054 was allocated during the year to finance eighty seven (87) projects. However, implementation of these projects was behind schedule and by 30 June 2015, only Kshs.57,699,123 had been spent on thirty four (34) projects as reflected below:

Sector	No. of Budgeted Projects	Budget Allocation (Kshs.)	Actual expenditure (Kshs.)	No. of projects implemented	No. of projects not Executed
Education (Primary & Secondary)	71	106,392,353	34,929,422	24	47
Health	7	15,069,701	7,569,701	4	3
Roads	4	13,700,000	10,700,000	3	2
Water	5	7,500,000	4,500,000	3	1
<b>TOTAL</b>	<b>87</b>	<b>142,662,054</b>	<b>57,699,123</b>	<b>34</b>	<b>53</b>

However, fifty three (53) projects worth Kshs.84,962,931 had not been implemented.

In the circumstance, the service delivery targets were not achieved.

## 1.3 Under/Over Expenditure

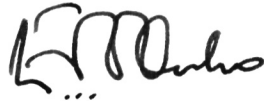
Item	Budget (Kshs)	Actual (Kshs)	Under (Kshs.)
Compensation of Employees	1,798,237	801,072	997,165
Use of Goods and Services	12,157,421	4,454,847	7,702,574
Committee Expenses	3,174,000	2,700,000	384,000
Transfers to other Government Units	124,444,813	42,499,122	81,945,691
Other Grants and transfers	53,690,794	38,965,188	14,725,606
Social Security Benefits	12,000	-	12,000
Acquisition of Assets	1,500,000	1,500,000	
Other Payments	1,800,000	-	1,800,000
<b>TOTAL</b>	<b>198,577,265</b>	<b>91,010,229</b>	<b>107,567,036</b>

The Constituencies Development Fund also under spent on compensation of employees, use of goods and services, committee expenses, other grants and transfers amongst other items totaling to Kshs.107,567,036 an indication that the fund could not utilize 54% of its budget. No explanation for this anomaly was given.

## 1.4 Under Funding

During the year under review the Constituency was allocated Kshs.198,577,265 for use on various projects which were earmarked for financing. However, the CDF

Board released only Kshs.121,711,188 resulting to a shortfall of Kshs.76,866,077. The planned projects would not be completed within the budgeted time frame thereby denying the citizens the desired services.



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

**Nairobi**

**21 December 2016**

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

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

**(Restated)**

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	121,711,188.00	128,457,383.00
Proceeds from Sale of Assets		-	-
Other Receipts		-	-
<b>TOTAL RECEIPTS</b>		<b>121,711,188.00</b>	<b>128,457,383.00</b>
<b>PAYMENTS</b>			
Compensation of employees	2	801,072.00	792,996.00
Use of goods and services	3	4,454,847.23	2,123,260.00
Committee Expenses	4	2,790,000.00	1,448,000.00
Transfers to Other Government Units	5	42,499,122.00	80,250,000.00
Other grants and transfers	6	38,965,188.00	41,532,613.80
Acquisition of Assets	7	1,500,000.00	-
Other Payments	8	-	500,000.00
<b>TOTAL PAYMENTS</b>		<b>91,010,229.23</b>	<b>126,646,869.80</b>
<b>SURPLUS/DEFICIT</b>		<b>30,700,958.77</b>	<b>1,810,513.20</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MANDERA WEST CDF financial statements were approved on 12-09- 2015 and signed by:

