

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*PAPER LAID*  
*By the leader of*  
*Opposition Party*  
*Hon. Adam Dinal*  
*on Tuesday*  
*21.6.2015*  
*[Signature]*

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**REPORT**

**OF**

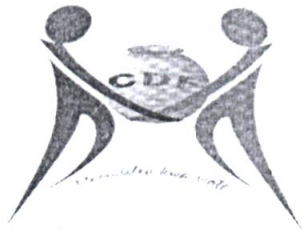
**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
CONSTITUENCIES DEVELOPMENT FUND  
KINANGO CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2015**





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CONSTITUENCY DEVELOPMENT FUND- KINANGO 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)

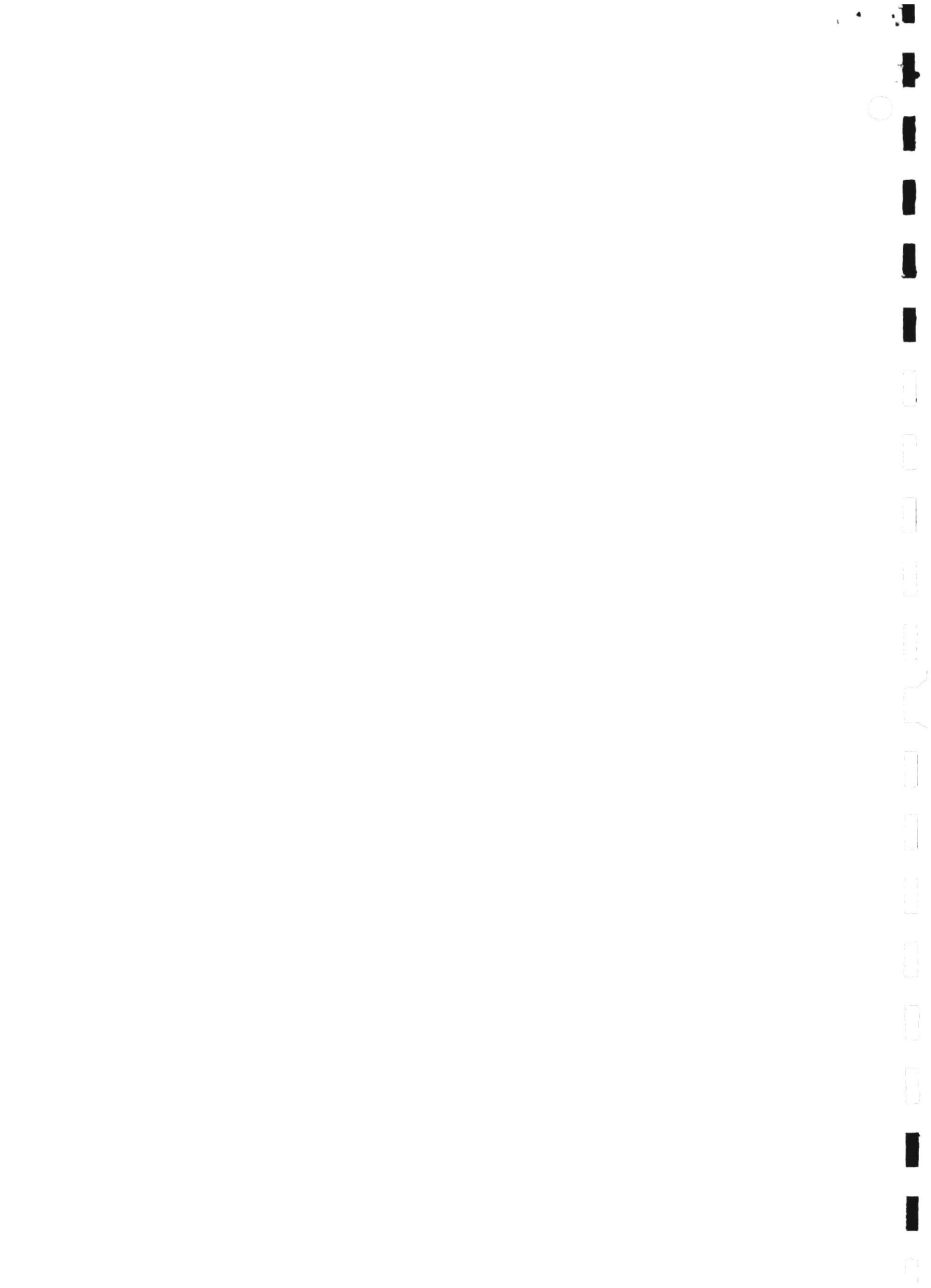
FUND ACCOUNT MANAGER  
KINANGO CONSTITUENCY  
17 FEB 2016  
P. O. Box 41-80405  
KINANGO

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FUND ACCOUNT MANAGER  
KINANGO CONSTITUENCY  
17 FEB 2016  
P. O. Box 41-80405  
KINANGO



17 FEB 2016

P. O. Box 41-80405  
 KINANGO

**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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 *Kinango 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.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Josef Kumbatha
3.	District Accountant	Halima Hassan

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of CDF Board provide overall fiduciary oversight on the activities of Kinango 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.  
*Kinango CDF Committee Members as Gazzetted*

No.	Name	Designation	Position
1.	Hon. Samuel Gonzi Rai	Member of Parliament	Patron
2.	Lung'anzi C. Mangale	Men Representative	Chairman
3.	Zuhura Mzee	Youth Representative	Secretary
4.	Karen Komen	Assistant County Commissioner	Member
5.	Gabriel Zani Tayari	Youth Representative	Member
6.	Hamisi Chimera	Persons with Disabilities	Member
7.	Bishop David Kajembe Munyaka	Men Representative	Member
8.	Bakari Mainde	Men Representative	Member
9.	Gladys Tatu Nzotso	Women Representative	Member
10.	Justina Nduku Wambua	Women Representative	Member



