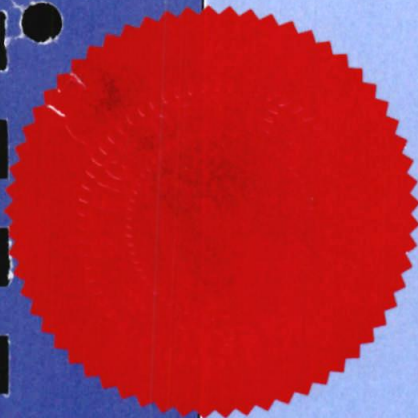


REPUBLIC OF KENYA



PAPER LAID
bc the leader of
majority party
Hon. Aden Duale
on message
21.6.2015

OFFICE OF THE AUDITOR-GENERAL



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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT
FUND - KISAUNI CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2015**



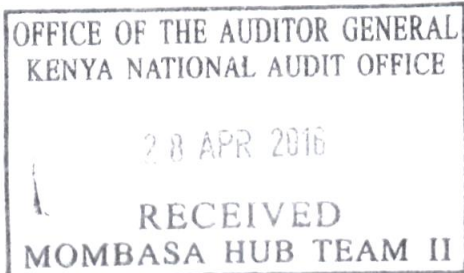


**CONSTITUENCY DEVELOPMENT FUND- KISAUNI
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



CONSTITUENCY DEVELOPMENT FUND – KISAUNI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

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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 qualified audit opinion.

Basis for Qualified Opinion

1. Transfers from the CDF Board

The statement of receipts and payments for the year ended 30 June 2015 reflect a balance of Kshs.118,712,100 in respect of transfers from the Constituencies Development Fund Board. However, according to the disbursements as per the Ministry of Devolution which is the parent Ministry, a total of Kshs.123,694,606 was disbursed to Kisauni CDF during the financial year under audit resulting to unreconciled and unexplained variance of Kshs.4,982,506.

In the circumstances, the accuracy and completeness of the transfers from Constituencies Development Fund Board balance of Kshs.118,712,100 for the year ended 30 June 2015 could not be confirmed.

2. Outstanding Imprest

As reported in 2013/2014, included in the outstanding imprest balance of Kshs.174,801 (2013/2013 Kshs.446,501) is long outstanding imprest of Kshs.174,801 whose detailed analysis were not provided for audit review.

Under the circumstances, accuracy and validity of the outstanding imprest balance of Kshs.174,801 as at 30 June 2015 could not be confirmed.

3. Committee Expenses

Note 6 to the financial statements reflect a balance of Kshs.4,573,080 for the year ended 30 June 2015 in respect of committee expenses. The committee expenses balance of Kshs.4,573,080 includes committee allowances of Kshs.1,518,770. However, committee allowances of Kshs.1,518,770 exceeded the maximum payable allowance of Kshs.1,128,000 by Kshs.390,770 as shown below:



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON CONSTITUENCIES DEVELOPMENT FUND (CDF) – KISAUNI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Constituencies Development Fund – Kisauni Constituency set out on pages 5 to 21, which comprise of the statement of financial assets as at 30 June 2015, and the statement of receipts and payments, statement of cashflow, summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 accordance with Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Supreme Audits 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 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

Kisauni Constituency Development Fund – Annual Report and Financial Statements for the year ended 30 June 2015

CONSTITUENCY DEVELOPMENT FUND- KISAUNI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

(f) KISAUNI CDF Contacts

Telephone: 020-2630946
E-mail: kisaunicdf@yahoo.com
Website: www.kisaunicdf.go.ke

(g) KISAUNI CDF Bankers

1) Equity Bank
Kengeleni Branch
1140261182866
P. O. Box 155-80122
Kengeleni, Mombasa

2) KCB Bank
Treasury Square Branch
A/C 1107609763
P. O. Box 902540 - 80100
Mombasa

3) Co-operative Bank
Kongowea Branch
A/C 01141547656500
P.O. Box
Mombasa

(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

IX. 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 *Fund*. 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 *Fund*.

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 *Fund*. In addition, the *Fund* 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.

CONSTITUENCIES DEVELOPMENT FUND – KISAUNI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

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.