  
 Chairman - CDEC





**CONSTITUENCY DEVELOPMENT FUND- MANDERA WEST CONSTITUENCY**

**Reports and Financial Statements**


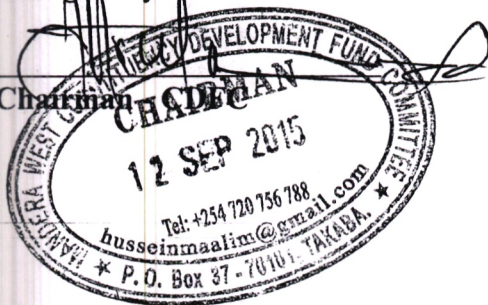
**For the year ended June 30, 2015**


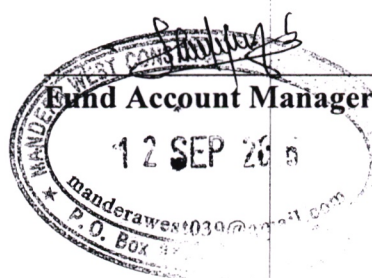
**V. STATEMENT OF ASSETS**

(Restated)

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	9	35,433,053.67	4,732,094.90
Cash Balances (cash at hand)		-	-
Outstanding Imprests		-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>35,433,053.67</b>	<b>4,732,094.90</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	10	4,732,094.90	849,170.70
Surplus/Defict for the year		30,700,958.77	1,810,513.20
Prior year adjustments	11	-	2,072,411.00
<b>NET FINANCIAL POSITION</b>		<b>35,433,053.67</b>	<b>4,732,094.90</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MANDERA WEST CDF financial statements were approved on 12-09 2015 and signed by:

  
 Chairman  
  
**CHAIBAN**  
 12 SEP 2015  
 Tel: +254 720 756 788  
 husseinmaalim@gmail.com  
 P.O. Box 37 - 70101 - TAKADA.

  
 Fund Account Manager  
  
 12 SEP 2015  
 manderawest030@gmail.com  
 P.O. Box 37



**CONSTITUENCY DEVELOPMENT FUND- MANDERA WEST CONSTITUENCY**

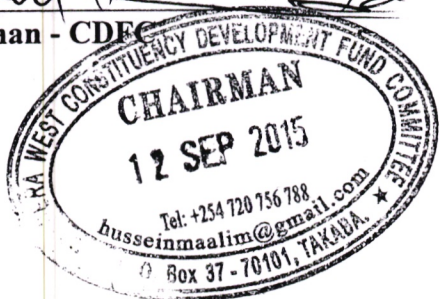
**Reports and Financial Statements**

**For the year ended June 30, 2015**

<b>VI. STATEMENT OF CASHFLOW</b>		<b>(Restated)</b>	
		<b>2014 - 2015</b>	<b>2013 - 2014</b>
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	121,711,188.00	128,457,383.00
Other Receipts		-	-
		<b>121,711,188.00</b>	<b>128,457,383.00</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	801,072.00	792,996.00
Use of goods and services	3	4,454,847.23	2,123,260.00
Committee Expenses	4	2,790,000.00	1,448,000.00
Transfers to Other Government Units	5	42,499,122.00	80,250,000.00
Other grants and transfers	6	38,965,188.00	41,532,613.80
Social Security Benefits		-	-
Other Payments	8	-	500,000.00
		<b>89,510,229.23</b>	<b>126,646,869.80</b>
<b>Adjusted for:</b>			
Adjustments during the year	11	-	2,072,411.00
<b>Net cash flow from operating activities</b>		<b>32,200,958.77</b>	<b>3,882,924.20</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets		-	-
Acquisition of Assets	7	(1,500,000.00)	-
<b>Net cash flows from Investing Activities</b>		<b>(1,500,000.00)</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>30,700,958.77</b>	<b>3,882,924.20</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	10	<b>4,732,094.90</b>	<b>849,170.70</b>
<b>Cash and cash equivalent at END of the year</b>	9	<b>35,433,053.67</b>	<b>4,732,094.90</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MANDERA WEST CDF financial statements were approved on 12-09- 2015 and signed by:

  
Chairman - CDFC





ON THE REPORTS AND FINANCIAL STATEMENTS  
 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	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	144,267,965.00	54,309,300.40	198,577,265.40	121,711,188.00	76,866,077.40	61
Proceeds from Sale of Assets	-	-	-	-	-	0
Other Receipts	-	-	-	-	-	0
<b>Sub Totals</b>	<b>144,267,965.00</b>	<b>54,309,300.40</b>	<b>198,577,265.40</b>	<b>121,711,188.00</b>	<b>76,866,077.40</b>	<b>61</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,484,036.48	314,200.48	1,798,236.96	801,072.00	997,164.96	45
Use of goods and services	8,720,080.37	3,435,992.20	12,157,420.85	4,454,847.23	7,702,573.62	37
Committee Expenses	2,768,000.00	406,000.00	3,174,000.00	2,790,000.00	384,000.00	88
Transfers to Other Government Units	82,062,931.00	42,381,882.44	124,444,813.44	42,499,122.00	81,945,691.44	34
Other grants and transfers	45,920,917.15	7,771,225.28	53,690,794.15	38,965,188.00	14,725,606.15	73
Social Security Benefits	12,000.00	-	12,000.00	-	12,000.00	0
Acquisition of Assets	1,500,000.00	-	1,500,000.00	1,500,000.00	-	100
Other Payments	1,800,000.00	-	1,800,000.00	-	1,800,000.00	0
<b>TOTALS</b>	<b>144,267,965.00</b>	<b>54,309,300.40</b>	<b>198,577,265.40</b>	<b>91,010,229.23</b>	<b>107,567,036.17</b>	<b>46</b>

The MANDERA WEST CDF financial statements approved on 12-09-2015 and signed by:

*[Signature]*  
**CHAIRMAN**  
 Chairman CDF  
 MANDERA WEST CDF FINANCIAL DEVELOPMENT FUND COMMITTEE  
 12 SEP 2015  
 Tel: +254 720 756 788  
 busseinmaalim@gmail.com

*[Signature]*  
**Fund Account Manager**  
 MANDERA WEST CDF FINANCIAL DEVELOPMENT FUND COMMITTEE  
 12 SEP 2015  
 manderaeast039@gmail.com

*[Signature]*  
**Fund Account Manager**  
 MANDERA WEST CDF FINANCIAL DEVELOPMENT FUND COMMITTEE  
 12 SEP 2015  
 manderaeast039@gmail.com  
 P.O. Box 99



## 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

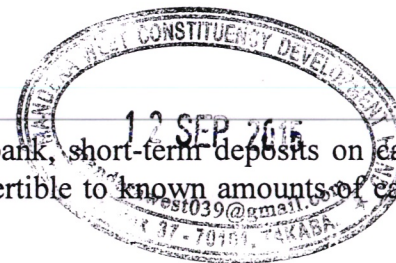
The *CDF* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *CDF*. In addition, the *CDF* recognises all expenses when the event occurs and the related cash has actually been paid out by the *CDF*.

### 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.

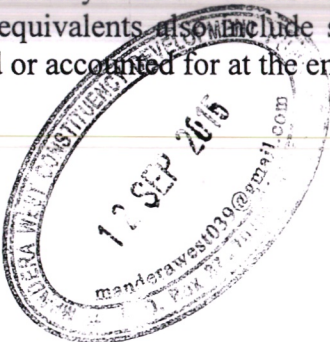
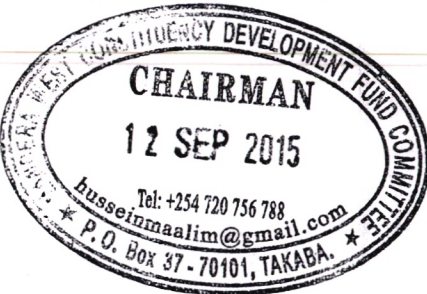
### 4. Cash and cash equivalents

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.