**(e) Entity Headquarters**

Kinango CDF Offices  
Kinango CDF Building  
Kinango Sub-County Head Quarters  
Kwale County  
P.O.Box 41 - 80405  
**KINANGO**

**(f) Entity Contacts**

Telephone: +254 (25) 281 889  
E-mail: cdfkinango@cdf.go.ke  
Website: www.go.ke

**(g) Entity Bankers**

Kinango Constituency Development Fund  
Account no.1108631142  
Kenya Commercial Bank  
Kwale Branch  
P.O.Box 43 - 80403  
**KWALE**

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
**NAIROBI**

FUND ACCOUNT MANAGER  
KINANGO CONSTITUENCY  
17 FEB 2016  
P. O. Box 41-80405  
KINANGO

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

I am pleased to forward the Financial Statements and Reports for Kinango Constituency Development Fund for the period ended 30<sup>th</sup> June, 2015 as the expended Budget for the Financial Year 2014/2015. The actual receipts from the CDF Board of the referred period was kshs. 175,586,821.15 against an Annual Budget of kshs. 160,757,031.00 for the FY 2014/2015 due to carry forward receipts from the previous financial year. By the closure of the financial year, a balance of kshs. 40,189,257.85 was still pending with the CDF Board as elaborated in the Appropriation summary.

The absorption rate is quite impressive with an utilisation rate of over 80 per cent overall as indicated by the Appropriation analysis summary. Some of the issues that have hindered 100 per cent utilization achievement include the delay by the CDF Board in releasing funds and the inadequate support of technical input by relevant government entities that bulldoze the whole process of operations.

Nevertheless, some key achievements have been realised in the disbursement of bursaries and emergency funds on time and the completion of some projects in record times. The coordination role of bringing all stakeholders on board in the identification, prioritization, implementation, monitoring and usage of output is another delaying challenge as many stakeholders emerge every day with the latest being the county government. To bolster capacity of the office to smoothly oversee this mandate, additional staffs have had to be hired and this initiative has begun to bore fruits.

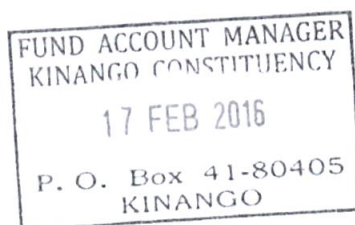
Despite a myriad of challenges, CDF continues to be the most preferred devolved fund at the grassroots by the society due to its broadened and inclusive management style and the visible tangible results that have brought hope to many villages that not so long ago were leaving in despair and ravaging poverty.

We hope that the CDF Board shall improve in the disbursement speed so as to enable the CDFCs utilize funds in time and also call upon all the other stakeholders with interest in the management of CDF to develop a positive thinking approach towards CDF issues rather than treating the fund as a political tool lacking professionalism in its administration at the grassroots, a very misleading fallacy.

Lung'anzi C. Mangale



**CHAIRMAN,  
KINANGO CDF COMMITTEE**



# REPUBLIC OF KENYA

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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 – KINANGO 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 - Kinango Constituency set out on pages 6 to 20, which comprise the statement of financial assets as at 30 June 2015, and the statement of receipts and payments, statement of cash flows, 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 explanation which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibilities 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 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 of Supreme Audit Institution (ISSAIs). These 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk

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*Constituencies Development Fund - Kinango Constituency – Reports and Financial Statements for the year ended 30 June 2015*

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 the 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. Excess Expenditure**

According to the information availed for audit, the Constituency Development Fund had a total budget of Kshs.160,757,031 in the year under review. However, the summary statement of appropriation reflect a total final budget of Kshs.215,776,079 resulting to an unreconciled or explained variance of Kshs.55,019,048. It was not clear how the additional amount of Kshs.55,019,048 was approved. Consequently, the propriety of excess expenditure of Kshs.55,019,048 could not be ascertained for the year ended 30 June 2015.

### **2. Acquisition of Assets**

The statement of receipts and payments for the year ended 30 June 2015 reflects an amount of Kshs.3,079,326 as acquisition of assets, which includes Kshs.2,156,850 in respect of purchase of a vehicle. However, no records were available to establish if the vehicle is registered in the name of Kinango CDF. In addition, a motor grader valued at Kshs.19,640,000 purchased in previous year was not in the custody of Kinango CDF but was held and being used by the National Government. There was no documentation to indicate how this transfer was done and the terms and conditions of the transfer.

Consequently, the ownership status of the assets acquired by the Fund valued at Kshs.3,079,326 for the year under review and the grader valued Kshs.19,640,000 previously acquired could not be confirmed as at 30 June 2015.

### **3. Committee Expenses**

The statement of receipts and payments for the year ended 30 June 2015 reflects an amount of Kshs.9,971,272 as committee expenses against a budget of Kshs.6,400,000 resulting to excess expenditure of Kshs.3,571,272 contrary to the Public Financial Management Act, 2012 which requires prudence utilization of resources as per the budget.

Consequently, the propriety and validity of Kshs.3,571,272 spent on committee allowances for the year ended 30 June 2015 could not be confirmed.

