

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



Paper Laid
By Hon (Dr.) Maomi Shabani, MP (Deputy Leader of the Majority)
Under Order No 05 of 1456 Hrs on 22.10.2015
IBM

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

FOR THE YEAR ENDED
30 JUNE 2014

1. 2014

2. 2015

3. 2016

4. 2017

5. 2018

1. 2014

2. 2015

3. 2016

4. 2017

5. 2018





OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Malindi Constituency set out on pages 4 to 15, which comprise the statement of financial assets and liabilities as at 30 June 2014, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation statement 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 report in accordance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

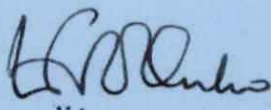
Basis for Qualified Opinion

Bank Balance

The statements of financial assets and liabilities as at 30 June 2014 reflects bank balance of Kshs.32,405,597.10. However, examination of the bank reconciliation statement for the month of June 2014 revealed unrepresented cheques amounting to Kshs.4,514,507 but some of the cheques have remained unrepresented since year 2005 and no explanation has been provided for not reversing the amounts to the cashbook. Consequently, the accuracy and validity of cash and bank balance of Kshs.32,405,597 as at 30 June 2014 could not be confirmed.

Qualified Opinion

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



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

16 September 2015



CONSTITUENCIES DEVELOPMENT FUND – MALINDI

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)**

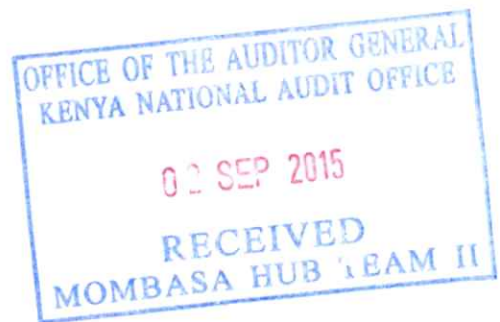


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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(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	Nyang'wara Nelson
3.	District Accountant	Margret Mwanyiro

(d) Fiduciary Oversight Arrangements

List the CDFC as gazzeted

NO	NAME	POSITION
1	SAMMY KAZUNGU	CHAIRMAN
2	AMINA VISCHI	SECRETARY
3	NAJAT IBRAHIM	MEMBER
4	SAMSON KAHINDI	MEMBER
5	EMMANUEL OGUTU	MEMBER
6	LUCY JUMWA KAINGU	MEMBER
7	MATRENA S NYIRO	MEMBER
8	SAMUEL YAA JEFWA	MEMBER
9	DEPUTY COUNTY COMMISSIONER	MEMBER
10	NYANG'WARA NELSON	FUND MANAGER
11	HON DAN KAZUNGU	MEMBER OF PARLIAMENT

(e) Entity Headquarters

Provide box and physical address of the constituency CDF office

P.O. Box 244
Next to breezpoint Hotel
Off msa malindi road
Malindi, KENYA

(f) Entity Contacts

Provide telephone number and email of the constituency CDF office

Telephone: (254) 714867986
E-mail: cdfmalindi.go.ke
Website: www.go.ke

(g) Entity Bankers

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

1. Equity Bank

0450262081943

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(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 Malindi *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 Malindi *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 Malindi *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 Malindi *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 Malindi *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 Malindi *CDF* financial statements were approved and signed on **09/09/2014**.


Sammy Kaingu
Chairman - CDFC




Nyang'wara Nelson
Fund Account Manager



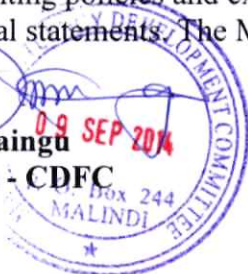
CONSTITUENCIES DEVELOPMENT FUND – MALINDI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2014

III. STATEMENT OF RECEIPTS AND PAYMENTS
MALINDI CONSTITUENCY DEVELOPMENT FUND
STATEMENT OF RECEIPTS AND EXPENDITURE AS AT 30TH JUNE
2014

	Note	2013-2014
		Kshs
RECEIPTS		
Transfers from CDF board-AIEs' Received	1	141,274,305.00
Other Receipts (From Oil Corporation)	2	2,000,000.00
TOTAL RECEIPTS		143,274,305.00
PAYMENTS		
Compensation of Employees:	3	1,098,641.00
Use of goods and services:	4	3,295,246.50
Committee expenses	5	1,319,000.00
Transfers to Other Government Units:	6	63,700,000.00
Other grants and transfers:	7	35,650,281.20
Social Security Benefits:	8	20,800.00
Other Payments:	9	8,434,237.00
TOTAL PAYMENTS		113,518,205.70
SURPLUS/DEFICIT		29,656,099.30

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Malindi CDF financial statements were approved on **09/09/2014** and signed by:

Sammy Kaingu
Chairman - CDFC



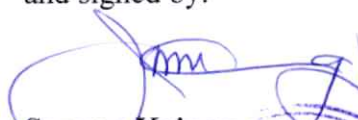
Nyang'wara Nelson
Fund Account Manager



IV. MALINDI CONSTITUENCY FUND
STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	FOR THE YEAR ENDED 30TH JUNE 2014-2	
	Note	2013-2014
		Kshs
FINANCIAL ASSETS		
Cash and Cash Equivalents		
Bank Balances (as per the cash book)		32,405,597.10
TOTAL FINANCIAL ASSETS		32,405,597.10
REPRESENTED BY		
Fund balance b/fwd 1st July...		2,749,497.80
Surplus/Deficit for the year (from stm of receipt & expenditure		29,656,099.30
NET LIABILITIES		32,405,597.10