*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**

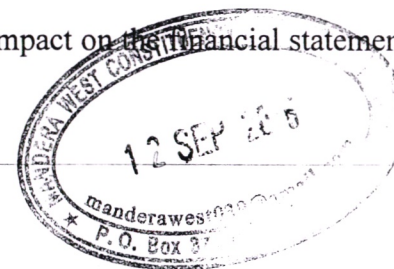
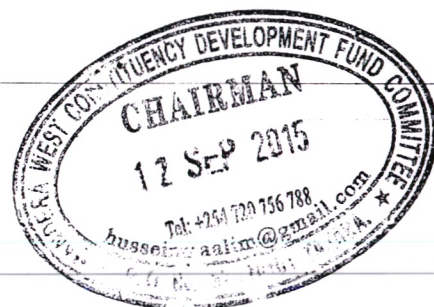
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *CDF's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment 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**

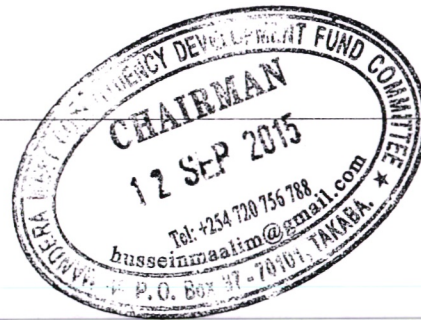
There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2015.





**IX. NOTES TO THE FINANCIAL STATEMENTS**

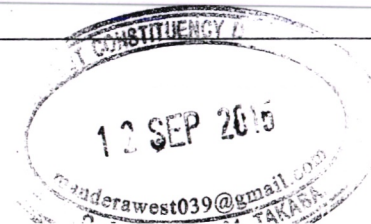
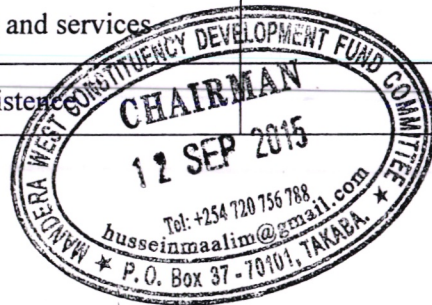
1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES				
		<b>2014 - 2015</b>	<b>2013 - 2014</b>	
		<b>Kshs</b>	<b>Kshs</b>	
Normal Allocation	AIE NO A750230	<b>49,577,205.50</b>		75,619,092.50
	AIE NO A759673	<b>36,066,991.25</b>		3,261,085.00
	AIE NO A796822	21,640,195.00		2,000,000.00
	AIE NO A797078	14,426,796.25		47,577,205.50
	AIE NO...			
<b>TOTAL</b>		<b>121,711,188.00</b>		<b>128,457,383.00</b>

