

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND -
ISIOLO NORTH CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2015

*Paper Laid
By Leader of
Majority party on
20/12/2016*







CONSTITUENCIES DEVELOPMENT FUND

BOARD SECRETARIAT

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NAIROBI

CDF BOARD/AUDITOR GENERAL/2015/049

SEPTEMBER 29, 2015

Mr. Edward Ouko, CBS
The Auditor General
P.O Box 30084 – 00100
NAIROBI

Dear Sir

**RE: CONSTITUENCIES DEVELOPMENT FUND FINANCIAL STATEMENTS FOR
2014/2015 FINANCIAL YEAR**

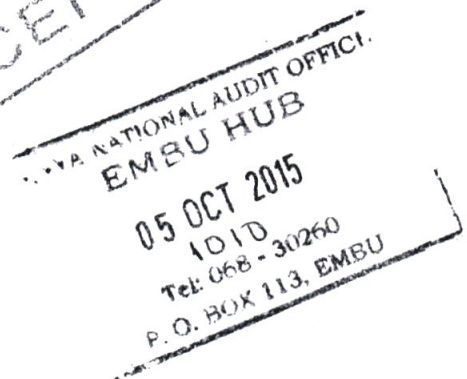
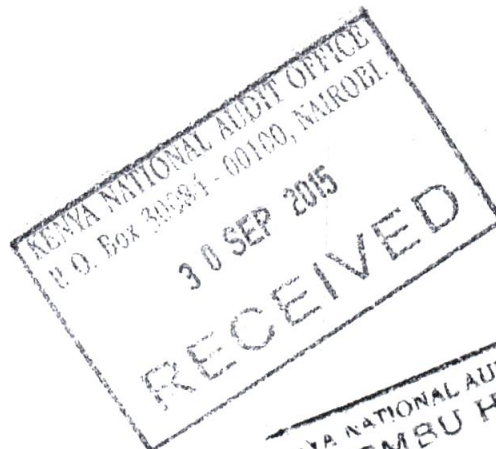
Pursuant to the Constituencies Development Fund (CDF) Act, 2013 Section 44 (4), we wish to submit 2014/2015 Annual Accounts of Isiolo North Constituency for your necessary action in accordance with CDF Act Section 45 (4).

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.







**CONSTITUENCY DEVELOPMENT FUND- ISIOLO NORTH
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)

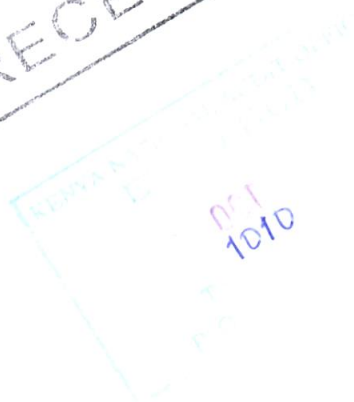
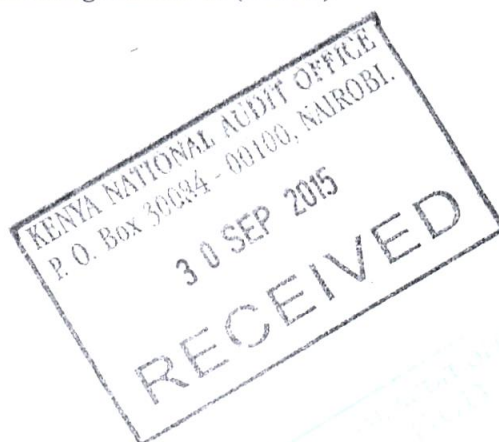


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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The *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*. The objective of the fund is to ensure that the specific portion of national annual budget is devoted to the constituency for purposes of infrastructural development, wealth development and fight against poverty in the constituency level.

(b) Key Management

Isiolo North 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 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E noider	Omar W Abdallah
3.	Accountant	Benson M Machari
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of CDF Board provide overall fiduciary oversight on the activities of Kigumo 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.