CONSTITUENCIES DEVELOPMENT FUND – KISAUNI CONSTITUENCY

Reports and Financial Statements

for the year ended June 30, 2015

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.

CONSTITUENCIES DEVELOPMENT FUND – KISAUNI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

X. NOTES TO THE FINANCIAL STATEMENTS

I. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2014 - 2015	2013 - 2014
		Kshs	Kshs
Normal Allocation	AIE NOA750545	7,300,000.00	2,000,000.00
	AIE NOA750474	17,442,420.00	25,702,028.00
	AIE NOA796546	14,845,452.00	41,553,042.00
	AIE NO796782	9,896,968.00	37,616,919.50
	AIE NO.....796936	15,000,000.00	0
	AIE NO.....797095	19,742,420.00	0
	AIE NO.....797208	34,484,840.00	0
TOTAL		118,712,100.00	106,871,989.50

2. PROCEEDS FROM SALE OF ASSETS

Receipts from the Sale of Buildings			
Receipts from the Sale of Vehicles and Transport Equipment			-
Receipts from the Sale Plant Machinery and Equipment			
	Total	-	-

3. OTHER RECEIPTS

Description	2014 - 2015	2013- 2014
	Kshs	Kshs
	0	0
Total	-	-

CONSTITUENCIES DEVELOPMENT FUND – KISAUNI CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2015***NOTES TO THE FINANCIAL STATEMENTS*

4. COMPENSATION OF EMPLOYEES		
Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Basic wages of contractual employees	1,787,326.80	1,912,033.80
Basic wages of casual labour	25,500.00	28,500.00
Gratuity	-	193,380.00
Total	1,812,826.80	2,133,913.80

5. USE OF GOODS AND SERVICES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Utilities, supplies and services	61,867.80	218,112.00
Office rent	276,000.00	694,350.00
Office and general supplies and services	356,639.75	293,204.00
Other operating expenses	60,580.60	56,498.84
Total	755,088.15	1,262,164.84

6. COMMITTEE EXPENSES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Other committee expenses	3,059,310.00	499,025.00
Committee allowance	1,518,770.00	3,319,113.00
TOTAL	4,578,080.00	3,818,138.00

CONSTITUENCIES DEVELOPMENT FUND – KISAUNI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENT

7. TRANSFER TO OTHER GOVERNMENT ENTITIES		
Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Transfers to primary schools	32,538,454.45	29,710,200.35
Transfers to secondary schools	11,800,000.00	6,642,805.00
TOTAL	44,338,454.45	36,353,005.35

8. OTHER GRANTS AND OTHER PAYMENTS		
Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bursary -Secondary	7,067,069.56	5,353,800.00
Bursary –Tertiary	9,470,000.00	9,461,000.00
Bursary-Special schools	-	317,100.00
Mocks & CAT(Driving)	464,500.00	2,657,500.00
water	282,900.00	6,894,864.00
Agriculture (food security)	-	8,238,161.35
Electricity projects	-	17,396,069.00
Security	-	202,958.00
Roads	17,709,258.00	2,600,000.00
Sports	1,727,000.00	2,385,082.25
Environment	869,658.20	1,000,000.00
Emergency Projects (specify)	614,520.00	2,348,117.20
Health	4,482,759.00	
Others	5,671,179.00	
Total	48,358,843.56	58,854,651.80

CONSTITUENCIES DEVELOPMENT FUND – KISAUNI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. SOCIAL SECURITY BENEFITS		
	2014 - 2015	2013 - 2014
	Kshs	Kshs
Employer contribution to NSSF	13,000.00	15,600.00
Total	13,000.00	15,600.00

10 ACQUISITION OF ASSETS		
Non Financial Assets	2014- 2015	2013 - 2014
	Kshs	Kshs
Purchase of Office furniture and fittings	-	185,000.00
Purchase of computers ,printers and other IT equipments	-	215,000.00
Purchase of other office equipments	-	100,000.00
Total	-	500,000.00