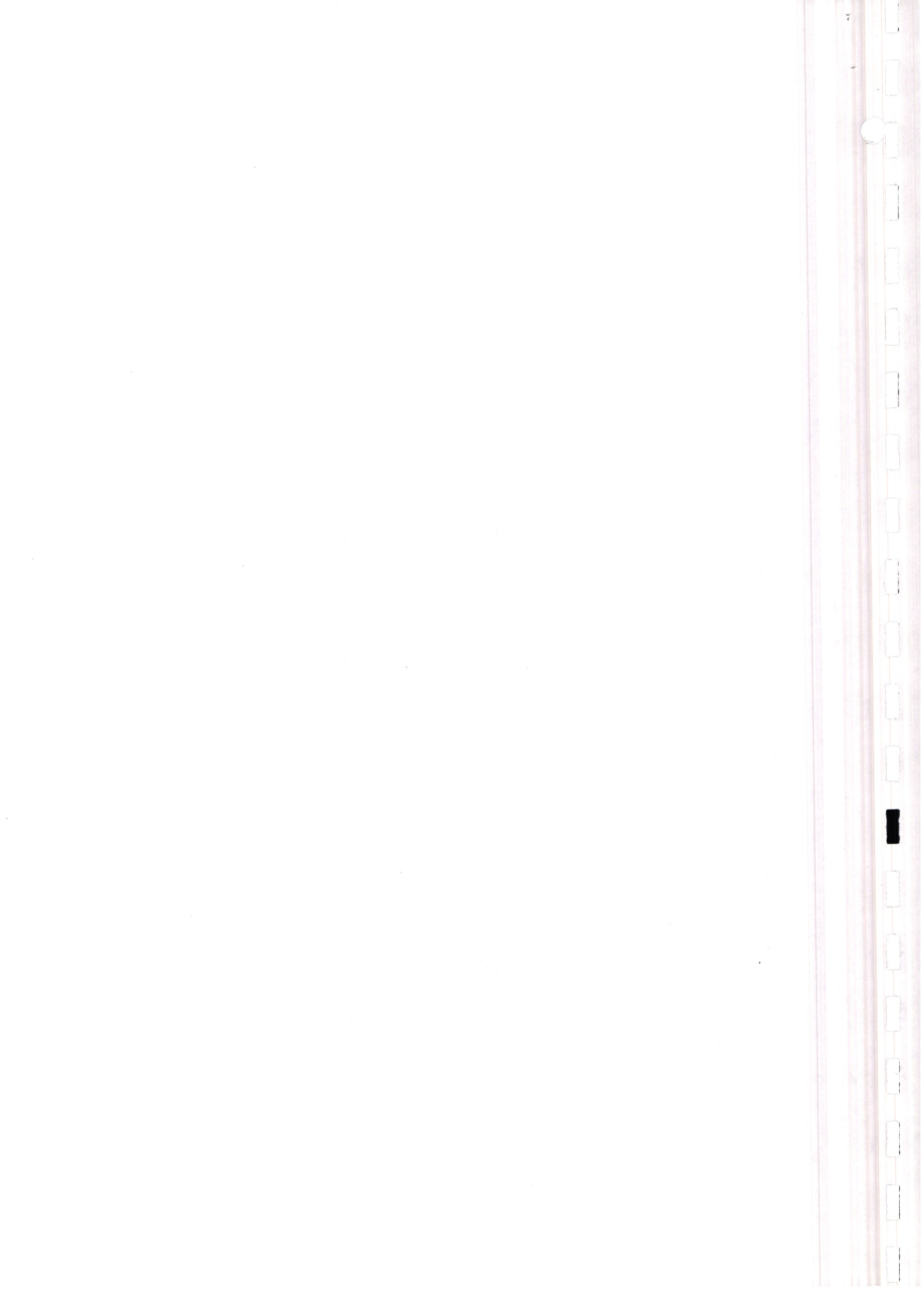




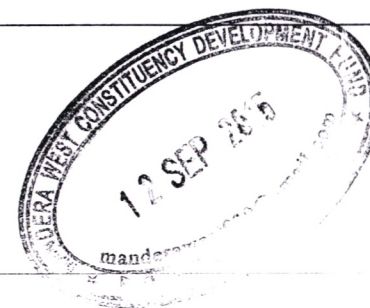
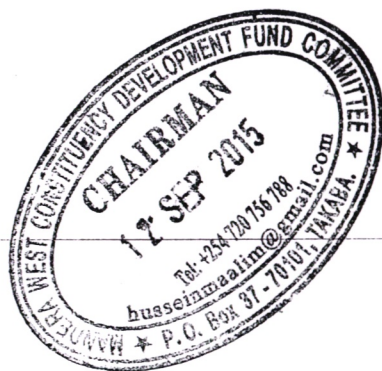
<b>2. COMPENSATION OF EMPLOYEES</b>		
<b>Description</b>	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees	593,072.00	792,996.00
Basic wages of casual labour	-	
<b>Personal allowances paid as part of salary</b>		
House allowance	180,000.00	-
Leave allowance	28,000.00	-
gratuity		
<b>Total</b>	<b>801,072.00</b>	<b>792,996.00</b>

<b>3. USE OF GOODS AND SERVICES</b>		
<b>Description</b>	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	134,000.00	-
Office rent	420,000.00	270,000.00
Communication, supplies and services	181,000.00	-
Domestic travel and subsistence	2,400,300.00	207,000.00