(e) Isiolo North CDF Headquarters

P.O. BOX 259 -60300
ISIOLO TOWN
AT DO ISIOLO CENTRAL
ISIOLO, KENYA

(f) Isiolo North CDF Contacts

Telephone: (254) 722349939
E-mail: cd fisiolonorth@cdf.go.ke
Website: www.isiolonorthcdf.go.ke

(g) ISIOLO NORHT CDF Bankers

1. Equity Bank Kenya ltd
Isiolo Branch
Isiolo

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

I am glad to inform you that despite the uncertainty in the flow of funds this financial year, CDF isiolo north managed to implement and complete over 80% of all project to completion as given here below

Achievements of Isiolo North CDF

Number projects implemented per sector 2014/2015 financial year

Sector	Number of completed projects	Cost	Remarks
Education	46	47,167,931	
Health	0	0	
Water	4	4,200,000	
Agriculture	0	0	
Roads/Bridges	5	6,900,000	
Security	4	4,400,000	
Social Community project	1	3,000,000	
Land Adjudication	1	2,000,000	

Amount of money used for bursaries, number of beneficiaries and criteria used for 2014/2015 financial year

Allocation: kshs 20,000,000

Ward	No. of beneficiaries	Amount allocated
Bulapesa,	300	2,000,000
Wabera,	307	2,000,000
Oldonyiro,	300	2,035,000
Burat,	300	2,000,000
Cherab	300	2,000,000
Ngaremara	300	2,000,000
Chari	300	2,000,000
Central	600	6,000,000

Emerging issues relating to CDF

Implementation challenges and recommended way forward.

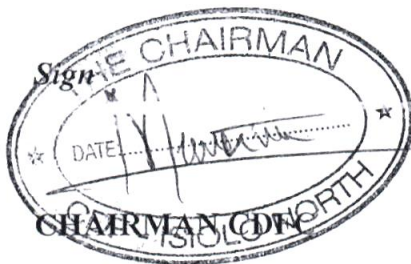
Project Management Committees procurement process still poses a greater challenge to the committee. We shall continuously endeavour to train and build PMCs capacity in order to appreciate the laws and regulations governing procurements.

Isiolo North from time to time experience

Appreciation

The great progressive success that Isiolo North CDFC has achieved has been because of the support from Isiolo North Constituents, and on this regard and on behalf of the CDFC, i do take this opportunity to thank you all and request you to continue with the same spirit for many years to come.

Allow me to also recognise and thank CDFB, KNAO, MP Joseph Lomwa Samal, MCAs, County works officer and his team, Sub-district accountant and enter staff other District heads among others at Isiolo who has given us support and all other stakeholders who stood with us through the entire process. Finally, i would like to appreciate the contribution and individual dedication of Isiolo North CDF staff towards our success.



III. STATEMENT OF CDF 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 CDF shall prepare financial statements in respect of that CDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

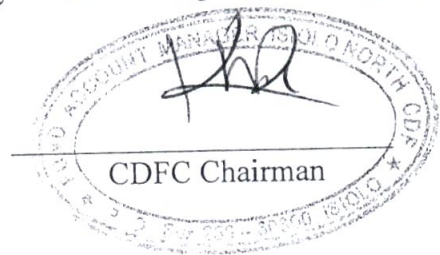
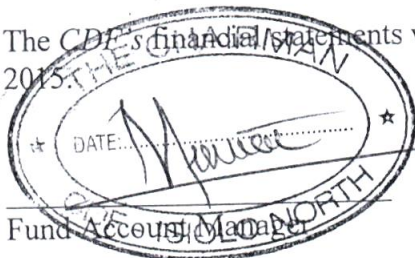
The Accounting Officer in charge of Isiolo North CDF is responsible for the preparation and presentation of the CDF's financial statements, which give a true and fair view of the state of affairs of the CDF for and as at the end of the financial year (2014/15) ended on June 30, 2015. This responsibility 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 CDF; (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 CDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of Isiolo North CDF accepts responsibility for the CDF'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). The Accounting Officer is of the opinion that the CDF's financial statements give a true and fair view of the state of CDF's transactions during the financial year ended June 30, 2015, and of the CDF's financial position as at that date. The Accounting Officer charge of Isiolo North CDF further confirms the completeness of the accounting records maintained for the CDF, which have been relied upon in the preparation of the CDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of Isiolo North CDF confirms that the CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the CDF'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 Accounting Officer confirms that the CDF'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 CDF's financial statements were approved and signed by the Accounting Officer on 15/7/15
2015.



REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON CONSTITUENCIES DEVELOPMENT FUND-ISIOLO NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Isiolo North Constituency set out on pages 6 to 19, which comprise the statement of assets as at 30 June 2015, and the statement of receipts and payments, statement of cash flows and 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 compliance with Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit 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 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

Report of the Auditor-General on Constituencies Development Fund – Isiolo North Constituency for the year ended 30 June 2015

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 adverse audit opinion.

Basis for Adverse Opinion

1.0 Accuracy, Completeness and Presentation of Financial Statements

i. Accuracy and Completeness of the Financial Statements

The following differences were noted between the financial statements balances and supporting schedule balances:

Item	Financial Statements Kshs.	Supporting Schedules Kshs.	Difference Kshs.
Prior year adjustments	52,012	0	52,012
Compensation of Employees	1,053,298	1,190,075	(136,777)
Committee Expenses	17,299,276	17,135,277	163,999
Other Grants and Transfers	38,141,273	36,626,653	1,514,620
Other Payments	127,976	0	127,976
Social Security Benefit	8,800	0	8,800
Cash and Cash Equivalents	29,833,172	29,973,953	140,786

In addition, mapping and survey expenditure totalling to Kshs.3, 507,194 was wrongly classified under use of goods and services, instead of classifying it under other grants and transfers.

Further, differences between comparative figures in the financial statements for 2014/2015 and certified balances for 2013/2014 were observed as follows:

Component	Comparative figures 2014/2015 (Kshs.)	Certified accounts 2013/2014 (Kshs.)	Unexplained Differences (Kshs.)
Transfer from CDF Board	124,736,568	76,566,084	48,170,484
Compensation of Employees	998,302	1,153,726	(155,424)
Use of Goods and Services	3,404,739	1,180,338	2,224,401
Committee Expenses	2,402,332	2,081,943	320,389
Cash and Cash Equivalents	50,712,900	38,145,589.20	12,567,310.80
Transfer to Other Government Units	23,712,010	15,432,759	8,279,251
Other Grants and Transfers	60,089,740	30,135,795	29,953,945
Social Security Benefits	-	9,600	(9,600)
Acquisition of Assets	15,081,090	21,444,450	(6,363,360)

In the circumstances, the accuracy, completeness and authenticity of the financial statement balances as at 30 June 2015 could not be confirmed.

ii. Financial Statements Presentation Compliance

The 2013/2014 financial statements were certified with a disclaimer of opinion. However, the financial statements for the year under review do not include a progress on follow-up of auditor recommendations report as required by the International Public Sector Accounting Standards (IPSAS) (cash-basis) financial reporting template prescribed by the National Treasury. Further, the numbering of the notes incorrectly numbered in the financial statements as the numbers do not correspond with actual notes (appended). The presentation of the financial statements as at 30 June 2015, therefore, does not comply with the IPSAS cash-basis presentation format by the National Treasury.

2. Cash and Cash Equivalents

Included in the cash and cash equivalents balance of Kshs. 29,833,172 as at 30 June 2015 are reconciling items of stale cheques amounting Kshs.157,314.40 which were not reversed in the cash book. Further, the balance excludes Kshs.5,000 being money received in the bank and Kshs. 53,527 paid in the bank both not recorded in the cash book.

In addition, a recasting of the payments in the bank not yet recorded in the cash book balance yielded a balance of Kshs. 68,935 not Kshs.53,527 shown in the statement thus resulting in an unexplained and unreconciled variance of Kshs.15,408.

