

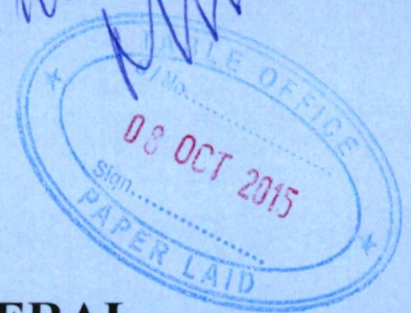
REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

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REPORT

Paper laid
By Hon. A. Suake, MP
Nov. 08-10, 2015
Mmm



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND
JUJA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2014

v, 23



REPUBLIC OF KENYA

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NAIROBI



OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Juja Constituency set out on pages 4 to 18 which comprise the statement of financial assets and liabilities as at 30 June 2014, the statement of receipts and payments 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, Section 8 of the Public Audit Act, 2003 and the Constituency Development Fund Act, 2013. 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. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 qualified audit opinion.

Basis for Qualified Opinion

1. Completeness of Financial Statements

The financial statements presented for the year ended 30 June 2014 did not include the statement of cash flows as required by International Public Sector Accounting Standards (IPSAs).

In the circumstances, the completeness of the financial statements as at 30 June 2014 could not be confirmed.

2. Unaccounted for CDF Disbursements

Juja Constituency was split into three (3) Constituencies in 2012 and created Thika Town, Juja and Ruiru Constituencies. It was however observed that after splitting, and although the three Constituencies opened separate bank accounts for their respective CDF activities, the CDF account No. 1102120928 at the KCB Thika Branch operated by the former Juja CDF was not closed. Further, an amount of Kshs.56,222,880 being the final disbursement for 2012/2013 for the larger Juja Constituency and received vide AIE No. 711834 on 15 July 2013 was deposited in this account. However, Juja Constituency CDF did not explain or give details of how the disbursed amount of Kshs.56,222,880 was utilized and accounted for since no expenditure schedules were made available for audit verification. Further, the bank balance in this account as at 30 June 2014 was not disclosed in the financial statements.

In the circumstances, the propriety and the expenditure of Kshs.56,222,880 received during the year under review could not be established.

3. Unsupported Payments

Included in the statement of receipts and payments balance of Kshs.30,398,478 as at 30 June 2014 were amounts of Kshs.1,207,530, Kshs.791,000 and Kshs.19,520,000 in respect of use of goods and services, committee expenses and other grants and other payments respectively. However, these balances were not supported by ledgers, an attendant register or expenditure schedules.

In the circumstances, the propriety of expenditure totaling Kshs.21,518,530 could not be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Constituencies Development Fund – Juja Constituency as at 30 June 2014, and of its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (IPSAS), Public Finance Management Act, 2012 and comply with CDF Act, 2013.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

26 August 2015



CONSTITUENCIES DEVELOPMENT FUND

BOARD SECRETARIAT

Harambee Plaza
10th Floor
Junction of Haille Sellasie Avenue & Uhuru Highway
E mail: info@cdf.go.ke
NAIROBI

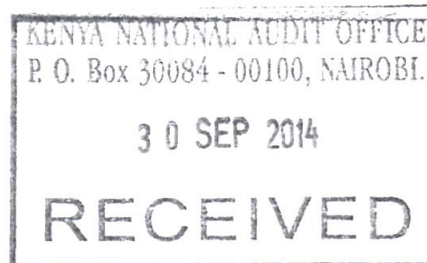
Visit Our Website
<http://www.cdf.go.ke>

P.O Box 46682-00100
Tel: 020-2230015/9, 2230027, 2230032
Fax:020-2230029
NAIROBI

CDF BOARD/AUDITOR GENERAL/2014/113

SEPTEMBER 29, 2014

Mr. Edward Ouko, CBS
Auditor General,
Kenya National Audit Office
P.O Box 30084 – 00100
NAIROBI.



Dear Sir,

RE: CONSTITUENCIES DEVELOPMENT FUND FINANCIAL STATEMENTS FOR 2013/2014 FINANCIAL YEAR.

Pursuant to the Constituencies Development Fund (CDF) Act, 2013 Section 44 (4) and 45 (4), we wish to submit 2013/2014 Juja Constituency Annual Accounts for your necessary action.

Yours faithfully,

YUSUF MBUNO
AG. CHIEF EXECUTIVE OFFICER

Copy to:

Eng. Peter O. Mangiti
Principal Secretary, Planning,
Ministry of Devolution and Planning
P.O Box 30005 - 00100
NAIROBI.