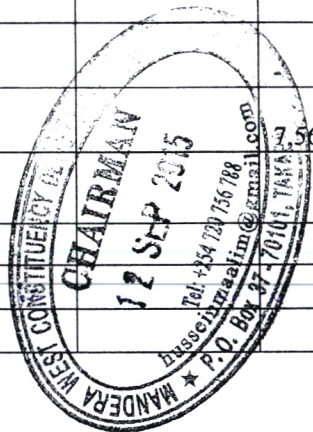
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	-	-
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	624,180.00	-
Fuel ,oil & lubricants	264,300.00	-
Other operating expenses	373,067.23	1,646,260.00
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	58,000.00	-
	-	-
<b>Total</b>	<b>4,454,847.23</b>	<b>2,123,260.00</b>





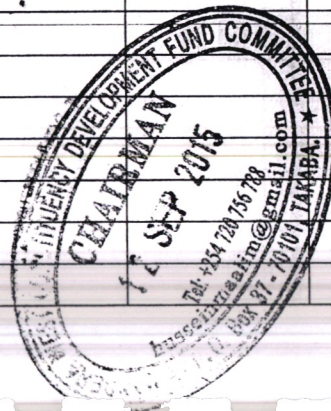
<b>4. COMMITTEE EXPENSES</b>			
<b>Description</b>		<b>2014 - 2015</b>	<b>2013 - 2014</b>
		<b>Kshs</b>	<b>Kshs</b>
Other committee expenses		1,270,000.00	-
Committee allowance		1,520,000.00	1,448,000.00
<b>TOTAL</b>		<b>2,790,000.00</b>	<b>1,448,000.00</b>

<b>5. TRANSFER TO OTHER GOVERNMENT ENTITIES</b>			
<b>Description</b>		<b>2014 - 2015</b>	<b>2013 - 2014</b>
		<b>Kshs</b>	<b>Kshs</b>
Transfers to primary schools		19,950,000.00	68,650,000.00
Transfers to secondary schools		14,979,422.00	8,000,000.00
Transfers to Tertiary institutions		-	-
Transfers to Health institutions		3,569,700.00	3,600,000.00
<b>TOTAL</b>		<b>42,499,122.00</b>	<b>80,250,000.00</b>
<b>6. OTHER GRANTS AND OTHER</b>			



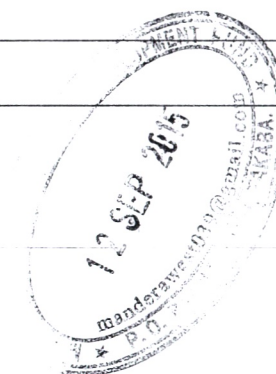
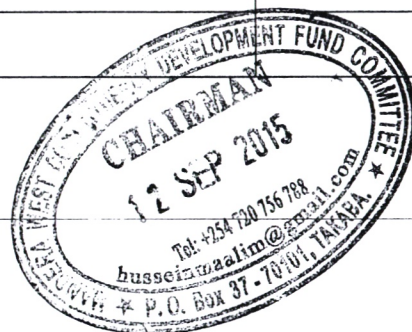


<b>PAYMENTS</b>			
<b>Description</b>	<b>2014 - 2015</b>	<b>2013 - 2014</b>	
	<b>Kshs</b>	<b>Kshs</b>	
Bursary -Secondary	3,105,000.00	3,087,000.00	
Bursary -Tertiary	14,425,411.00	12,688,747.80	
Bursary-Special schools	-	-	
Mocks & CAT	-	-	
water	4,500,000.00	16,420,000.00	
Agriculture (food security)	-	-	
Electricity projects	-	-	
Security	-	-	
Roads	10,700,000.00	4,750,000.00	
Sports	1,200,000.00	2,193,433.00	
Environment	-	1,893,433.00	
Emergency Projects (specify)	5,034,777.00	500,000.00	
<b>Total</b>	<b>38,965,188.00</b>	<b>41,532,613.80</b>	
<b>7. ACQUISITION OF ASSETS</b>			
<b>Non Financial Assets</b>	<b>2014- 2015</b>	<b>2013 - 2014</b>	
	<b>Kshs</b>	<b>Kshs</b>	
Purchase of Buildings	-	-	
Construction of Buildings	-	-	
Refurbishment of Buildings	-	-	
Purchase of Vehicles	-	-	