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 09/09/ 2014 and signed by:


Sammy Kaingu
Chairman - CDFC




Nyang'wara Nelson
Fund Account Manager



V: SUMMARY STATEMENT OF APPROPRIATION

MALINDI CONSTITUENCY FUND						
SUMMARY STATEMENT OF APPROPRIATION AS AT 30TH JUNE 2014						
Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=e/c %
Compensation of Employees	1,098,641.00	-	1,098,641.00	539,844.00	558,797.00	51%
Use of goods and services	3,295,246.50	-	3,295,246.50	2,509,558.00	785,688.00	34%
Committee Members Expenses	1,319,000.00	-	1,319,000.00	674,000.00	645,000.00	50%
Transfers to Other Government Units	63,700,000.00	-	63,700,000.00	63,700,000.00	-	-
Other grants and transfers	35,650,281.20	2,000,000.00	37,650,281.20	19,135,281.20	18,515,000.00	49%
Social Security Benefits	20,800.00	-	20,800.00	10,800.00	10,000.00	48%
Acquisition of Assets	-	-	-	-	-	-
Other Payments	8,434,237.00	-	8,434,237.00	1,960,376.00	6,473,861.00	77%
TOTALS	113,518,205.70	2,000,000.00	115,518,205.70	88,529,859.00	26,988,346.00	23%

The Malindi CDF financial statements were approved on 09/09/2014 and signed by:


Sammy Kaingu
 Chairman - CDFC




Nyang'wara Nelson
 Fund Account Manager



VI. SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance and basis of preparation

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

The financial statements are presented in Kenya Shillings,. The accounting policies adopted have been consistently applied to all the years presented.

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

b) Recognition of revenue and expenses

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

c) In-kind contributions

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

d) Cash and cash equivalents

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

Reports and Financial Statements

For the year ended June 30, 2014

e) Receivables and payables

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

f) Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Constituency’s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Constituency’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

g) Comparative figures

This is the first year the Constituency is preparing financial statements and hence we do not have comparative figures.

h) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

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

VII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFER FROM CDF BOARD	
Description	2013 - 2014
	Kshs
AIE NO... A709894	2,000,000.00
AIE NO.....A735802	39,211,429.50
AIE NO.....A750067	38,118,008.50
AIE N.....A711845	61,944,867.00
TOTAL	143,274,305.00

2 OTHER RECEIPTS	
Description	2013 - 2014
	Kshs
Other Receipts Not Classified Elsewhere	2,000,000.00
Total	2,000,000.00

3 COMPENSATION OF EMPLOYEES	
Description	2013 - 2014
	Kshs
Basic wages of contractual employees	1,098,641.00
Total	1,098,641.00

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

4 USE OF GOODS AND SERVICES	
Description	2013 - 2014
	Kshs
Electricity	41,306.00
Water	22,621.00
Postal	20,880.00
Office rent	735,000.00
Communication, supplies and services	390,480.00
Domestic travel and subsistence	352,666.00
Office and general supplies and services	1,732,293.50
Total	3,295,246.50

5. COMMITTEE EXPENSES	
Description	2013 - 2014
	Kshs
Committee allowance	1,319,000.00
TOTAL	1,319,000.00

6 TRANSFER TO OTHER GOVERNMENT ENTITIES	
Description	2013 - 2014
	Kshs
Transfers to primary schools	38,250,000.00
Transfers to secondary schools	19,250,000.00
Transfers to Health institutions	6,200,000.00
TOTAL	63,700,000.00

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

7 OTHER GRANTS AND OTHER PAYMENTS	
Description	2013 - 2014
	Kshs
Bursary -Secondary	6,858,500.00
Bursary -Tertiary	6,131,500.00
Bursary-Special schools	10,000.00
water	5,800,000.00
Electricity	3,815,000.00
Security	6,200,000.00
Sports	1,435,281.20
Environment	2,600,000.00
Emergency	2,800,000.00
Total	35,650,281.20

8 SOCIAL SECURITY BENEFITS	
Description	2013 - 2014
	Kshs
Employer contribution to NSSF	20,800.00
Total	20,800.00

9. OTHER PAYMENTS	
Description	2013-2014
Mkenge social hall	2,000,000.00
Malindi Farmers	250,000.00
Gede market	1,000,000.00
Maasai village langobaya	500,000.00
Langobaya Dos office	500,000.00
Recurrent	1,188,635.00
NHIF	16,500.00
CDF Office	102,379.00
Monitoring and evaluation	2,876,723.00
Total	8,434,237.00

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

10 Bank Balances (cash book bank balance)	
Name of Bank, Account No. & currency	2013 - 2014
	Kshs
Equity Bank Malindi a/c	29,656,099.30
KCB Bank malindi a/c	2,749,497.70
total	32,405,597.10

11 Balance brought forward 1st july	
Description	2013-2014
KCB Bank Malindi	2,749,497.80
Total	2,749,497.80