CONSTITUENCIES DEVELOPMENT FUND – JUJA

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	Aziz Juma
3.	District Accountant	Kago Gichohi

(d) Fiduciary Oversight Arrangements

List of the CDFC as gazzeted

- | | |
|---------------------------|----------|
| 1. Kennedy G. Ndungu | Chairman |
| 2. Paul Kamau Njeru | Member |
| 3. Francis Ndichu Wanjohi | Member |
| 4. Esther Muthoni Kamau | Member |
| 5. Alice Wambui Mwaura | Member |
| 6. Irene M. Kamau | Member |
| 7. Peter Mwasi Kimani | Member |
| 8. David Nyaanga | Member |

(e) Entity Headquarters

Provide box and physical address of the constituency CDF office

P.O. Box 4942-01002
Lancaster House - Juja
Along Thika Super Highway
Thika, KENYA

(f) Entity Contacts

Provide telephone number and email of the constituency CDF office

Telephone: (254) XXXXXXXXX
E-mail: XXXXXXXXX.go.ke
Website: www.go.ke

(g) Entity Bankers

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

1. Equity Bank
Ruiru Branch
A/C No. 0870262101693 ✓

(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 *JUJA 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.

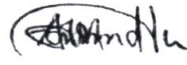
The Fund Account Manager in charge of the *JUJA CDF* accepts responsibility for the Constituency's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the *JUJA 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 *JUJA 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 *JUJA 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 *JUJA CDF* financial statements were approved and signed on 10th Sept, 2014.


Kennedy Ndungu
 Chairman - CDFC



Aziz Juma
 Fund Account Manager


CONSTITUENCIES DEVELOPMENT FUND – JUJA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

III. STATEMENT OF RECEIPTS AND PAYMENTS

#REF!	Note	2013-2014 Kshs	2012-2013 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	65,909,343.00	
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		65,909,343.00	
PAYMENTS			
Compensation to employees	4	523,514.00	
Use of goods and services	5	1,207,530.00	
Committee Expenses	6	791,000.00	
Transfers to Other Government Units	7	8,348,548.00	
Other grants and transfers	8	19,520,000.00	
Social Security Benefits	9	8,400.00	
Acquisition of Assets	10	0	
Other Payments	11		
TOTAL PAYMENTS		30,398,478	
SURPLUS/DEFICIT		35,510,865	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Juja CDF financial statements were approved on 10th Sept. 2014 and signed by:


Kennedy Ndungu
Chairman - CDFC


Aziz Juma
Fund Account Manager

IV. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2013-2014 Kshs	2012-2013 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12	35,510,865	
Cash Balances (sale of tenders,hire of grader)	13	0	
Outstanding Imprests	14	0	
Cash Equivalents (eg sale of tender doc held in bankers cheque)	15	0	
TOTAL FINANCIAL ASSETS		35,510,865	
REPRESENTED BY			
Fund balance b/fwd 1st July...	16	0	
Surplus/Deficit for the year		35,510,865	
Prior year adjustments	17	0	
NET LIABILITIES		0	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Juja CDF financial statements were approved on 10th Sept. 2014 and signed by:

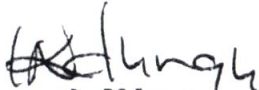
Kennedy Ndungu
 Kennedy Ndungu
 Chairman - CDFC


Aziz Juma
 Aziz Juma
 Fund Account Manager

V: 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	1,469,000	0	1,469,000	523,000	946,000	35.6
Use of goods and services	1,650,475	0	1,650,475	1,207,530	442,945	73.2
Committee Expenses	2,368,917	0	2,368,917	791,000	1,577,917	33.4
Subsidies		0				
Transfers to Other Government Units	16,548,548	0	16,548,548	8,348,548	8,200,000	50.4
Other grants and transfers	43,332,403	0	43,332,403	19,520,000	23,812,403	45.0
Social Security Benefits	40,000	0		8400	31,600	21.0
Acquisition of Assets	500,000	0	500,000		500,000	0
Other Payments		0				
TOTALS	65,909,343		65,909,343	30,398,478	35,510,865	

The Juja CDF financial statements were approved on 10th Sept. 2014 and signed by:


Kennedy Ndungu
 Chairman - CDFC


Aziz Juma
 Fund Account Manager

VI. SIGNIFICANT ACCOUNTING POLICIES

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

i) 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.

) 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 – JUJA CONSTITUENCY

Reports and Financial Statements

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

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)

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.