11		Other Payments	
TOTAL		-	-
12A: Bank Balances (cash book bank balance)			
Name of Bank, Account No. & currency	Account Number	2014 - 2015	2013 - 2014
		Kshs	Kshs
		(30/6/2015)	(30/6/2014)
Equity Bank, Kengeleni Branch A/C no.	A/C No. 1140261182866 KSHS	2,458.95	14,969,449.30
KCB, Treasury Square Branch A/C No.	A/C No. 1107609763 KSHS	7,264.50	5,329,933.73
Co-operative Bank Kongowea Branch	A/C No. 01141547656500	40,368,798.55	
Total		40,378,522.00	20,299,383.03
12B: CASH IN HAND)			

CONSTITUENCIES DEVELOPMENT FUND – KISAUNI CONSTITUENCY

Reports and Financial Statements

for the year ended June 30, 2015

		2014 - 2015	2013 - 2014	
		Kshs (30/6/2015)	Kshs (30/6/2014)	
Location 1		-	-	
Other receipts (specify)		-	-	
Total		-	-	

12C: OUTSTANDING IMPRESTS				
<i>Name of Officer</i>	<i>Date imprest taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2015)</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
		-		174,801.00
Total				174,801.00

13 BALANCES BROUGHT FORWARD				
		2014 - 2015	2013 - 2014	
		Kshs (1/7/2014)	Kshs (1/7/2013)	
Bank accounts (KCB)		5,329,933.73	831,138.70	
Bank accounts (EQUITY)		14,969,449.30		
Cash in hand		-	-	
Imprest		446,501.00	174,801.00	
Total		20,745,884.03	1,005,939.70	

CONSTITUENCIES DEVELOPMENT FUND – KISAUNI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14	PRIOR YEAR ADJUSTMENTS	2014 - 2015	2012 - 2013
		Kshs	Kshs
Bank accounts	KCB	951,631.95	-
Total		951,631.95	-

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT ENTITY - KISAUNI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2015

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2,014.00	Comments
		a	b	c	d=a-c		
Senior Management							
1. Roselyne Ogada		320,812.80			320,812.80		
2. Joel Ashimeto Muyeshi		239,210.24			239,210.24		
3. Mohamed Aden Senay		239,210.24			239,210.24		
4 Umi Matano		129,604.80			129,604.80		
5 Umi Mwinyi		129,604.80			129,604.80		
Sub-Total		1,058,442.88			1,058,442.88		
Middle Management							
5.							
6.							
Sub-Total							
Refunds							
Sub-Total							
Others (specify)							
9.							
Sub-Total							
Grand Total		1,058,442.88			1,058,442.88		

NATIONAL GOVERNMENT ENTITY - KISAUNI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
					2015	2,014.00	
		a	b	c	d=a-c		
Amounts due to other Government entities							
Sub-Total							
Amounts due to other grants and other transfers							
Sub-Total							
Others (specify)							
Sub-Total							
Grand Total							