In the circumstances, the accuracy and correctness of the cash and cash balance of Kshs. 29,833,172 as at 30 June 2015 could not be ascertained.

3. Unaccounted for Fixed Assets

During the financial year under review, the fund purchased assets amounting Kshs.12,228,654. However, documents on purchase of office furniture and fittings worth Kshs.2,279,675 were not made available for audit or entered in the fixed assets register.

In the circumstance, existence and ownership of the assets as well as accuracy and completeness of the non-current assets balance of Kshs.12, 228,654 as at 30 June 2015 could not be confirmed.

4. Budgetary control and Performance

During the financial year under review, the approved budget for the Fund amounted to Kshs.155,093,164. However, actual expenditure as at 30 June 2015 was Kshs. 103,273,476 (67%) which was utilized to fund projects in various sectors as follows:

Expenditure Analysis	Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption rate
Compensation of Employee	2,730,701	1,190,075	1,540,626	44%
Use of Goods and services	4,834,285	4,834,285	-	100%
Committee Expenses	17,299,276	17,135,277	163,999	99%
Transfer to Other Government Entities	60,604,364	29,772,720	30,831,644	49%
Other Grants and Other Payments	57,395,893	38,112,474	19,283,419	66%
Acquisition of Assets	12,228,645	12,228,645	---	100%
TOTAL	<u>155,093,164</u>	<u>103,273,476</u>	<u>51,819,688</u>	67%

In view of the low utilization of funds, the residents of Isiolo North Constituency did not receive expected services equivalent to the un-utilized budget amounting to Kshs.51,819,688.

5. Project Implementation

During the period under review, the Fund allocated Kshs.94,317,033 to projects in various sectors including primary schools, secondary schools, health institutions, water projects, security, roads, sports and environment. The project implementation status report as at 30 June 2015 indicate that work on projects costing Kshs.18, 100,000 had not started although funds amounting Kshs.1,400,000 were disbursed to the respective project management committees. Further, several projects costing Kshs.37,168,324

were on-going while projects costing to Kshs.39,048,709 were completed as shown below:

Sector	Project Status	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	No. of projects
Education	Completed	29,667,930.00	22,717,930.00	21
	Ongoing	31,300,000.00	26,300,000.00	9
	Not started	6,200,000.00		7
	Sub Total	67,167,930.00	49,017,930.00	37
Water	Completed	500,000.00	500,000.00	1
	Ongoing	1,500,000.00	1,500,000.00	1
	Not started	2,200,000.00	400,000.00	2
	Sub Total	4,200,000.00	2,400,000.00	4
Security	Completed	1,000,000.00	1,000,000.00	1
	Ongoing	-	-	0
	Not started	3,400,000.00	1,000,000.00	3
	Sub Total	4,400,000.00	2,000,000.00	4
Roads Bridges	Completed	5,600,000.00	5,600,000.00	4
	Ongoing	0.00	0.00	0
	Not started	1,300,000.00	-	1
	Sub Total	6,900,000.00	5,600,000.00	5
Environment	Completed	0.00	0.00	0
	Ongoing	2,184,162.00	2,184,162.00	1
	Not started	0.00	0.00	0
	Sub Total	2,184,162.00	2,184,162.00	1
Sport	Completed	-	-	0
	Ongoing	2,184,162.00	2,184,162.00	1
	Not started	3,000,000.00		1
	Sub Total	5,184,162.00	2,184,162.00	2
Other	Completed	2,280,779.00	2,280,779.00	1
	Ongoing	-	-	0
	Not started	2,000,000.00	-	1
	Sub Total	4,280,779.00	2,280,779.00	2
	Grand Total	94,317,033.00	65,667,033.00	55

Out of the fifty five (55) budgeted and planned projects worth Kshs.94,317,033, only twenty eight (28) projects worth Kshs.39,048,709 had been completed as at 30 June

2015 while work on twenty seven (27) projects worth Kshs.55,269,324 had not started as at 30 June 2015.

