

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



Paper Laid
By Hon. A. Bushe, (KCM)
on Wed. 11.11.2015 (PM)
MMW

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

FOR THE YEAR ENDED
30 JUNE 2014

REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements Constituency Development Fund – Sotik Constituency set out on pages 6 to 16, which comprise the statement of assets and liabilities as at 30 June 2014, the statement of receipts and payments, statement of cash flow, summary statement of appropriation, for the year 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(2) 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 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.

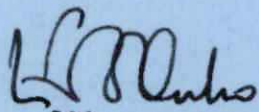
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

Opinion

In my opinion, the financial statements present fairly, in all material respects the financial position of Constituencies Development Fund - Sotik Constituency as at 30 June, 2014 and its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis), the Public Finance Management Act, 2012 and do comply with the CDF Act, 2013.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

3 September 2015



SOTIK CONSTITUENCY DEVELOPMENT FUND

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)**

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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 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	Andrew Sigei
3.	District Accountant	Jonas Rotich

(d) Fiduciary Oversight Arrangements

List of the CDFC as gazetted

NO.	NAME	CATEGORY	ID NO	CONTACT
1.	Hon Dr. Joyce Laboso	Member of Parliament	Patron	0722788771
2.	Joseph K. Kirui	Men Representative	8714471	0729058856
3.	Winnie Chelangat Rotich	Women Youth Representative	22645024	0723401640
4.	Hellen Cherono	Women Representative	20278170	0726614269
5.	Reuben P.K. Korir	Men Representative	4440828	0721314454

CONSTITUENCIES DEVELOPMENT FUND – SOTIK CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014

6.	Leah Chepkirui Terer	Women Representative	25932087	0171720043
7.	Joseph Bett	N.G.Os Representative	2346992	0727526214
8.	Kiprotich Langat	Men Youth Representative	22296143	0725506802
9.	Hellen Chepngetich	Person with Disability	13111917	0723058013
10	Elmi Shafi	Deputy County Commissioner		0720294390
11	Andrew Sigel	Fund Account Manager	11368276	0722949414

(e) Entity Headquarters

Provide box and physical address of the constituency CDF office

P.O. BOX 866 SOTIK
CDF BUILDING
Next to the DC's office
SOTIK, KENYA

(f) Entity Contacts

Provide telephone number and email of the constituency CDF office

Telephone: (254) 0722949414
E-mail: sotik@cdf.go.ke
Website: www.sotikconstituency.co.ke

(g) Entity Bankers

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

Kenya Commercial Bank
Sotik Branch
Account No. 1105583686
P.O. Box
SOTIK

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II. STATEMENT OF CONSTITUENCY MANAGEMENT RESPONSIBILITIES

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

The Fund Account Manager in charge of the **Sotik constituency 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 Sotik constituency *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 **Sotik constituency 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 **Sotik constituency 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 **Sotik constituency 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 **Sotik constituency CDF** financial statements were approved and signed on 23rd June 2015.


.....
Joseph Kirui
Chairman - CDFC


.....
Andrew Sigai
Fund Account Manager

FUND ACCOUNT MANAGER
SOTIK CONSTITUENCY

III. REPORT OF THE INDEPENDENT AUDITORS ON THE SOTIK CDF

Auditor General

Date

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2013-2014
		Kshs
RECEIPTS		
Transfers from CDF Board-AIEs' Received	1	53,009,000.00
		1,500,000.00
		31,435,000.00
		2,000,000.00
		50,152,000.00
TOTAL RECEIPTS		138,096,000.00
PAYMENTS		
Compensation to employees	2	1,108,000 .00
Use of goods and services	3	1,899,000.00
Committee Expenses	4	2,799,000.00
Transfers to Other Government Units	5	44,471,000.00
Other grants and transfers	6	34,647,000.00
Social Security Benefits	7	31,000 .00
TOTAL PAYMENTS		84,955,000.00
SURPLUS/DEFICIT		53,141,000.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The **Sotik constituency** CDF financial statements were approved on 23rd June 2015 and signed by:



.....
Joseph Kirui
 Chairman - CDFC



.....
Andrew Sigel
 Fund Account Manager

FUND ACCOUNT MANAGER
 SOTIK CONSTITUENCY


V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2013-2014 Kshs
FINANCIAL ASSETS		
Cash and Cash Equivalents		
Bank Balances (as per the cash book)		
Outstanding Imprest	8	52,575,000.00
	9	<u>565,500.00</u>
TOTAL FINANCIAL ASSETS		<u><u>53,141,000.00</u></u>
 REPRESENTED BY		
Surplus/Deficit for the year		53,141,000.00
 NET LIABILITIES		<u><u>53,141,000.00</u></u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Sotik CDF financial statements were approved on 23rd June 2015 and signed by:



Joseph Kirui
 Chairman - CDFC



Andrew Sigel
 Fund Account Manager

FUND ACCOUNT MANAGER
SOTIK CONSTITUENCY

VI. STATEMENT OF CASHFLOW

Receipts for operating income

Transfers from other Government Entities **1** **138,096,000.00**

Payments for operating expenses

Compensation to employees **2** **1,108,000 .00**

Use of goods and services **3** **1,899,000 .00**

Committee Expenses **4** **2,799,000 .00**

Transfers to Other Government Units **5** **44,471,000 .00**

Other grants and transfers **6** **34,647,000 .00**

Social Security Benefits **7** **31,000 .00**

Net cash flow from operating activities **53,141,000.00**

NET INCREASE IN CASH AND CASH EQUIVALENT

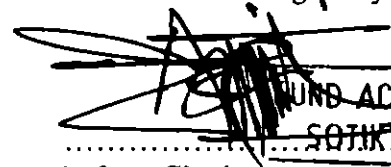
Cash and cash equivalent at BEGINNING of the year **Nil**