#### **4. Other Grants and Other Payments**

The statement of receipts and payments for the year ended 30 June 2015 reflects an amount of Kshs.74,338,660 out of which Kshs.180,000 was for bursary awarded to 12 people who were either employed or pursuing higher education. This contravened CDF Regulations which limits the beneficiaries to orphans, self-sponsored students without guardians or parents and the socially and economically disadvantaged persons.

Consequently, the propriety of the Kshs.180,000 for the year ended 30 June 2015 could not be confirmed as the process of awarding the bursaries contravened the CDF Act, 2013.

#### **5. Bank Balance**

The statement of financial assets as at 30 June 2015 reflects a bank balance of Kshs.12,548,979. The bank reconciliation statement availed for audit verification indicated that as at 30 June 2015 unpresented cheques amounting Kshs.6,439,997 were outstanding out of which Kshs.60,268 were stale and had not been reversed to the cash book. In addition, the bank reconciliation statement reflects receipts in bank statement not recorded in the cash book amounting to Kshs.40,189,257 and payments in bank statement not in cash book amounting to Kshs.51,741. It is not clear why these long outstanding reconciling items have not been subsequently cleared or adjusted in the cash book as at 30 June 2015.

As a result the accuracy and validity of the bank balance of Kshs.12,548,979 as at 30 June 2015 could not be ascertained.

#### **Qualified Opinion**

In my opinion, except for 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 Constituencies Development Fund – Kinango 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 the CDF Act, 2013.

#### **Other Matter**

##### **1. Budgetary Control and Performance**

During the year under review, Kinango CDF exceeded their budget in the five areas resulting to an excess expenditure of Kshs.46,575,122 or 29%. Exceeding the budget and failure to obtain approvals is against the Public Finance Management Act, 2012 and the CDF management should be held liable and accountable for the excess expenditure. Further, the CDF underspent by Kshs.34,289,903 or 21% in three areas; compensation of employees, transfer to other government units and in other payments. Failure to utilize funds as allocated may impact negatively on the delivery of goods and services to the citizens of Kinango.

The budget utilization is summarized as below:

Receipt/Expense Item	Original Budget Kshs.	Actual Expenses Kshs.	Under Expenditure/ Collection Kshs.	Over Expenditure. Collection Kshs.
<b>PAYMENTS</b>				
Compensation of Employees	2,400,000	948,679	1,451,321	-
Use of goods and services	5,106,695	5,233,168	-	(126,473)
Committee Expenses	6,400,000	9,971,272	-	(3,571,272)
Transfers to Other Government Units	101,037,931	74,928,095	26,109,836	-
Other grants and transfers	34,600,259	74,338,660	-	(39,738,401)
Social Security Benefits		59,650	-	(59,650)
Acquisition of Assets		3,079,326	-	(3,079,326)
Other Payments	11,212,146.00	4,483,400	6,728,746	-
<b>TOTALS</b>	<b>160,757,031</b>	<b>173,042,250</b>	<b>34,289,903</b>	<b>(46,575,122)</b>

## 2. Project Implementation

According to the project expenditure status report availed for audit, below is the analysis of the project expenditure for projects funded by Kinango CDF as at 30 June 2015:

	Name of Project	Details of the project	Amount of Allocation as per Approved Proposal (Kshs)	Cumulative Disbursements (since the start) as at 30 June 2015 (Kshs)	Expenditure in 2014/2015 (Kshs)	Cumulative Expenditure as at 30 June 2015 (Kshs)	Unspent Amount
1.	St. Joseph's Primary School	Construction of 2no. Classrooms	2,000,000	2,000,000	700,000	700,000	1,300,000.00
2.	Kinango Sub-county Hospital	Completion of Administration Block	900,000	8,900,000	0	8,000,000	900,000.00
3.	Gulanze Dispensary	Construction of Staff quarters	4,650,000	4,650,000	0	0	4,650,000.00
		Construction of toilets	450,000	450,000			450,000.00
4.	Nzovuni Secondary School	Construction of laboratory	4,000,000	4,000,000	0	0	4,000,000.00
5.	Dumbule Dispensary	Construction of Staff quarters	4,650,000	4,650,000	0	0	4,650,000.00
6.	Mkanyeni Dispensary	Construction of Staff quarters	4,650,000	4,650,000	0	0	4,650,000

7.	Mwabila Secondary School	Construction of laboratory	4,000,000	4,000,000	0	0	4,000,000
8.	Kinagoni Dispensary	Construction of Staff quarters	4,650,000	4,650,000	1,497,790	1,497,790	3,152,210.00
9.	Chanzou Dispensary	Construction of Staff quarters	4,650,000	4,650,000	0	0	4,650,000.00
		Construction of toilets	450,000	450,000			450,000.00
10.	Mackinnon Road Secondary School	Construction of Administration Block	2,750,000	2,750,000	0	0	2,750,000.00
		Construction of Dormitory	2,500,000	2,500,000	0	0	2,500,000.00
11.	Moyeni Secondary School	Construction of Dormitory	4,000,000	4,000,000	0	0	4,000,000.00
12.	Vigurungani Secondary School	Construction of Ablution block	2,000,000	2,000,000	0	0	2,000,000.00
13.	Kinango Secondary School	Construction of Library	4,500,000	4,500,000	0	0	4,500,000.00
14.	Mwavumbo Secondary School	Construction of laboratory	4,500,000	4,500,000	0	0	4,500,000.00
15.	Salim Mvurya Secondary School	Construction of 4no. Classrooms and furniture	4,500,000	4,000,000	0	0	4,000,000.00
16.	Matumbi Secondary School	Construction of Dormitory	4,000,000	4,000,000	0	0	4,000,000.00
17.	Kinagoni Secondary School	Construction of laboratory	4,000,000	4,000,000	0	0	4,000,000.00
18.	Mwalukombe Girls Secondary School	Water harvesting facilities	400,000	400,000.00	0	0	400,000.00
19.	Tsunza Secondary School	Construction of Dormitory	4,000,000	4,000,000.00	0	0	4,000,000.00
20.	Makamini Secondary School	Construction of Dormitory	4,000,000	4,000,000.00	0	0	4,000,000.00
21.	Mwakijembe Secondary School	Construction of Dormitory	4,000,000	4,000,000.00	0	0	4,000,000.00
22.	Mtaa Secondary School	Construction of laboratory	4,000,000	4,000,000.00	0	0	4,000,000.00