In the circumstances, it has not been possible to ascertain that the fifty five (55) budgeted projects worth Kshs.94,317,033 not initiated or completed would be implemented as planned and that the residents of Isiolo North Constituency would obtain the expected services.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of Constituencies Development Fund - Isiolo North 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 do not comply with the Constituencies Development Fund Act, 2013.



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

Nairobi

18 November 2016

IV STATEMENT OF RECEIPTS AND PAYMENTS

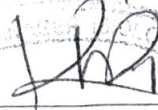
	Note	2014-2015	2013-2014
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	82,534,543.50	124,736,568.00
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	0	0
TOTAL RECEIPTS		82,534,543.50	124,736,568.00
PAYMENTS			
Compensation of employees	4	1,053,298.60	998,302.00
Use of goods and services	5	4,834,285.00	3,404,738.80
Committee Expenses	6	17,299,276.80	2,402,332.00
Transfers to Other Government Units	7	29,772,720.00	23,712,010.00
Other grants and transfers	8	38,141,273.00	60,089,740.00
Social Security Benefits	9	8 800.00	0
Acquisition of Assets	10	12,228,654.20	15,081,090.00
Other Payments	11	127,976.40	1,555,012.00
TOTAL PAYMENTS		103,466,284.00	107,243,224.80
SURPLUS/DEFICIT		(20,931,740.50)	17,493,343.20⁴

V STATEMENT OF FINANCIAL ASSETS

	Note	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12A	29,833,172.00	50,111,826.00
Cash Balances (cash at hand)	12B	0	601,074.00
TOTAL FINANCIAL ASSETS		<u>29,833,172.00</u>	<u>50,712,900.00</u>
 REPRESENTED BY			
Fund balance b/fwd 1st July...	13	50,712,900.00	32,982,126.00
Surplus/Deficit for the year		(20,931,740.50)	17,493,344.00*
Prior year adjustments	14	52,012.00	237,430.00
NET LIABILITIES		<u>29,833,171.50</u>	<u>50,712,900.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Isiolo North CDF financial statements were approved on 15/9 2015 and signed


by: 
 DATE: 15/9/2015
Chairman - CDF NORTH

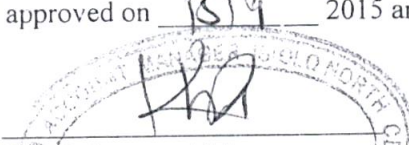

Fund Account Manager

VI STATEMENT OF CASHFLOW

		2014 - 2015	2013 - 2014
Receipts for operating income			
Transfers from CDF Board	1	82,534,544	124,736,568
Other Receipts	3	0	0
		82,534,544	124,736,568
Payments for operating expenses			
Compensation of Employees	4	1,053,299	998,302
Use of goods and services	5	4,834,285	3,404,739
Committee Expenses	6	17,299,277	2,402,332
Transfers to Other Government Units	7	29,772,720	23,712,010
Other grants and transfers	8	38,141,273	60,089,740
Social Security Benefits	9	8,800	0
Other Payments	11	127,976	1,555,012
Adjusted for:			
Adjustments during the year		(52,012.00)	237,430
		91,185,618	
Net cash flow from operating activities		(8,651,074)	32,811,864
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	0
Acquisition of Assets	10	12,228,654	15,081,090
Net cash flows from Investing Activities		(12,228,654.20)	-15,081,090
NET INCREASE IN CASH AND CASH EQUIVALENT			
Cash and cash equivalent at BEGINNING of the year	13	50,712,900	32,982,126.0
Cash and cash equivalent at END of the year		29,833,172	50,712,900.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Isiolo North CDF financial statements were approved on 15/9 2015 and signed by:


 DATE: _____
Chairman CDFC
 CDF - ISIOLO NORTH


Fund Account Manager
 CDF - ISIOLO NORTH

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c
RECEIPTS						
Transfers from CDF Board	110,046,058.00	50,712,900.00	160,758,958.00	133,247,443.50	27,511,514.50	83
Proceeds from Sale of Assets	0	0	-	-	-	
Other Receipts	0	237,430.30	237,430.30	-	237,430.30	0
	110,046,058.00	50,950,330.30	160,996,388.30	133,247,443.50	27,748,944.80	83
PAYMENTS						
Compensation of Employees	1,892,000.00	838,701.40	2,730,701.40	1,053,298.60	1,677,402.80	39
Use of goods and services	3,152,765.00	1,681,520.00	4,834,285.00	4,834,285.00	-	100
Committee Expenses	4,364,000.00	12,935,276.00	17,299,276.00	17,299,276.80	(0.80)	100
Transfers to Other Government Units	47,157,931.00	13,436,433.10	60,604,364.10	29,772,720.00	30,831,644.10	49
Other grants and transfers	48,768,583.00	10,627,310.00	59,395,893.00	38,141,273.00	21,254,620.00	64
Social Security Benefits	20,000.00	11,200.00	31,200.00	8,800.00	22,400.00	28
Acquisition of Assets	2,680,779.00	9,547,866.20	12,228,645.20	12,228,654.20	(9.00)	100
Other Payments	2,000,000.00	1,872,023.60	3,872,023.60	127,976.40	3,744,047.20	3
TOTALS	110,046,058.00	50,950,330.30	160,996,388.30	103,466,284.00	57,530,104.30	64

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

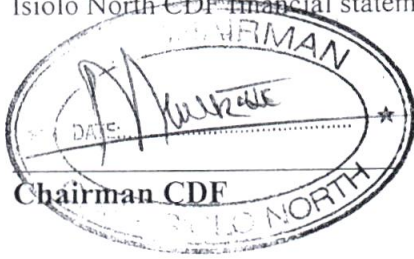
(b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- i. Compensation of Employees has a significant variance due to funds disbursement that has been delaying from last year and this year.

NATIONAL GOVERNMENT ENTITY – ISIOLO NORTH CDF
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- ii. *Committee expenses have a significant variance due to funds disbursement that has been delaying from last year and this year. Also increased in activities by the committee members to monitor and disburse the delayed funds.*
- iii. *There was a significant variation on Social security Benefits because in the previous years, this budget line we had not factor NHIF component which we did this financial year.*

Isiolo North CDF financial statements were approved on 15/9 2015 and signed by:



VIII. 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 *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*.

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*.

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.

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.

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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.

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2014 - 2015	2013 - 2014
		Kshs	Kshs
Normal Allocation	AIE NO... A759686	25,511,514.50	47,570,485.00
	AIE NO....A796743	16,506,909.00	600,000.00
	AIE NO....A797007	13,004,605.50	45,939,650.40
	AIE NO....A796039	27,511,514.50	30,626,433.60
TOTAL		82,534,543.50	124,736,569.00

2. COMPENSATION OF EMPLOYEES

Description		2014 - 2015	2013- 2014
		Kshs	Kshs
Basic wages of contractual employees		1,053,298.60	607,702.00
gratuity			390,600.00
Total		1,053,298.60	998,302.00

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NATIONAL GOVERNMENT ENTITY – ISIOLO NORTH CDF
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 USE OF GOODS AND SERVICES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Utilities, supplies and services	0	88,895.80
Office rent	280,000.00	175,000.00
Domestic travel and subsistence	0	860,573.00
Printing, advertising and information supplies & services	223,761.00	2,198,000.00
Hospitality supplies and services	3,507,194.00	0
Fuel ,oil & lubricants	442,450.00	82,270.00
Routine maintenance – vehicles and other transport equipment	380,880.00	0
Total	4,834,285.00	3,404,738.80

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 COMMITTEE EXPENSES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Other committee expenses	5,295,600.00	0
Committee allowance	12,003,676.80	2,402,332.00
TOTAL	17,299,276.80	2,402,332.00

5 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Transfers to primary schools	23,472,720.00	16,779,251.00
Transfers to secondary schools	5,200,000.00	3,550,000.00
Transfers to Health institutions	1,100,000.00	3,382,759.00
TOTAL	29,772,720.00	23,712,010.00