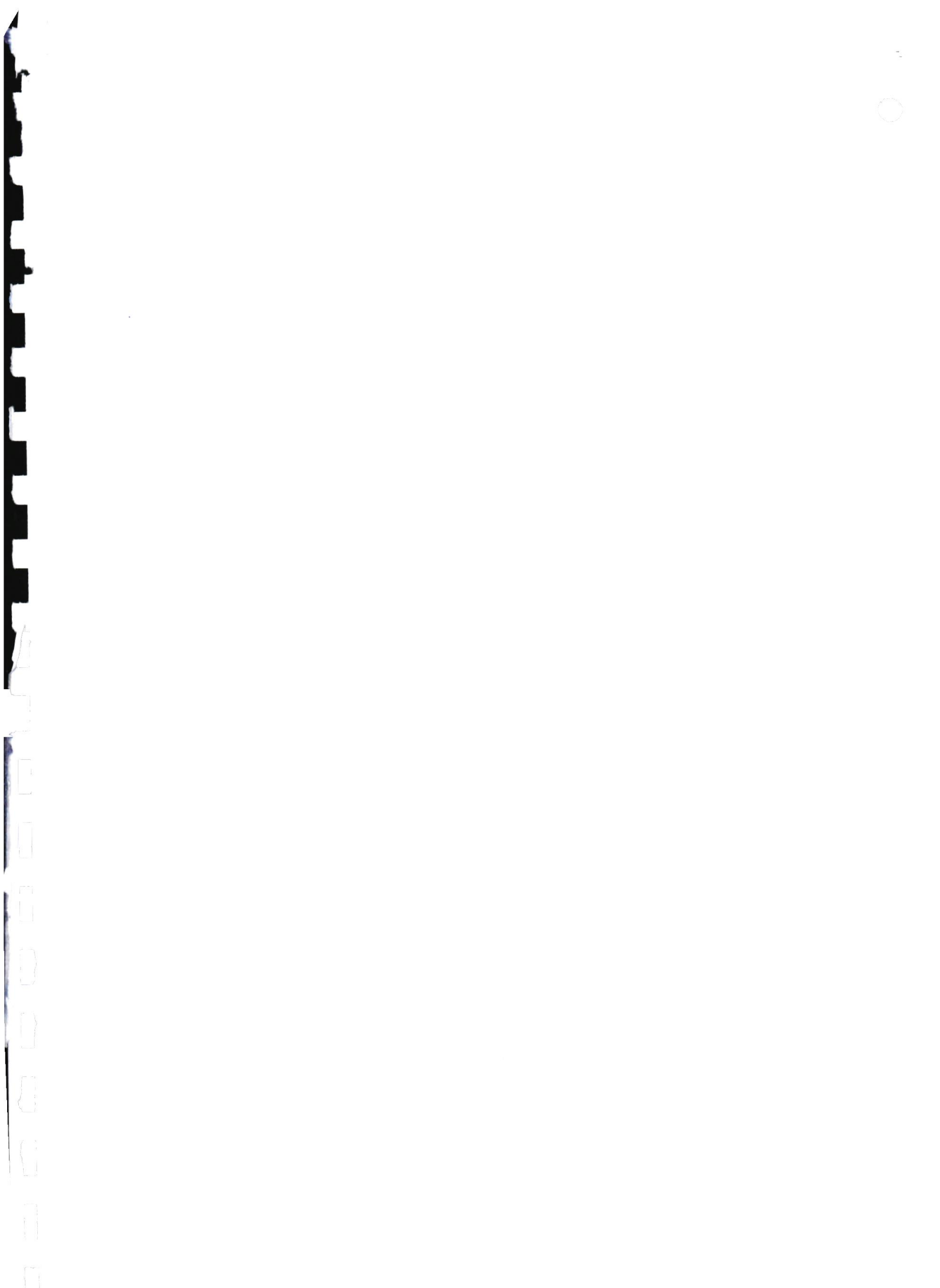
NATIONAL GOVERNMENT ENTITY - KISAUNI CONSTITUENCY

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		
Transport equipment	79,500.00	79,500.00
Office equipment, furniture and fittings	386,980.00	386,980.00
ICT Equipment, Software and Other ICT Assets	519,795.00	519,795.00
Other Machinery and Equipment	347,960.00	347,960.00
Heritage and cultural assets		
Intangible assets		
Total	1,334,235.00	1,334,235.00



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

VII. STATEMENT OF CASHFLOW

Receipts for operating income		2014 - 2015	2013 - 2014
Transfers from CDF Board	1	118,712,100.00	106,871,989.50
Other Receipts	3		15,805,428.00
Payments for operating expenses			
Compensation of Employees	4	1,812,826.80	2,133,913.80
Use of goods and services	5	755,088.15	1,262,164.84
Committee Expenses	6	4,578,080.00	3,818,138.00
Transfers to Other Government Units	7	44,338,454.45	36,353,005.35
Other grants and transfers	8	48,358,843.56	58,854,651.80
Social Security Benefits	9	13,000.00	15,600.00
Other Payments	11		
		99,856,292.96	102,437,473.79
Adjusted for:			
Adjustments during the year		951,631.95	0
Net cash flow from operating activities		19,807,438.99	20,239,943.71
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	0
Acquisition of Assets	10	-	500,000.00
Net cash flows from Investing Activities			0
NET INCREASE IN CASH AND CASH EQUIVALENT		19,807,438.99	19,739,943.71
Cash and cash equivalent at BEGINNING of the year	13	20,745,883.01	1,005,939.70
Cash and cash equivalent at END of the year	12A & 12C	40,553,323.00	20,745,883.41