23.	Chigato Dispensary	Construction of Staff quarters	4,650,000	4,650,000.00	0	0	4,650,000.00
24.	Kinagoni AP Post	Construction of AP Post	3,500,000	3,500,000.00	0	0	3,500,000.00
25.	Mavirivirini Police Post	Completion of Police Station	700,000	6,100,000.00	0	4,400,000.00	1,700,000.00
		<b>TOTAL</b>	<b>93,050,000</b>	<b>105,950,000</b>	<b>2,197,790</b>	<b>14,597,790</b>	<b>91,352,210.00</b>

The following were the observations:

- i. Out of the 24 development projects funded by CDF, twenty (20) with total disbursement of Kshs.84,300,000 had not been implemented. The funds disbursed to these projects had not been spent as at 30 June 2015. It is not clear and the management has not explained why public funds remained idle in the project management committees' bank accounts. Failure to implement projects will likely impact negatively on the standards of living for the people of Kinango Constituency due to lack infrastructure.
- ii. Four (4) projects with a total disbursement of Kshs.21,650,000 had been started and were at various levels of completion. A total of Kshs.14,597,790 in respect of these projects had been spent with a balance of Kshs.7,052,210 unspent as at 30 June 2015. Slow implementation of development projects affects service delivery to the public and the intended purpose of the project may take long to be realized. In addition, it also casts doubt on the effectiveness of the project monitoring and evaluation carried out by the Constituency Development Fund Committee (CDFC).

### 3. Project Verification

Project site verification done during the month of April 2016 revealed the following:

Name	Cost (Kshs)	Project	Observations
<b>2014-2015</b>			
St Joseph's Primary School	2,321,523.00	Construction of two classrooms	Classrooms complete and already in use by pupils
Kinango Sub-County Hospital	1,171,228.00	Completion of DMOH Office	Completed and occupied by hospital staff
Kinango in Secondary School	4,485,766.00	Construction of Library	Construction complete, Library not in use; Empty without Furniture or reading materials. Electricity and related works not part of the provisions thus not done

Kinagoni Dispensary	4,925,000.00	Construction of two staff houses	Work in progress advance stages nearing completion.
<b>2013-2014</b>			
Mwarovesa Secondary School	4,000,000.00	construction of science laboratory	Building Complete but no equipment. Not in use.

My opinion is not qualified in respect of these matters.



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

**Nairobi**

**23 May 2016**

**CONSTITUENCY DEVELOPMENT FUND- KINANGO 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
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	2	175,586,821.15	164,967,777.10
Proceeds from Sale of Assets	3	-	
Other Receipts	4	-	
<b>TOTAL RECEIPTS</b>		<b>175,586,821.15</b>	<b>164,967,777.10</b>
<b>PAYMENTS</b>			
Compensation of Employees	5	948,679.00	1,211,126.00
Use of Goods and Services	6	5,233,168.00	5,581,931.00
Committee Expenses	7	9,971,272.00	5,124,800.00
Transfers to Other Government Units	8	74,928,095.00	95,279,579.00
Other grants and transfers	9	74,338,660.35	38,891,312.00
Social Security Benefits	10	59,650.00	14,400.00
Acquisition of Assets	11	3,079,326.00	5,900,000.00
Other Payments	12	4,483,400.00	7,359,388.00
<b>TOTAL PAYMENTS</b>		<b>173,042,250.35</b>	<b>159,362,536.00</b>
<b>SURPLUS/(DEFICIT)</b>		<b>2,544,570.80</b>	<b>5,605,241.10</b>

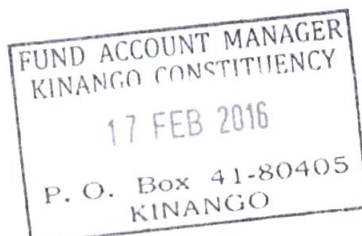
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KINANGO CDF financial statements were approved on 9th September, 2015 and signed by:

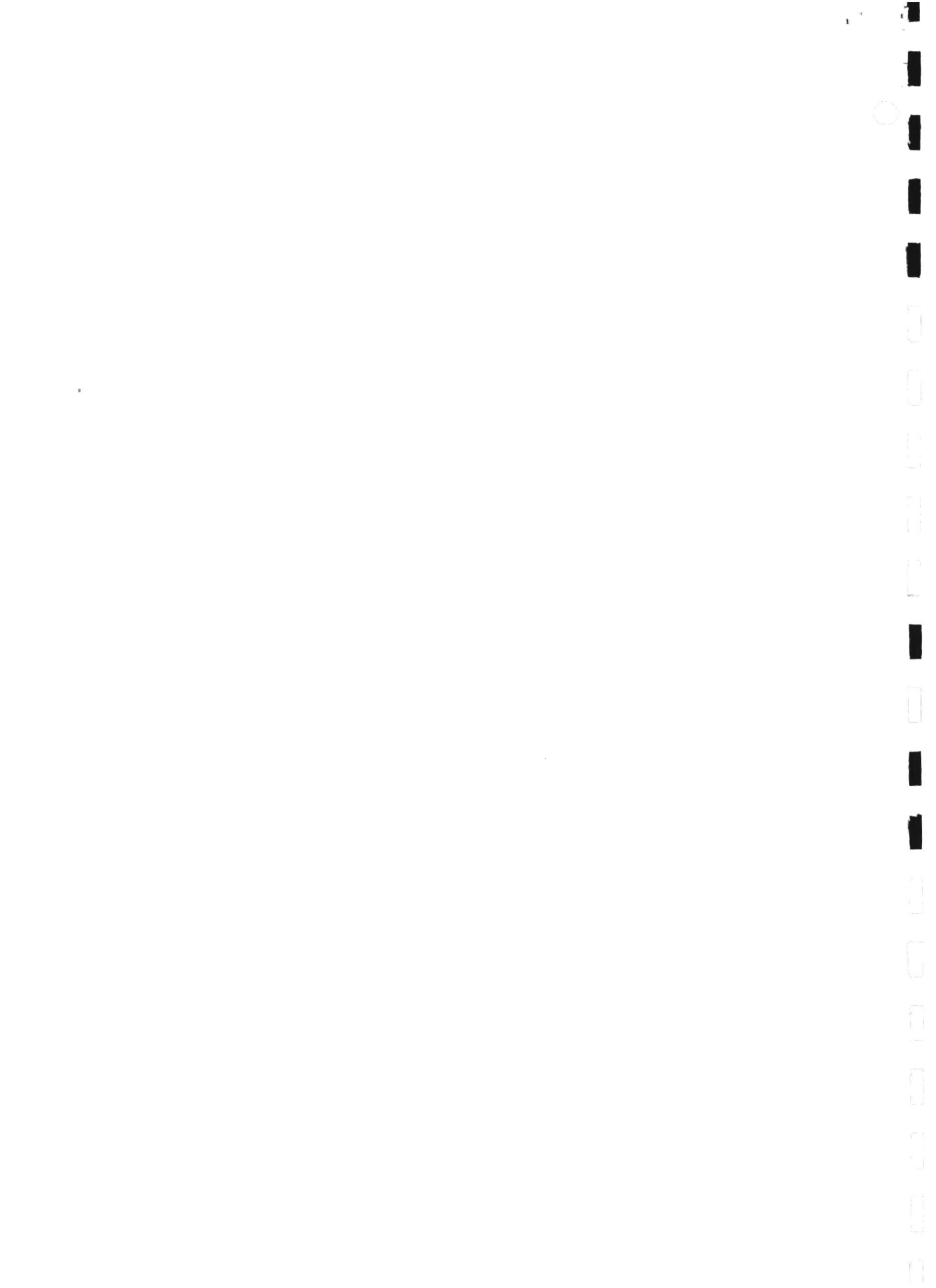


Chairman – CDF Committee



Fund Account Manager







**V. STATEMENT OF FINANCIAL ASSETS**

	Notes	2014-2015 Kshs	2013-2014 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	13A	12,548,979.30	12,804,408.50
Cash Balances (cash at hand)	13B	-	-
Outstanding Imprests	13C	2,800,000.00	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>15,348,979.30</b>	<b>12,804,408.50</b>
 <b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	14	12,804,408.50	7,199,167.40
Surplus/Deficit for the year		2,544,570.80	5,605,241.10
Prior year adjustments	15	-	-
<b>NET LIABILITIES</b>		<b>15,348,979.30</b>	<b>12,804,408.50</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KINANGO CDF financial statements were approved on 9th September, 2015 and signed by:

  
 \_\_\_\_\_  
 Chairman - CDFC

  
 \_\_\_\_\_  
 Fund Account Manager

FUND ACCOUNT MANAGER  
 KINANGO CONSTITUENCY  
 17 FEB 2016  
 P. O. Box 41-80405  
 KINANGO

**STITUENCY DEVELOPMENT FUND- KINANGO CONSTITUENCY**

**Reports and Financial Statements  
for the year ended June 30, 2015**

**VI. STATEMENT OF CASHFLOW**

		<b>2014 - 2015</b>	<b>2013 - 2014</b>
<b>Receipts for operating income</b>			
Transfers from CDF Board	2	175,586,821.15	164,967,777.10
Other Receipts	4	-	-
<b>Payments for operating expenses</b>			
Compensation of Employees	5	948,679.00	1,211,126.00
Use of goods and services	6	5,233,168.00	5,581,931.00
Committee Expenses	7	9,971,272.00	5,124,800.00
Transfers to Other Government Units	8	74,928,095.00	95,279,579.00
Other grants and transfers	9	74,338,660.35	38,891,312.00
Social Security Benefits	10	59,650.00	14,400.00
Other Payments	12	4,483,400.00	7,359,388.00
<b>Adjusted for:</b>			
Adjustments during the year		0	0
<b>Net cash flow from operating activities</b>		<b>169,962,924.35</b>	<b>153,462,536.00</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	3	-	-
Acquisition of Assets	11	3,079,326.00	5,900,000.00
<b>Net cash flows from Investing Activities</b>		<b>3,079,326.00</b>	<b>5,900,000.00</b>
<b>NET INCREASE / (DECREASE) CASH AND CASH EQUIVALENT</b>			
Cash and cash equivalent at BEGINNING of the year	16	12,804,408.50	7,199,167.40
Cash and cash equivalent at END of the year	17	15,348,979.30	12,804,408.50