6 OTHER GRANTS AND OTHER PAYMENTS

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bursary -Secondary	7,322,700.00	7,045,000.00
Bursary -Tertiary	9,450,900.00	8,924,000.00
Bursary-Special schools	-	-
Mocks & CAT	1,392,119.00	1,000,000.00
Water	1,889,920.00	3,000,000.00
Agriculture (food security)	1,100,000.00	1,000,000.00
Electricity projects	-	-
Security	3,400,000.00	2,800,000.00
Roads	5,200,000.00	27,406,065.00
Sports	1,081,967.00	1,802,000.00
Environment	1,441,607.00	1,802,295.00
Emergency Projects (specify)	5,862,000.00	5,310,380.00
Total	38,141,273.00	60,089,740.00

7 SOCIAL SECURITY BENEFITS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Employer contribution to NSSF	8,800.00	00
Total	8,800.00	00



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2014- 2015 Kshs	2013 - 2014 Kshs
Construction of Buildings	9,548,979.20	7,281,590.00
Purchase of Vehicles	0	7,799,500.00
Overhaul of Vehicles	0	0
Purchase of Office furniture and fittings	2,279,675.00	0
Purchase of computers ,printers and other IT equipments	400,000.00	0
Total	12,228,654.20	15,081,090.00

9 OTHER PAYMENTS

11	2014- 2015 Kshs	2013 - 2014 Kshs
specify - PAYE	110,696.40	109,948.00
specify - NHIF	17,280.00	1,305,760.00
specify - Reversed cqhs		139,304.20
TOTAL	127,976.40	1,555,012.20

NATIONAL GOVERNMENT ENTITY – ISIOLO NORTH CDF

Reports and Financial Statements

For the year ended June 30, 2015 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2014 - 2015 Kshs (30/6/2015)	2013 - 2014 Kshs (30/6/2014)
<i>Equity Bank-Isiolo</i>	0410261949254	29,833,172.00	38,145,589.00
<i>Consolidated Bank-Isiolo</i>	0120048147501	0	11,966,273.00
		0	0
Total		29,833,172.00	50,111,862.00

11: CASH IN HAND

Cash in Hand	2014 - 2015 Kshs (30/6/2015)	2013 - 2014 Kshs (30/6/2014)
Location 1 - Consolidated	-	114,000.00
Location 2 - Equity	-	487,047.00
Total	-	601,047.00



12 – SUMMARY OF FIXED ASSET REGISTER

Furniture & Fittings

Type of Furniture	Asset Number	Serial Number	Acquisition Date	Cost @ Kshs	Historical cost 2014-2015	Historical cost 2013-2014
19 office chairs		049/CDF/F/05/01 to 19	14/07/2005	2,000.00		38,000.00
2 office tables		049/CDF/F/05/20 to 21	14/07/2005	15,000.00		30,000.00
1 hard wood cabinet		049/CDF/F/05/22	14/07/2005	12,000.00		12,000.00
1 large counter table		049/CDF/F/05/23	14/07/2005	20,000.00		20,000.00

Property plant & machinery

Kyocera photo copier	km 2030	049/CDF/EQ/09/01	17/08/2009	110,000.00		110,000.00
HP compaq computer	OX 1000 DVD	049/CDF/EQ/09/02	17/08/2009	89,000.00		89,000.00
HP compaq computer	DX 1000 MICRO POWER	049/CDF/EQ/09/06				CDF BOARD
DEL Monitor	MX-OG454H	049/CDF/EQ/09/05				
Monitor		049/CDF/EQ/09/04				
Samsung lesser jet printer	4521F	049/CDF/EQ/09/03	17/08/2009	51,000.00		51,000.00
Motor vehicle	GK B278 F		28/5/2014			7,799,500.00
HP Scanner	HP SCAN JET 5590	049/CDF/EQ/09/03	2013			CDF BOARD
HP LESSER JET PRINTER	P2055D	049/CDF/EQ/09/07	2013			CDF BOARD
Office furnitures			2015		2,279,675.00	
CDF Office			2015		9,548,979.00	