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kisauni CDF financial statements were approved on 14/9/ 2015 and signed by:

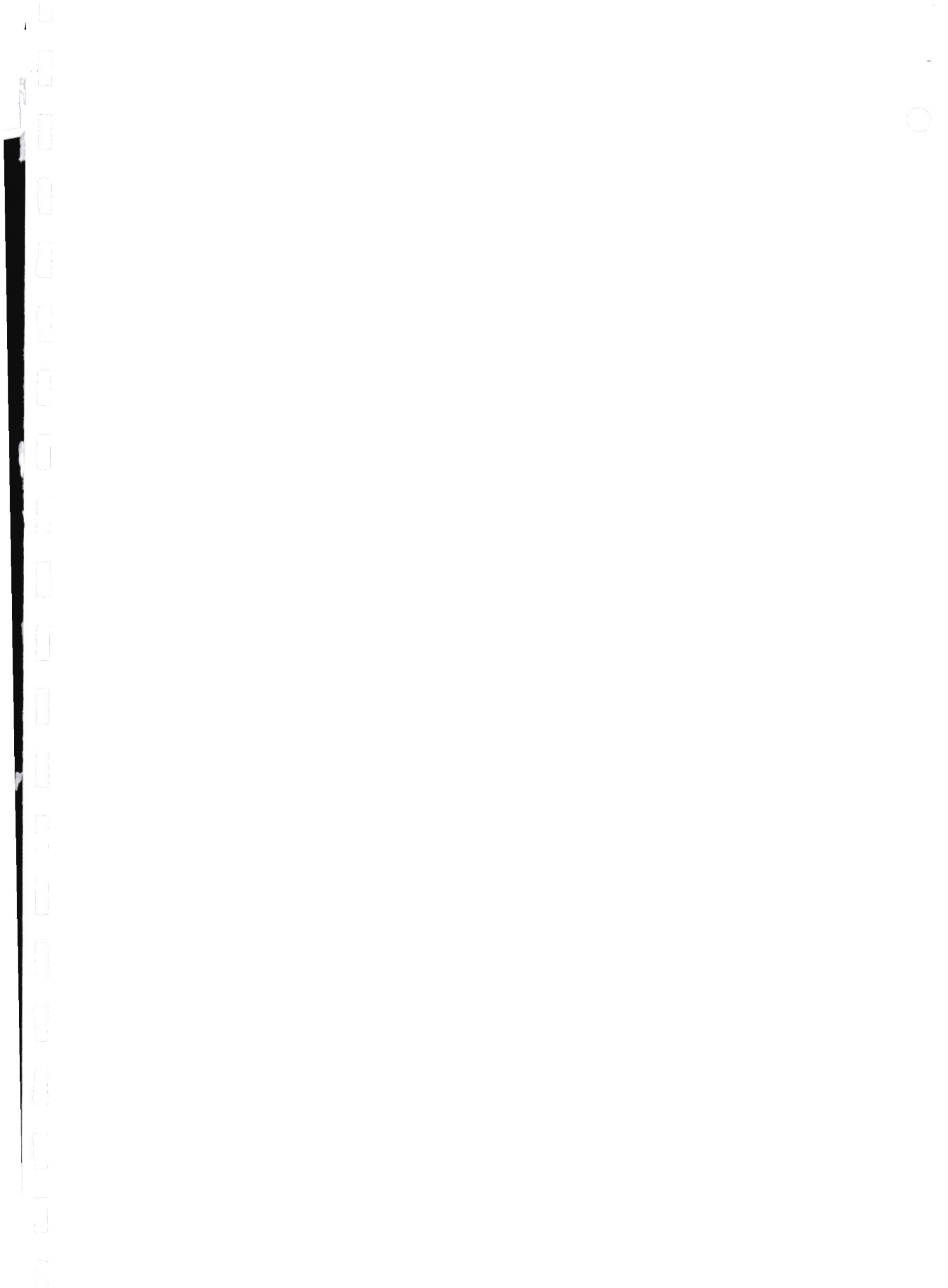

Chairman CDFC


Fund Account Manager

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

VI. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12A	40,378,522.00	20,299,383.03
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	12C	174,801.00	446,501.00
TOTAL FINANCIAL ASSETS		40,553,323.00	20,745,884.03
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	20,745,884.01	1,005,939.70
Surplus		18,855,807.04	19,739,944.31
Prior year adjustments	14	951,631.95	-
NET LIABILITIES		40,553,323.00	20,745,884.01