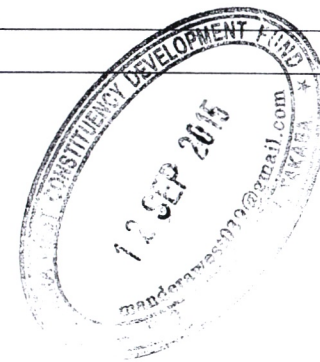
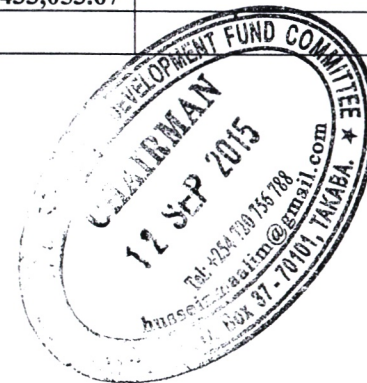


Purchase of Bicycles & Motorcycles		-	-
Overhaul of Vehicles		-	-
Purchase of Office furniture and fittings		1,320,000.00	-
Purchase of computers ,printers and other IT equipments		180,000.00	-
Purchase of photocopier		-	-
Purchase of other office equipments		-	-
Purchase of soft ware		-	-
Acquisition of Land		-	-
			-
<b>Total</b>		<b>1,500,000.00</b>	<b>-</b>
<b>8. Other Payments</b>			
Purchase of Office Furniture for Takaba Women Empowerment Centre		-	500,000.00
specify		-	-
<b>TOTAL</b>		<b>-</b>	<b>500,000.00</b>



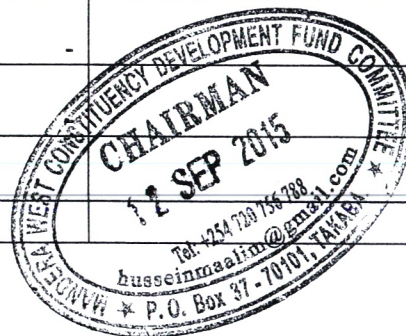
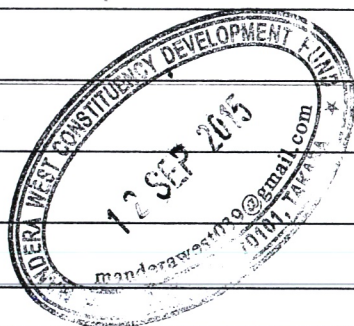


9. Bank Balances (cash book bank balance)			
Name of Bank, Account No. & currency	Account Number	2014 - 2015	2013 - 2014
		Kshs (30/6/2015)	Kshs (30/6/2014)
<i>Equity Bank, Manderu Branch A/C no.1000296633736</i>		35,433,053.67	4,732,094.90
		-	-
		-	-
<b>Total</b>		<b>35,433,053.67</b>	<b>4,732,094.90</b>



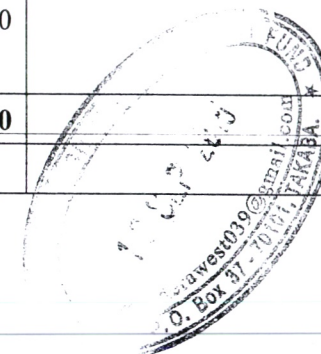
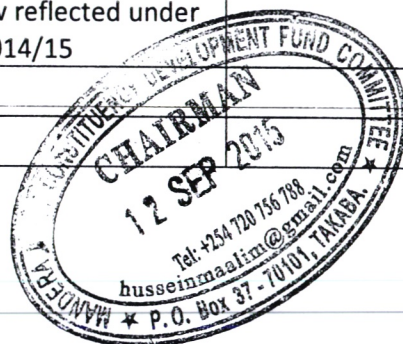