VII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM CDF BOARD

	Description	2013 - 2014	2012 - 2013
		Kshs	Kshs
Normal Allocation	AIE NO: 711850	32,954,671.50	0
	AIE NO: 750109	32,954,671.50	0
			0
Conditional grants	AIE NO...	0	0
	AIE NO...	0	
	TOTAL	65,909,343.00	0

2. PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Receipts from the Sale of Buildings	0	XXX
Receipts from the Sale of Vehicles and Transport Equipment	0	XXX
Receipts from the Sale Plant Machinery and Equipment	0	XXX
Receipts from Sale of Certified Seeds and Breeding Stock	0	XXX
Receipts from the Sale of Strategic Reserves Stocks	0	XXX
Receipts from the Sale of Inventories, Stocks and Commodities	0	XXX
Disposal and Sales of Non-Produced Assets	0	XXX
Receipts from the Sale of Strategic Reserves Stocks	0	XXX
Total	0	XXX

CONSTITUENCIES DEVELOPMENT FUND – JUJA CONSTITUENCY**Reports and Financial Statements**

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

1

*NOTES TO THE FINANCIAL STATEMENTS (Continued)***3. OTHER REVENUES**

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Interest Received	0	XXX
Profits and Dividends	0	XXX
Rents	0	XXX
Other Property Income	0	XXX
Sales of Market Establishments	0	XXX
Receipts from Administrative Fees and Charges	0	XXX
Receipts from Administrative Fees and Charges - Collected as AIA	0	XXX
Receipts from Incidental Sales by Non-Market Establishments	0	XXX
Receipts from Sales by Non-Market Establishments	0	XXX
Receipts from Sale of Incidental Goods	0	XXX
Fines Penalties and Forfeitures	0	XXX
Receipts from Voluntary transfers other than grants	0	XXX
Other Receipts Not Classified Elsewhere	0	XXX
Total	0	XXX

4. COMPENSATION OF EMPLOYEES

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Basic salaries of permanent employees	523,514	XXX
Basic wages of temporary employees	0	XXX
Personal allowances paid as part of salary	0	XXX
Personal allowances paid as reimbursements	0	XXX
Personal allowances provided in kind	0	XXX
Pension and other social security contributions	0	XXX
Compulsory national social security schemes	0	XXX
Compulsory national health insurance schemes	8400	XXX
Social benefit schemes outside government	0	XXX
Other personnel payments	0	XXX
Total	531,914	XXX

CONSTITUENCIES DEVELOPMENT FUND – JUJA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Utilities, supplies and services	140,000	0
Communication, supplies and services	30,000	0
Domestic travel and subsistence	30,000	0
Foreign travel and subsistence	0	0
Printing, advertising and information supplies & services	78,000	0
Rentals of produced assets	0	0
Training expenses	80,000	0
Hospitality supplies and services	0	0
Insurance costs	0	0
Specialised materials and services	0	0
Office and general supplies and services	94,530	0
Other operating expenses	505,000	0
Routine maintenance – vehicles and other transport equipment	250,000	0
Routine maintenance – other assets	0	0
Total	1,207,530	0

6.

COMMITTEE EXPENSES

Description	2013 - 2014	2012 - 2013
	Kshs	Kshs
Other committee expenses		
Committee allowance	791,000	xx
	791,000	xx

7. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2013 - 2014	2012 - 2013
	Kshs	Kshs
Transfers to Central government entities		
See attached list	8,348,548.00	xx
Transfers to Counties		

CONSTITUENCIES DEVELOPMENT FUND – JUJA CONSTITUENCY

Reports and Financial Statements

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

(insert name of budget agency)	0	XX
(insert name of budget agency)	0	XX
TOTAL	8,348,548	XX

8. OTHER GRANTS AND OTHER PAYMENTS

	2013 - 2014 Kshs	2012 - 2013 Kshs
Scholarships and other educational benefits	13,520,000	XX
Emergency relief and refugee assistance	0	XX
Subsidies to small businesses, cooperatives, and self employed	0	XX
Other current transfers, grants	0	XX
Other capital grants and transfers	0	XX
Total	19,520,000	XX

9. SOCIAL SECURITY BENEFITS

	2013 - 2014 Kshs	2012 - 2013 Kshs
Government pension and retirement benefits	0	XX
Social security benefits in cash and in kind	0	XX
Employer Social Benefits in cash and in kind	0	XX
Total	XX	XX

10. ACQUISITION OF ASSETS

Non Financial Assets

	2013 - 2014 Kshs	2012 - 2013 Kshs
Purchase of Buildings	0	XX
Construction of Buildings	0	XX
Refurbishment of Buildings	0	XX
Construction of Roads	0	XX
Construction and Civil Works	0	XX
Overhaul and Refurbishment of Construction and Civil Works	0	XX
Purchase of Vehicles and Other Transport Equipment	0	XX
Overhaul of Vehicles and Other Transport Equipment	0	XX
Purchase of Household Furniture and Institutional Equipment	0	XX
Purchase of Office Furniture and General Equipment	0	XX
Purchase of Specialised Plant, Equipment and Machinery	0	XX