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

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-2015	2013-2014
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	118,712,100.00	106,871,989.50
Proceeds from Sale of Assets	2	-	
Other Receipts	3		15,805,428.00
TOTAL RECEIPTS		118,712,100.00	122,677,417.50
PAYMENTS			
Compensation of employees	4	1,812,826.80	2,133,913.80
Use of goods and services	5	755,088.15	1,262,164.84
Committee Expenses	6	4,578,080.00	3,818,138.00
Transfers to Other Government Units	7	44,338,454.45	36,353,005.35
Other grants and transfers	8	48,358,843.56	58,854,651.80
Social Security Benefits	9	13,000.00	15,600.00
Acquisition of Assets	10	-	500,000.00
Other Payments	11	-	-
TOTAL PAYMENTS		99,856,292.96	102,937,473.79
SURPLUS		18,855,807.04	19,739,943.71

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KISAUNI CDF financial statements were approved on 14/9/ 2015 and signed by:


 Chairman - CDFC


 Fund Account Manager

(c) Tree Planting

The CDF allocated a total of Kshs.869,658 to environment for tree planting in public schools. Audit inspection at Junda Primary School one of the beneficiaries of project revealed that some of the seedlings delivered had not been planted. The seedlings may wither leading to loss of public funds and the intended benefits not achieved.

(d) Roads

During the financial year 2014/2015, the CDF spent a total of Kshs.17,709,258 on road projects including grading and laying of as shown below:

Road Project	Activity	Amount (Kshs)
Utalii -Mkoroshoni	Laying of cabro	5,000,000
Bakarani-Mskitini	Laying of cabro	4,859,258
Mwikirunge	Grading	1,900,000
Milegi	Grading	950,000
Chief -Matingasi	Laying of cabro	5,000,000
Total		17,709,258

Audit inspection done in March 2016 confirmed that the projects were complete and branded. The CDF should hand over the projects to the County Government for maintenance and upgrading.

(e) Shima la Tewa High School

The CDF disbursed Kshs.5,000,000 which was reallocated from other projects to co-fund the construction of a dormitory at the school at a total cost of Kshs.24,571,245 where the County Government of Mombasa funded Kshs.19,672,320. The CDF's funds were for roofing, paving of slabs and rain water harvesting tanks. Audit inspection confirmed that the dormitory had been completed, branded with both donors and in use. My opinion is not qualified in respect to these matters.



FCPA EDWARD R.O.OUKO, CBS
AUDITOR-GENERAL

Nairobi

24 May 2016

		construction of bore hall					
9	Bamburi	Drilling & construction of bore hall	2013/2014	250,000	250,000	60%	stalled
10	Mwakirunge	Construction of water tank	2014/2015	1,100,000	1,100,000	0	Not Started
11	Mwakirunge	Murram Light	2014/2015	2,100,000	2,100,000	0	Not Started
12	Madina -	Murram Light	2014/2015	1,100,000	1,100,000	0	Not Started
	TOTAL			56,710,560	56,710,560		

The above analysis reveals that out of the twelve (12) development projects funded by the CDF, eight (8) with total disbursements of Kshs.17,950,000 had not been implemented. The funds disbursed to these projects had not been spent as at 30 June 2015. The management has however attributed the non-expenditure to delays in receiving funds from the CDF Board. Slow implementation of development projects affects service delivery to the public and the intended purpose of the project may take long to realize.

3. Project Inspection

(a) Junda Primary School

The project was for the construction a new primary school which included an administration block, fourteen (14) classrooms, two ablution blocks with 36 doors, borehole, water tank, laying of cabro and perimeter fence at a total cost of Kshs.50,163,179. The project commenced in the financial year 2013/2014 and was completed in August 2015. Audit inspection at the school revealed that the project had been completed and handed over to the CDF and the school had already enrolled pupils. However, the inspection revealed that window grills that were included in the bills of quantities had not been fixed on classroom windows and were lying in the school compound. The management explained that this was in compliance with Ministry of Education's safety manual which requires classroom windows not to have grills. It is not clear how the materials shall be utilized to avoid wastage.