10. BALANCES BROUGHT FORWARD		2014 - 2015	2013 - 2014
		Kshs (1/7/2014)	Kshs (1/7/2013)
Bank accounts		4,732,094.90	849,170.70
Cash in hand		-	-
Imprest		-	-
<b>Total</b>		4,732,094.90	849,170.70
	<i>[Provide short appropriate explanations as necessary]</i>		
11. PRIOR YEAR ADJUSTMENTS	PRIOR YEAR ADJUSTMENTS	2014 - 2015	2012 - 2013
		Kshs	Kshs
Bank accounts		-	2,072,411.00
Cash in hand		-	-
Imprest		-	-
<b>Total</b>		-	2,072,411.00



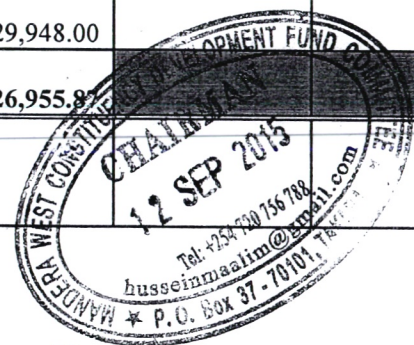
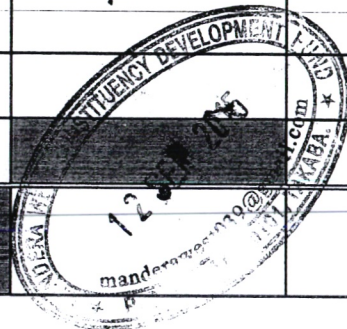


12. OTHER IMPORTANT DISCLOSURES	OTHER IMPORTANT DISCLOSURES		
<b>a. OTHER PENDING PAYABLES (See Annex 1)</b>			
		Kshs	Kshs
Amounts due to other Government entities (see attached list)		81,445,690.00	-
Amounts due to other grants and other transfers (see attached list)		14,726,955.87	-
Others ( <i>see attached list</i> )		11,394,390.30	-
<b>TOTAL</b>		<b>107,567,036.17</b>	<b>-</b>
<b>b. PRIOR PERIOD ERROR</b>			
		Kshs	
Purchase of Office furniture for Takaba Women empowerment Centre classified under <b>OTHER GRANTS AND TRANSFERS (OTHERS)</b> in the Financial year 2013/14 is now reflected under <b>OTHER PAYMENTS</b> in the period 2014/15		500,000.00	
<b>TOTAL</b>		<b>500,000.00</b>	



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

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
					2015	2014	
		a	b	c	d=a-c		
<b>Amounts due to other Government entities</b>							
1. Primary Schools		58,337,931.00					
2. Secondary Schools		12,625,000.00					
3. Health Institutions		10,482,759.00					
<b>Sub-Total</b>		<b>81,445,690.00</b>					
<b>Amounts due to other grants and other transfers</b>							
4. Bursaries		976,349.72					
5. Water		3,000,000.00					
6. Roads		3,000,000.00					
7. Sports		1,435,298.85					
8. Environment		2,885,359.30					
9. Emergency		3,429,948.00					
<b>Sub-Total</b>		<b>14,726,955.87</b>					



Others (specify)						
10. Strategic Plan		1,800,000.00				
11. Audit Fees		500,000.00				
12. Administration and M&E		9,094,390.30				
<b>Sub-Total</b>		<b>11,394,390.30</b>				
<b>Grand Total</b>		<b>107,567,036.17</b>				



**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost (Kshs) 2014/15	Historical Cost (Kshs) 2013/14
Land	-	-
Buildings and structures	-	-
Transport equipment	-	-