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KINANGO CDF financial statements were approved on 9th September, 2015 and signed by:

  
Chairman CDFC

**FUND ACCOUNT MANAGER  
KINANGO CONSTITUENCY**  
**17 FEB 2016**  
P. O. Box 41-80405  
KINANGO

  
Fund Account Manager

**CONSTITUENCIES DEVELOPMENT FUND – KINANGO CONSTITUENCY**

**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 Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	160,757,031.00	55,019,048.00	215,776,079.00	175,586,821.15	40,189,257.85	81
Proceeds from Sale of Assets				-	-	
Other Receipts				-	-	
<b>PAYMENTS</b>						
Compensation of Employees	2,400,000.00	1,500,000.00	3,900,000.00	948,679.00	3,017,021.00	24
Use of goods and services	5,106,695.00	1,719,452.00	6,826,147.00	5,233,168.00	1,592,979.00	77
Committee Expenses	6,400,000.00	3,959,726.00	10,359,726.00	9,971,272.00	388,454.00	96
Transfers to Other Government Units	101,037,931.00	11,175,404	112,213,335.00	74,928,095.00	37,285,240.00	67
Other grants and transfers	34,600,259.00	36,664,466.00	71,264,725.00	74,338,660.35	(3,073,935.35)	104
Social Security Benefits				59,650.00	(125,350.00)	
Acquisition of Assets				3,079,326.00	(3,079,326.00)	
Other Payments	11,212,146.00		11,212,146.00	4,483,400.00	6,728,746.00	40
<b>TOTALS</b>	<b>160,757,031.00</b>	<b>55,019,048.00</b>	<b>215,776,079.00</b>	<b>173,042,250.35</b>	<b>42,733,828.65</b>	<b>80</b>

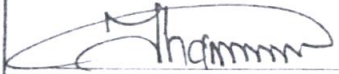
- For utilization less than 50%, e.g compensation to employees, this could be attributed to the deferred payments in form of gratuities that are yet to mature and that of other payments could be attributed to the bureaucracy in public procurement that bulldoze the process.
- Of the over-utilization, i.e under the committee expenses, this could be attributed to the savings realised in the employees' compensations that covered emerging expenses for the committee in the management of the fund.

The KINANGO CDF financial statements were approved on 9th September, 2015 and signed by:

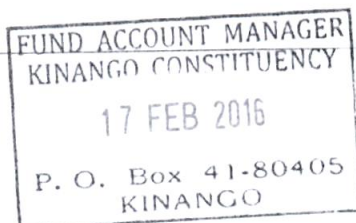


Chairman CDF

FUND ACCOUNT MANAGER  
KINANGO CONSTITUENCY  
17 FEB 2016  
P. O. Box 41-80405  
KINANGO



Fund Account Manager



**VIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**1.1 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*.

**1.2 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*.

**1.3 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.

**1.4 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.

#### 1.5 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 are 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.

#### 1.6 Budget

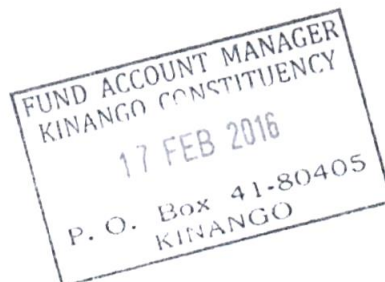
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *CDF*'s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment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

#### 1.7 Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

#### 1.8 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.





INSTITUENCIES DEVELOPMENT FUND – KINANGO CONSTITUENCY  
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2. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2014 - 2015 Kshs	2013 - 2014 Kshs
1330407 Normal Allocation AIE NO A 750200	45,019,048.00	45,273,006.10
AIE NO. A 750306	10,000,000.00	2,000,000.00
AIE NO. A 750471	40,189,257.75	53,019,048.00
AIE NO. A 796579	20,113,554.65	64,675,723.00
AIE NO. A 796777	20,075,703.00	
AIE NO. A 797144	40,189,257.75	
<b>TOTAL</b>	<b>175,586,821.15</b>	<b>164,967,777.10</b>

3. PROCEEDS FROM SALE OF ASSETS

	2014 - 2015 Kshs.	2013 - 2014 Kshs.
3510202 Receipts from sale of Buildings	-	-
3510601 Receipts from sale of vehicles and transport equipment	-	-
3510803 Receipts from sale of office and general equipment	-	-
3510801 Receipts from sale of plant, machinery and equipment	-	-

4. OTHER RECEIPTS

	2014 - 2015 Kshs	2013 - 2014 Kshs.
1410107 Interest received	-	-
1410405 Rents	-	-
1420601 Receipts from sale of tender documents	-	-
1450207 Other receipts not classified elsewhere	-	-

5. COMPENSATION OF EMPLOYEES

	2014 - 2015 Kshs	2013 - 2014 Kshs
2110201 Basic wages of contractual employees	948,679.00	814,326.00
2110202 Basic wages of casual labour	-	-
Personal allowances paid as part of salary	-	-
2110301 House allowance	-	-
2110314 Transport allowance	-	-
2110320 Leave allowance	-	-
2110326 Other personnel payments	-	396,800.00
2710120 gratuity	-	-
<b>Total</b>	<b>948,679.00</b>	<b>1,211,126.00</b>

FUND ACCOUNT MANAGER  
 KINANGO CONSTITUENCY  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. USE OF GOODS AND SERVICES

	2014 - 2015 Kshs	2013 - 2014 Kshs
2210100 Utilities, supplies and services		250,000.00
2210104 Office rent	-	
2210200 Communication, supplies and services	-	250,000.00
2210300 Domestic travel and subsistence		1,000,000.00
2210500 Printing, advertising and information supplies & services	-	200,000.00
2210600 Rentals of produced assets	-	
2210700 Training expenses	-	2,154,000.00
2210800 Hospitality supplies and services	-	
2210900 Insurance costs	-	
2211000 Specialised materials and services	-	
2211100 Office and general supplies and services	5,233,168.00	1,300,000.00
2211200 Fuel ,oil & lubricants	-	
2211300 Other operating expenses	-	227,931.00
2220100 Routine maintenance – vehicles and other transport equipment	-	
2220200 Routine maintenance – other assets	-	200,000.00
<b>Total</b>	<b>5,233,168.00</b>	<b>5,581,931.00</b>

7. COMMITTEE EXPENSES

	2014 - 2015 Kshs	2013 - 2014 Kshs
2210802 Other committee expenses	5,550,745.00	2,724,800.00
2210809 Committee allowance	4,420,527.00	2,400,000.00
<b>TOTAL</b>	<b>9,971,272.00</b>	<b>5,124,800.00</b>

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8. TRANSFER TO OTHER GOVERNMENT ENTITIES

	Description	2014 - 2015 Kshs	2013 - 2014 Kshs
2630204	Transfers to primary schools	2,000,000.00	5,000,000.00
2630205	Transfers to secondary schools	43,042,645.00	71,679,579.00
2630206	Transfers to Tertiary institutions	-	4,000,000.00
2630207	Transfers to Health institutions	29,885,450.00	14,600,000.00
	<b>TOTAL</b>	<b>74,928,095.00</b>	<b>95,279,579.00</b>

9. OTHER GRANTS AND OTHER TRANSFERS

		2014 - 2015 Kshs	2013- 2014 Kshs
2640101	Bursary -Secondary	19,586,000.00	19,127,000.00
2640102	Bursary -Tertiary	14,156,500.00	-
2640104	Bursary-Special schools	-	-
2640105	Mocks & CAT	-	-
2640504	water	9,500,000.00	7,438,112.00
2640507	Security	14,806,693.00	2,400,000.00
2640508	Roads	2,493,125.35	-
2640509	Sports	2,587,027.00	-
2640510	Environment	1,015,959.00	2,971,069.00
2640200	Emergency Projects (specify)	10,193,356.00	6,955,131.00
	<b>Total</b>	<b>74,338,660.35</b>	<b>38,891,312.00</b>

10. SOCIAL SECURITY BENEFITS

		2014 - 2015 Kshs	2013 - 2014 Kshs
2120101	Employer contribution to NSSF	31,120.00	14,400.00
	NHIF	28,530.00	
	<b>Total</b>	<b>59,650.00</b>	<b>14,400.00</b>

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**CONSTITUENCIES DEVELOPMENT FUND – KINANGO CONSTITUENCY**  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**11. ACQUISITION OF ASSETS**

<u>Non Financial Assets</u>		2014 - 2015	2013 - 2014
		Kshs	Kshs
3110102	Purchase of Buildings	-	-
3110202	Construction of Buildings	-	-
3110302	Refurbishment of Buildings	293,136.00	-
3110701	Purchase of Vehicles	2,156,850.00	5,443,150.00
3110704	Purchase of Bicycles & Motorcycles	-	456,850.00
3110801	Overhaul of Vehicles	-	-
3111001	Purchase of Office furniture and fittings	224,340.00	-
3111002	Purchase of computers ,printers and other IT equipments	330,000.00	-
3111005	Purchase of photocopier	-	-
3111009	Purchase of other office equipments	-	-
3111112	Purchase of soft ware	75,000.00	-
3130101	Acquisition of Land	-	-
	<b>Total</b>	<b>3,079,326.00</b>	<b>5,900,000.00</b>

**12. OTHER PAYMENTS**

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Constituency Strategic Plan	1,500,000.00	-
Desks	2,153,400.00	-
Youth Empowerment Centre	830,000.00	-
Social Halls	-	7,359,388.00
<b>TOTAL</b>	<b>4,483,400.00</b>	<b>7,359,388.00</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**13A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	Account Number	2014 - 2015	2013 - 2014
		Kshs (30/6/2015)	Kshs (30/6/2014)
KCB - Kwale Branch	1108631142	12,548,979.30	12,804,408.50
<b>Total</b>		<b>12,548,979.30</b>	<b>12,804,408.50</b>

**13B. CASH BALANCE IN HAND**

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**13C: OUTSTANDING IMPRESTS**

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Joseph Kumbatha				
Joseph Kumbatha	09/03/2015	1,000,000.00	-	1,000,000.00
Joseph Kumbatha	09/03/2015	150,000.00	-	150,000.00
Joseph Kumbatha	18/03/2015	100,000.00	-	100,000.00
Joseph Kumbatha	18/03/2015	850,000.00	-	850,000.00
Joseph Kumbatha	25/05/2015	700,000.00	-	700,000.00
<b>Total</b>				<b>2,800,000.00</b>

**14 BALANCE BROUGHT FORWARD**

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	12,804,408.50	7,199,167.40
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>12,804,408.50</b>	<b>7,199,167.40</b>

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15. PRIOR YEAR ADJUSTMENTS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	-	-
Cash in hand	-	-
Imprest	-	-
<b>Total</b>		-

16. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	12,804,408.50	7,199,167.40
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>12,804,408.50</b>	<b>7,199,167.40</b>

17. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	12,548,979.30	12,804,408.50
Cash in hand	-	-
Imprest	2,800,000.00	-
<b>Total</b>	<b>15,348,979.30</b>	<b>12,804,408.50</b>

FUND ACCOUNT MANAGER  
 KINANGO CONSTITUENCY  
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18. OTHER IMPORTANT DISCLOSURES

18.1: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	37,087,391.40	147,309.00
Amounts due to other grants and other transfers (see attached list)	7,596,608.65	-
Others ( <i>specify</i> )	4,884,420.00	-
<b>Total</b>	<b>49,568,420.05</b>	<b>147,309.00</b>

FUND ACCOUNT MANAGER  
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CONSTITUENCY DEVELOPMENT FUND – KINANGO CONSTITUENCY  
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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		
<b>Amounts due to other Government entities</b>							
1.	Transfers to Primary Schools	11,937,391.00		2,000,000.00	9,937,391.00		Awaiting AIE
2.	Transfers to Secondary Schools	59,400,000.00		36,900,000.00	22,500,000.00		Awaiting AIE
3.	Transfers to Health Institutions	34,182,759.00		29,385,450.00	4,650,000.00	147,309.00	
<b>Sub-Total</b>		<b>105,520,150.00</b>		<b>68,285,450.00</b>	<b>37,087,391.00</b>		
<b>Amounts due to other grants and other transfers</b>							
4.	Security	4,200,000.00		700,000.00	3,500,000.00		
5.	Emergency	5,400,259.00		4,710,525.00	689,734.00		
6.	Roads	2,500,000.00		2,493,125.35	6,874.65		
7.	Bursary & Mocks	25,000,000.00		21,600,000.00	3,400,000.00		
<b>Sub-Total</b>		<b>37,100,259.00</b>		<b>29,503,650.00</b>	<b>7,596,608.65</b>		
<b>Others (specify)</b>							
8.	CDF Office Renovation	1,500,000.00		293,136.00	1,206,864.00		
9.	Desks	5,000,000.00		2,153,400.00	2,846,600.00		
10.	Audit Fees	500,000.00		0.00	500,000.00		
11.	Furniture & Fittings	555,296.00		224,340.00	330,956.00		
<b>Sub-Total</b>		<b>7,555,296.00</b>		<b>2,670,876.00</b>	<b>4,884,420.00</b>		
<b>Grand Total</b>		<b>150,175,705.00</b>		<b>100,459,976.35</b>	<b>49,715,728.65</b>		

FUND ACCOUNT MANAGER  
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**CONSTITUENCY DEVELOPMENT FUND – KINANGO CONSTITUENCY**  
**Reports and Financial Statements**  
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**SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Historical Cost (Kshs) 2014/15	Historical Cost (Kshs) 2013/14
Land	0	0
Buildings and structures	1,500,000.00	7,250,000.00
Transport equipment		
Office equipment, furniture and fittings	223,740.00	246,286.00
ICT Equipment, Software and Other ICT Assets	404,497.00	256,631.30
Other Machinery and Equipment	2,160,394.00	25,540,000.00
Heritage and cultural assets		
Intangible assets		
<b>Total</b>	<b>4,288,631.00</b>	<b>33,292,917.30</b>

FUND ACCOUNT MANAGER  
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**CONSTITUENCED DEVELOPMENT FUND – KAJIADO CENTRAL CONSTITUENCY**

**Reports and Financial Statements**

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

Amounts due to other grants and other transfers							
5. Oloondero Water Tank	Water	650,000.00	2015	0.00	650,000.00		
26. Olorropil borehole/access way	Roads	500,000.00	2015	0.00	500,000.00		
27. Enviroment - Metallic dustbins	Enviroment	250,000.00	2015	0.00	250,000.00		
24. Orinie Dispensary	Health	400,000.00	2015	0.00	400,000.00		
25. Prefabricated staff houses	Health		2015	0.00	4,482,759.00	4,482,759.00	
26. Strategic Plan	Strategic Plan	2,084,874.00	2015	0.00	2,084,874.00		
27. Audit	Audit	500,000.00	2015	0.00	500,000.00		
	Sub-total	6,384,874.00			8,867,633.00	4,482,759.00	
Others							
29. Emergency		5,400,259.00	2015	2,895,000.00	5,405,259.00	2,900,000.00	
30. Compensation of Employees		2,571,560.00	2015	2,454,600.00	2,404,261.35	2,287,301.35	
31. Use of Goods & Services		1,700,000.00	2015	1,971,098.80	717,357.90	988,456.70	
32. Committee Members Expenses		3,194,997.00	2015	2,219,489.00	1,019,159.00	43,869.00	
34. Bursary		23,800,000.00	2015	23,745,065.00	54,935.00		
				0			
	Sub-total	36,666,816.00			9,600,972.55	6,219,627.05	
<b>Grand Total</b>		<b>59,501,690.00</b>			<b>33,418,605.55</b>	<b>10,702,386.05</b>	

**CONSTITUENCED DEVELOPMENT FUND – KAJIADO CENTRAL CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost (Kshs) 2014/15	Historical Cost (Kshs) 2013/14
Land	-	-
Buildings and structures	9,532,619	9,532,619
Transport equipment	4,294,195	4,294,195
Office equipment, furniture and fittings	1,472,365	1,472,365
ICT Equipment, Software and Other ICT Assets	200,000	200,000
Other Machinery and Equipment	132,495	130,500
Heritage and cultural assets	-	-
Intangible assets	-	-
<b>Total</b>	<b>15,631,674</b>	<b>15,629,679</b>