Cash and cash equivalent at END of the year **8** **53,141,000.00**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statement were approved on 23rd June 2015 and signed by:



.....
Joseph Kirui
Chairman - CDFC


.....
FUND ACCOUNT MANAGE
SOTIK CONSTITUENCY
.....
Andrew Sigei
Fund Account Manager

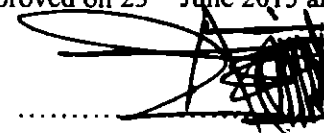
VII: SUMMARY STATEMENT OF APPROPRIATION

Revenue/Expense Item	Original Budget	Adjustments (includes reallocations and balances b/ f from previous year)	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
Compensation of Employees	1,165,000	95,000	1,260,000	1,108,000	152,000	90%
Use of goods and services	2,044,000	1,073,000	3,117,000	1,899,000	1,218,000	60%
Committee Expenses	2,964,000	1,116,000	4,080,000	2,799,000	1,281,000	70%
Transfers to Other Government Units	42,604,000	41,774,000	84,378,000	44,471,000	39,907,000	50%
Other grants and transfers	34,779,000	10,420,000	45,199,000	34,647,000	10,552,000	80%
Social Security Benefits	31,000	31,000	62,000	31,000	31,000	50%
TOTALS	83,587,000	54,509,000	138,096,000	84,955,000	53,141,000	60%

The Sotik constituency CDF financial statements were approved on 23rd June 2015 and signed by:


.....

Joseph Kirui
Chairman - CDFC


.....
FUND ACCOUNT MANAGER
SOTIK CONSTITUENCY

Andrew Sigei
Fund Account Manager

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Constituency and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Constituency.

b) Recognition of revenue and expenses

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

c) In-kind contributions

In-kind contributions are donations that are made to the Constituency in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Constituency includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also

CONSTITUENCIES DEVELOPMENT FUND – SOTIK CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2014

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 – SOTIK CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2014

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Receivables and payables

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

f) Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Constituency's budget was approved 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 – SOTIK CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM CDF BOARD

		Description	2013 - 2014
			Kshs
1	Normal Allocation	AIE NO.2012/2013/454	53,009,000.00
2		AIE NO.2011/2012/800	1,500,000.00
3		AIE NO. 07/2013/2014/187	31,435,000.00
4		AIE NO.07/2013/2014/030	2,000,000.00
5		AIE NO.07/2013/2014/626	50,152,000.00
		TOTAL	138,096,000.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. COMPENSATION OF EMPLOYEES

	2013 - 2014
	Kshs
Basic wages of temporary employees	<u>1,108,000</u>
Total	<u>1,108,000</u>

CONSTITUENCIES DEVELOPMENT FUND – SOTIK CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2013 - 2014
	Kshs
Utilities, supplies and services	20,000
Training expenses	287,000
Insurance costs	172,000
Office and general supplies and services	143,000
Other operating expenses	690,000
Routine maintenance – vehicles and other transport equipment	356,000
Routine maintenance – other assets	230,000
Total	1,899,000

4. COMMITTEE EXPENSES

Description	2013 - 2014
	Kshs
Other committee expenses	1,632,000
Committee allowance	1,167,000
Total	2,799,000

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2013 - 2014
	Kshs
Transfers to Primary Schools	19,835,000
Transfers to Secondary Schools	20,720,000
Transfers to Health facilities	3,916,000
TOTAL	44,471,000

CONSTITUENCIES DEVELOPMENT FUND – SOTIK CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014

6. OTHER GRANTS AND OTHER PAYMENTS

	2013 - 2014
	Kshs
Scholarships and other educational benefits	20,204,000
Other capital grants and transfers	14,443,000
Total	34,647,000

7. SOCIAL SECURITY BENEFITS

	2013 - 2014
	Kshs
Social security benefits in cash and in kind	31,000
Employer Social Benefits in cash and in kind	
Total	31,000

8. BANK BALANCES (CASH BOOK, BANK BALANCE)

Name of Bank, Account No. & currency	Amount in bank account currency	Exc rate	2013 - 2014
			Kshs
<i>KCB – Sotik, A/C No. 1105583686</i>			
<i>Cash book balance as at 30/06/2014</i>	Ksh		52,575,000.00
<i>Name of Bank, Account No. & currency</i>			
Total			52,575,000.00

9. OUTSTANDING IMPRESTS

Name of Officer or Institution	Amount Taken	Amount Surrendered	Balance
	Kshs	Kshs	Ks
<i>Andrew Sigei</i>	565,000	0	565,000
Total			565,000

[Provide short appropriate explanations as necessary]

CONSTITUENCIES DEVELOPMENT FUND – SOTIK CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2014**

Annex.1 FIXED ASSETS REGISTER

Asset Class	Historical Cost (Kshs) 2013/2014
Building and structures	5,000,000.00
Transport equipment	2,000,000.00
Office equipment, Furniture and fittings	300,000.00
ICT equipment soft ware and other ICT Asset	70,000.00
Other machinery and equipment	150,000.00
Total	<u>7,520,000.00</u>