(b) Fabricated staff house

The CDF received a conditional grant for construction a fabricated staff house in a health facility. Kisauni CDF constructed a two bedroomed staff house at Junda Health Centre at a total cost of Kshs.4,482,595. Audit inspection at the health centre revealed that the project was completed in August 2014. However, since completion, the house is not occupied. It is not clear when the house shall be put into use. Public funds may go to waste.

Vote	Budget	Actual Expenditure	Under-utilization	% Under-utilization
Transfer to other government entities	52,616,469	44,338,454	8,278,015	16
Other grants and transfers	54,224,505	48,358,844	5,865,661	11
Total	106,840,974	92,697,298	14,143,676	13

From the above analysis, the fund had a total under-expenditure of Kshs.14,143,676 or 13% of the total adjusted budget as per the summary statement of appropriation. It was further noted that out of Kshs.44,338,454 spent under transfer to other government entities, Kshs.32,538,454.45 was transfer to primary schools. The transfer to primary schools included Kshs.31,242,420 or 96% was disbursed to Junda Primary school. It was not clear and the management has not explained why the whole allocation was not fairly distributed to other deserving primary schools in the constituency.

2. Project Implementation

According to the project expenditure status report availed for audit, below is the project status report for the 12 projects funded by Kisauni CDF as at 30 June 2015:

No	Project	Activity	Year	Project Allocation	Disburse ments	% to actual project completion	Status
1	Hassan Joho	Fitting and equipment	2013/2014	350,000	350,000	0%	Tendering stage
2	Junda Primary school	construction of 4 class rooms, administration block, 2 toilets, fencing	2013/2014	12,768,140	12,768,140	70%	on going
3	Junda Primary school	construction of 4 class rooms, administration block, 2 toilets, fencing	2014/2015	30,342,420	30,342,420	90%	on going
4	Urban Mast	Installation of high mast security light	2014/2015	1,385,714	1,385,714	0%	Not Started
5	Urban Mast	Installation of high mast security light	2014/2015	1,814,286	1,814,286	0%	Not Started
6	Kiembeni	Construction of social hall	2013/2014	5,000,000	5,000,000	0%	Not Started
7	Mtopanga	Drilling & construction of bore hall	2013/2014	250,000	250,000	70%	Ongoing
8	Mjambere	Drilling &	2013/2014	250,000	250,000	60%	stalled

Member	Number of Members	Rate per sitting (Kshs)	Maximum Sittings	Amount Payable (Kshs)
Chairman	1	7,000	24	168,000
Other members	8	5,000	24	960,000
Total				1,128,000
Amount paid				1,518,770
Excess Allowance				390,770

This is contrary to Section 24 (12) of the CDF Act 2013 which state that “the Constituency Development Fund Committee shall meet at least six times in a year and not more than twenty four times in every financial year including sub-committee”

Consequently, the propriety and regularity of committee expenses of Kshs.390,770 for the year ended 30 June 2015 could not be ascertained.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis of Qualified Opinion paragraph, the financial statements present fairly in all material respects, the financial position of Constituencies Development Fund - Kisauni Constituency as at 30 June 2015 and of its financial performance and of its cashflows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Constituency Development Fund Act, 2013.

Other Matter

1. Budget Control and Performance

(a) Budget Performance

The summary statement of appropriations reflects final budget balance of Kshs.119,715,564 comprising of 2014/2015 approved budget of Kshs.98,969,680 and Kshs.20,745,884 being balance for 2013/2014. However, the total expenditure for the period under audit was Kshs.99,856,293 leaving a balance of Kshs.19,859,271 unutilized. The underutilization of the funds may have impacted negatively on the delivery of goods and services to the citizens of Kisauni.

(b) Budget Underutilization

Summary statement of appropriations reflect that the fund during the year had underspent on development votes with a total of Kshs.14,143,676 as indicated below: