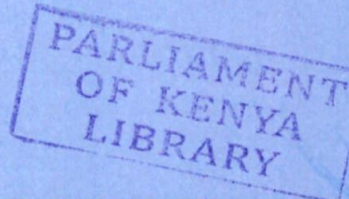


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*passed by the leader of majority party Hon. Aden Duale on Tuesday 5/7/2016*



05 JUL 2016

**REPORT**

**OF**

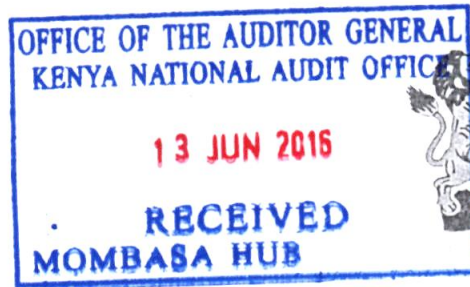
**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
CONSTITUENCIES DEVELOPMENT FUND  
KILIFI NORTH CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2015**





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**CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 a specific portion of the National Annual budget is devoted to the Constituencies for purposes of infrastructural development and wealth creation.

### (b) Key Management

The *Kilifi 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 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Yaye Shosi
3.	District Accountant	Julius Muchohi

### (d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of CDF Board provide overall fiduciary oversight on the activities of Kilifi North 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) KILIFI NORTH CDF Headquarters

P.O. Box 1852 - 80108  
Diamond Building,  
Kilifi Malindi highway,  
Kilifi, KENYA

**(f) KILIFI NORTH CDF Contacts**

Telephone: (254) 0717018803  
E-mail: cdfkilifinorth@outlook.com  
Website: www.cdf.go.ke

**(g) KILIFI NORTH CDF Bankers**

Cooperative Bank  
Kilifi Branch  
Account Number 01141466629200  
P.O. Box 96 – 80108  
Kilifi, Kenya.

**(h) Independent Auditors**

Auditor - General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 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)**

**Budget performance**

Kilifi North CDF's budget for 2014/2015 financial year was Kshs 132,706,153.00. This was allocated to various projects in different sectors as follows:

Serial	Name of Project	Amount Allocated
011/ AP1	Administration/Recurrent	7,962,369.18
011/AP2	Monitoring and Evaluation/Capacity building	3,981,184.59
011/2640200	Emergency (5% of the Fund)	5,400,259.00
011/2640510	Environment	2,654,123.06
011/2640509	Sports	2,654,123.06
011/2640100	Bursary	14,162,069.00
011/2211310	Auditors fee (KENAO)	500,000.00
011/2630203	Rehabilitation of schools	837,931.00
011/2630204	Primary school projects	29,964,422.00
011/2630205	Secondary school projects	23,680,000.00
011/2630207	Health projects	12,000,000.00
011/2640504	Water Projects	1,500,000.00
011/2640505	Agriculture projects	2,000,000.00
011/3110104	CDF Office	4,500,000.00
011/3111001	CDF Office furniture	2,000,000.00
011/3110103	Purchase of Motorcycles	1,500,000.00
011/3110101	Purchase of CDF vehicle	6,500,000.00
011/2640506	Electricity projects	2,589,823.11
011/2640511	School desks	2,000,000.00
011/2640507	Security Projects	6,319,847.00
<b>Total for the Financial Year</b>		<b>132,706,153.00</b>

78% of the total allocation for financial year 2014/2015 has been received from the CDF Board and 78% of the targeted projects for the year have been implemented as at 30<sup>th</sup> June 2015.

**Key Achievements in 2014/2015 financial year.**

After implementation of projects funded in 2014/2015 financial year, the following has been achieved:

*Primary School projects*

Projects	Activity	Status
Kibarani Boarding primary school	Renovation of 5 classrooms and a library	100% complete
Soyosoyo primary	Purchase of land (3 ha)	100% complete
Chumani primary school	Construction of a toilet block	100% complete
Mbaraka Chembe primary school	Construction of a toilet block	Ongoing
Mtsanganyiko primary school	Construction of 2 classrooms	Ongoing
Uyombo maweni primary school	Construction of 2 classrooms	100% complete
Kilifi primary school	Construction of a 12 units toilet block	100% complete
Kilifi primary school	Complete construction of a perimeter wall (5 ha)	100% complete
Kibaoni primary school	Complete construction of a perimeter wall (8 ha)	100% complete
Mtondia primary	Construction of 12 units toilet block	100% complete
Ngerenya primary	Renovation of classrooms	100% complete
Gede primary school	Supply of school furniture	Not started
Old ferry nursery school	Construction of 2 classrooms and a toilet block	Ongoing
Matsangoni primary school	Complete renovation of 3 classrooms and an office	100% complete
Bofa primary school	Complete construction of 2 classrooms	100% complete
Dabaso primary school	Construction of a perimeter wall	Ongoing
Dabaso primary school	Digging of a well, preparation of a stadium	Drilling of Bore hole is complete, Stadium preparation is ongoing

*Secondary School Projects*

Projects	Activity	Status
Jimba secondary school	Purchase of land (3 ha)	100% Complete
Chumani secondary school	Construction of a school dormitory	Not started
Canon Mweri secondary school	Construction of a perimeter wall	Ongoing
Mnarani secondary school	Construction of a science laboratory	100% complete
Ngerenya secondary school	Payment of debt owed to contractor for supply of lab equipment	100% complete
Roka Secondary school	Purchase of office furniture	100% complete
St Thomas girls secondary school	Complete construction of a 16 cubicle dormitory with an ablution area, plumbing work, wiring work and electricity connection	100% complete
Pwani secondary school for the deaf	Construction of one classroom	Ongoing

*Health Projects*

Health		
Konjora dispensary	Construction of staff quotas	100% complete
Dongo Kundu dispensary	Purchase of a 1 ha plot (For construction of dongo kundu dispensary and Dongo kundu primary)	100% complete
Dongo Kundu dispensary	Construction of a dispensary	Not started

*Water Projects*

Project Name	Activity	Status
Mzizima water project	Connection of water through fitting of water pipes	Ongoing
Gede Ruins water project	Connection of water through fitting of pipes	Ongoing

**Security Projects**

Ngerenya Sub Chief's office	Electricity installation, construction of a ramp for use by people with disability and extension of the office	Not started
Ngerenya AP post	Construction of 5 units staff houses, an administration block and 2 no. Ablution blocks	100% complete

**Other projects**

CDF office	Construction of a Perimeter wall	100% complete
CDF office	Complete construction of 4 toilets from lintel level, complete internal finishes including floor work, plumbing work, wiring and electricity connection, ceiling work, painting, fixing of window loovers (30 windows), plaster work, fixing door frames, shatters & locks in 3 rooms and 7 toilets.	100% complete
CDF office furniture	Purchase of 2 executive tables, 2 executive chairs, 14 visitor's chairs, 1 executive lounge set, 4 ordinary office tables, 1 reception table, 1 conference table, 12 conference chairs and office furniture	100% complete
Motor cycles	Purchase of 10 motor bikes for 2 Chiefs and 8 Assistant Chiefs in Watamu and Dabaso locations	Not started
CDF Office vehicle	Purchase of a 9 seater Toyota Land Cruiser for Kilifi North CDF	50% paid , awaiting delivery to complete the balance
Electricity project	Connection of electricity at Chumani polytechnic, Chumani dispensary, Uyombo secondary school, Roka maweni dispensary, Jimba primary school, Kanani primary school	Ongoing
Constituency desk project	Construction of 500 school desks for Pwani secondary school for the deaf, Mtsanganyiko primary school, Uyombo Maweni primary school, Gede primary and Bofa primary school	100% complete

In addition to this, a number of needy students have benefited from the Kshs 14,162,069.00 bursary fund in 2014/2015 financial year.

**Emerging issues**

The on-going case challenging the amendment of the CDF Act to have the CDF operations handled at the County level is a concern among the local community. Many achievements have been noted over the years at the grass root level and the community is concerned that if CDF operations will be handled at the County level, these developments will not be seen any more.

**Implementation challenges and recommendations**

No	Challenges	Recommendations
1	Funds from the CDF Board are not received by the CDFC in good time. This delays project implementation.	The CDF Board should consider disbursement of funds in 2 phases of 50% each.
2	Most PMCs do not have capacity to conduct procurement procedures as required and still insist on procuring for the projects.	CDFCs should be allowed to conduct 100% procurement procedures in liaison with the County procurement officers and only allow PMCs to implement the projects as stipulated in the CDF Act.
3	Political Interference from Members of the County Assembly.	The CDF Board should consider conducting sensitisation training for Members of the County Assembly to encourage them to support implementation of CDF projects at grass root level without interferences.
4	Total allocation for the constituency is not enough yet the constituency is very vast	The CDF Board should consider increasing the total allocation to the constituency
5	Most health projects completed by CDFCs and PMCs remain un utilised because other government agencies do not come in to hire staff or put medical facilities	There is need to ensure proper consultation with the relevant government department to encourage them put the necessary staff and facilities


CONSTITUENCY DEVELOPMENT FUND  
 KILIFI NORTH  
 O. BOG ~~2~~ 80103 KILIFI  
 Chairman CDFC

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	178,467,645.00	45,761,492.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>178,467,645.00</b>	<b>45,761,492.00</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,272,400.00	784,900.00
Use of goods and services	5	1,249,186.00	250,000.00
Committee Expenses	6	3,006,950.00	4,533,060.00
Transfers to Other Government Units	7	85,882,666.00	11,443,289.25
Other grants and transfers	8	40,128,482.56	24,636,548.00
Social Security Benefits	9	23,200.00	7,000.00
Acquisition of Assets	10	6,500,000.00	-
Other Payments	11	952,546.00	697,454.00
<b>TOTAL PAYMENTS</b>		<b>139,015,430.56</b>	<b>42,352,251.25</b>
<b>SURPLUS/DEFICIT</b>		<b>39,452,214.44</b>	<b>3,409,240.75</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kilifi North CDF financial statements were approved on 08/01/2016 and signed by: DATE

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

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

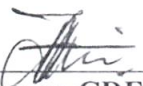
V. STATEMENT OF FINANCIAL ASSETS


	Note	2014-2015 Kshs	2013-2014 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	12A	42,861,455.19	3,409,240.75
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	12C	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>42,861,455.19</b>	<b>3,409,240.75</b>

REPRESENTED BY

Fund balance b/fwd 1st July...	13	3,409,240.75	-
Surplus/Deficit for the year		39,452,214.44	3,409,240.75
Prior year adjustments	14	-	-
<b>NET FINANCIAL POSITION</b>		<b>42,861,455.19</b>	<b>3,409,240.75</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kilifi North CDF financial statements were approved on 8<sup>th</sup> of 2015 and signed by:

  
 Chairman CDFC

CONSTITUENCY DEVELOPMENT FUND  
 KILIFI NORTH  
 P.O. BOX 441-80100 KILIFI  
 GATE.....  
  
 Fund Account Manager

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

**VI. STATEMENT OF CASHFLOW**

		2014 - 2015	2013 - 2014
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	178,467,645.00	45,761,492.00
Other Receipts	3	-	-
		<b>178,467,645.00</b>	<b><u>45,761,492.00</u></b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,272,400.00	784,900.00
Use of goods and services	5	1,249,186.00	250,000.00
Committee Expenses	6	3,006,950.00	4,533,060.00
Transfers to Other Government Units	7	85,882,666.00	11,443,289.25
Other grants and transfers	8	40,128,482.56	24,636,548.00
Social Security Benefits	9	23,200.00	7,000.00
Acquisition of Assets	10	6,500,000.00	-
Other Payments	11	952,546.00	<u>697,454.00</u>
<b>Adjusted for:</b>		<b><u>139,015,430.56</u></b>	<b><u>42,352,251.25</u></b>
Adjustments during the year		-	-
<b>Net cash flow from operating activities</b>		<b>39,452,214.44</b>	<b>3,409,240.75</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
Cash and cash equivalent at beginning of the year	15	3,409,240.75	-
Cash and cash equivalent at end of the year	16	39,452,214.44	3,409,240.75
		<b>42,861,455.</b>	<b>3,409,240.75</b>

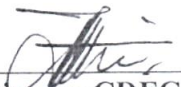
**CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH CONSTITUENCY**

**Reports and Financial Statements**

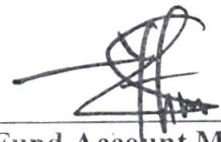
**For the year ended June 30, 2015**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kilifi North CDF financial statements were approved on 8/21/2015 and signed by:

CONSTITUENCY DEVELOPMENT FUND  
KILIFI NORTH  
DATE 8/21/2015



Chairman CDFC



Fund Account Manager

**CONSTITUENCIES DEVELOPMENT FUND – KILIFI NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	132,706,153.00	49,170,732.75	181,876,885.75	178,467,645.00	3,409,240.75	98
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
					-	
<b>PAYMENTS</b>						
Compensation of Employees	2,516,160.00	565,000	3,081,160.00	1,272,400.00	1,808,760.00	42
Use of goods and services	3,000,000.00	665,056.00	3,665,056.00	1,249,186.00	2,415,870.00	34
Committee Expenses	5,215,393.00	941,370.75	6,156,763.75	3,006,950.00	3,149,813.75	49
Transfers to Other Government Units	69,072,176.00	26,600,000.00	95,672,176.00	85,882,666.00	9,789,510.00	90
Other grants and transfers	44,237,878.00	20,099,306.00	64,337,184.00	40,128,482.56	24,208,701.44	62
Social Security Benefits	12,000.00		12,000.00	23,200.00	(11,200.00)	93
Acquisition of Assets	7,700,000		7,700,000.00	6,500,000.00	1,200,000.00	84
Other Payments	952,546.00	300,000	1,252,546.00	952,546.00	300,000.00	76
<b>TOTALS</b>	<b>132,706,153.00</b>	<b>49,170,732.75</b>	<b>181,876,885.75</b>	<b>139,015,430.56</b>	<b>42,861,455.19</b>	<b>76</b>

**NOTE:**

- Transfers from CDF Board

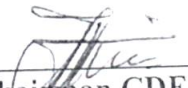
2014/2015		2013/2014	
AIE NO	Amount	AIE NO	Amount
A750229	45,761,492.00	A 709998	2,000,000.00
A750466	33,176,538.25	A 735871	43,761,492.00
A796575	14,905,922.95		
A796802	14,910,442.30		
A796987	39,896,884.00		
A796107	29,816,365.50		
<b>Total</b>	<b>178,467,645.00</b>		<b>45,761,492.00</b>

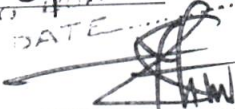
**CONSTITUENCIES DEVELOPMENT FUND – KILIFI NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

The Kilifi North CDF financial statements were approved on

CONSTITUENCY DEVELOPMENT FUND  
KILIFI NORTH  
8/01/2016  
DATE

and signed by:

  
Chairman CDF

  
Fund Account Manager

## **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.

*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 – KILIFI NORTH CONSTITUENCY**  
**Reports and 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
	CDF Board			
1330407	Normal Allocation	AIE NO A 709998	-	2,000,000.00
		AIE NO A 735871	-	43,761,492.00
		AIE NO A750229	45,761,492.00	
		AIE NO A750466	33,176,538.25	
		AIE NO A796575	14,905,922.95	
		AIE NO A796802	14,910,442.30	
		AIE NO A796987	39,896,884.00	
		AIE NO A796107	29,816,365.50	-
1330408	Conditional grants	AIE NO...	-	-
		AIE NO...	-	
1330409	Receipt from other Constituency		-	
	<b>TOTAL</b>		<b>178,467,645.00</b>	<b>45,761,492.00</b>

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**CONSTITUENCIES DEVELOPMENT FUND – KILIFI NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**4 COMPENSATION OF EMPLOYEES**

	Description	2014 - 2015	2013- 2014
		Kshs	Kshs
2110201	Basic wages of contractual employees		
	July 2014	112,000.00	-
	August 2014	112,000.00	-
	September 2014	112,000.00	-
	October 2014	112,000.00	-
	November 2014	112,000.00	-
	December 2014	110,000.00	111,000.00
	January 2015	110,000.00	112,000.00
	February 2015	110,000.00	113,900.00
	March 2015	80,200.00	112,000.00
	April 2015	80,200.00	112,000.00
	May 2015	110,000.00	112,000.00
	June 2015	112,000.00	112,000.00
2110202	Basic wages of casual labour	-	-
	<b>Personal allowances paid as part of salary</b>		
2110301	House allowance	-	-
2110314	Transport allowance	-	-
2110320	Leave allowance	-	-
2110326	Other personnel payments	-	-
2710120	gratuity	-	-
	<b>Total</b>	<b>1,272,400.00</b>	<b>784,900.00</b>

**CONSTITUENCIES DEVELOPMENT FUND – KILIFI NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2015**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5 USE OF GOODS AND SERVICES**

	Description	2014 - 2015	2013 - 2014
		Kshs	Kshs
2210100	Utilities, supplies and services	1,024,186.00	-
2210104	Office rent	225,000.00	250,000.00
2210200	Communication, supplies and services	-	-
2210300	Domestic travel and subsistence	-	-
2210500	Printing, advertising and information supplies & services	-	-
2210600	Rentals of produced assets	-	-
2210700	Training expenses	-	-
2210800	Hospitality supplies and services	-	-
2210900	Insurance costs	-	-
2211000	Specialised materials and services	-	-
2211100	Office and general supplies and services	-	-
2211200	Fuel ,oil & lubricants	-	-
2211300	Other operating expenses	-	-
2220100	Routine maintenance – vehicles and other transport equipment	-	-
2220200	Routine maintenance – other assets	-	-
	<b>Total</b>	<b>1,249,186.00</b>	<b>250,000.00</b>

**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.

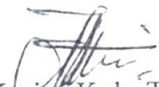
The Accounting Officer in charge of the Kilifi North CDF is responsible for the preparation and presentation of the CDF's financial statements, which give a true and fair view of the state of affairs of the CDF for and as at the end of the financial year (period) ended on June 30, 2015. This responsibility 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 the Kilifi 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 the Kilifi 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 the Kilifi 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 Kilifi North CDF financial statements were approved and signed on

  
Karisa Kalu Tinga  
Chairman - CDFC

  
Yaye Shosi  
Fund Account Manager

CONSTITUENCY DEVELOPMENT FUND  
KILIFI NORTH  
21/07/2016  
DATE

# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### **REPORT OF THE AUDITOR-GENERAL ON CONSTITUENCIES DEVELOPMENT FUND – KILIFI NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2015**

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Kilifi North Constituency set out on pages 9 to 24, which comprise the statement of financial 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 the International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable 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 provision 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 of Kenya. 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

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

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 reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis for Qualified Opinion**

#### **Fraudulent Withdrawal**

As reported in the year 2013/2014 financial year, examination of records availed for audit revealed that an amount of Kshs.2,500,000 was withdrawn from the Constituency Development Fund bank account during the year 2013/2014 without the management's approval. The funds were earmarked for rural electrification project which was never implemented. Although management states that the matter is being investigated by Central Bank of Kenya Anti-corruption Fraud Unit, the payment has neither been incorporated in these financial statements nor a disclosure made in the notes regarding the contingency loss in line with International Public Sector Accounting Standards.

In the circumstances, it has not been possible to confirm the accuracy and validity of the brought forward cash and cash equivalent balance of Kshs.3,409,240.75 as at 30 June 2015.

#### **Qualified Opinion**

In my opinion, except for the effects 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 Constituencies Development Fund – Kilifi 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 comply with the Constituencies Development Fund Act, 2013.

#### **Other Matter**

##### **1. Budget Control and Performance**

Documents availed for audit revealed that the Fund was allocated a budget of Kshs.181,876,885.75 for the financial year 2014/2015. The Fund made transfers and payments amounting to Kshs.139,015,430.56, which amounts to 76% utilization. The unspent balance of Kshs.42,861,455.19 or 24% is an indication of poor budgeting

mechanism where funds remain idle while citizens of Kilifi North Constituency lack quality facilities and services.

## 2. Project Implementation

Records availed for audit during the year indicated that a total of 39 projects with a cumulative budget of Kshs.132,706,153.00 had been approved for implementation in financial year 2014/15. By 30 June 2015, four (4) projects with cumulative approved budget of Kshs.14,000,000.00 had not started as indicated below:

Location	Sub-Project/ Activity	Allocation (Kshs)	Disbursement (Kshs)
Chumani	Construction of a school Dormitory	5,000,000.00	5,000,000.00
Watamu / Dabaso	Purchase of 10 motor bikes for 2 Chiefs and Assistant Chiefs in Watamu and Dabaso locations	1,500,000.00	1,500,000.00
Kilifi	Purchase of a 9 seater Toyota Land Cruiser for Kilifi North CDF	6,500,000.00	6,500,000.00
Ngerenya	Electricity installation, construction of a ramp for use by people with disability and extension of the office.	1,000,000.00	1,000,000.00
<b>Total</b>		<b>14,000,000.00</b>	<b>14,000,000.00</b>

Failure to complete projects on a timely manner results to idle funds thus denying benefits to the citizens of the constituency or the management of the constituency may have over-budgeted hence need to re-look at the budgetary process for the constituency with a view to allocating more funds to deserving activity areas.

## 3. Project Verification.

Project verification during the period under review indicated the following state of affairs of the specific projects:

	Name	Cost (Kshs.)	Project	Observations
1	Dabaso Primary School	530,000.00	Tree planting activity	Although the funds were disbursed to the respective PMC the activity/project is yet to start
2	Dabaso Primary School	500,000.00	Renovation of 1. No. classroom	2 classrooms were renovated instead of 1 classroom

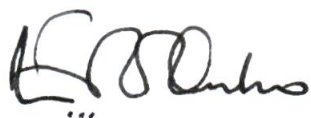
3	Mavueni Primary School	2,300,000.00	Construction of a pit latrine and renovation of 3 No. classrooms	2 new classrooms were constructed instead of constructing a pit latrine and renovating the 3 classrooms as intended.
4	St. Thomas Girls Secondary School	11,000,000.00	Construction of a dormitory (16 cubicles and ablution area), plumbing work, wiring work and electricity connection.	The project is complete and is in use as intended
5	Mida Secondary School	2,400,000.00	Construction of 2 classrooms and 2no. 2 door pit latrine	Only 2 classrooms were constructed
6	Ngala Memorial Girls Secondary School	5,641,720.00	Purchase of school bus	The bus has been purchased and handed over to the school
7	Kadzinuni Dispensary	1,000,000.00	Purchase of laboratory equipment	The funds disbursed was used to construct a laboratory instead of purchasing the laboratory equipment. The laboratory constructed has no lab equipment, is not in use and is in a bad condition where cracks have started to form and the roofs seem worn out
8	Mavueni Dispensary	2,000,000.00	Construction of a maternity wing and placenta pit	The project has been completed but there are no equipment and thus the building is not in use
9	Dzunguni Ezamoyo Water	500,000.00	Installation of water pipes	The project has not started
10	Mnarani Water Project	2,000,000.00	Reconstruction of a well and fitting of water pipes	The project is in use but an ongoing county road project has destroyed a portion of the water line and has

				interfered with the water supply thus water does not reach 90% of the targeted group
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Among the reasons given for slow or non-implementation of the projects was that funds from the CDF Board are not received in good time, PMC's not having capacity to conduct procurement procedures as required, and that most projects completed remain unutilized because other government agencies do not come in to hire staff or equip the project such as the dispensaries. Further, it was noted that some PMC's change the projects from the one approved to new projects because of the need at the time of receiving the funds.

This is an indication of lack of proper consultation with relevant government departments before coming up with projects which requires the relevant departments to equip the project and allocation of funds to non-deserving projects at the expense of priority projects.

My opinion is not qualified in respect of these matters.



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

**Nairobi**

**24 May 2016**

6 COMMITTEE EXPENSES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
2210802 Other Committee expenses	-	1,097,500.00
2210809 Committee allowance		3,435,560.00
	28.11.14	
	28.11.14	
	200,000.00	
	100,000.00	
	04.12.14	
	04.12.14	
	570,000.00	
	300,000.00	
	04.12.14	
	14.01.15	
	500,000.00	
	27.03.15	
	350,000.00	
	12.06.15	
	150,000.00	
	09.02.15	
	500,000.00	
	12.08.14	
	336,950.00	
<b>TOTAL</b>	<b>3,006,950.00</b>	<b>4,533,060.00</b>

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**7 TRANSFER TO OTHER GOVERNMENT ENTITIES**

	Description	2014 - 2015	2013 - 2014
		Kshs	Kshs
2630204	Transfers to Primary schools	40,419,907.00	5,801,569.25
2630205	Transfers to Secondary schools	31,980,000.00	5,641,720.00
2630206	Transfers to Tertiary institutions	-	-
2630207	Transfers to Health institutions	13,482,759.00	-
	<b>TOTAL</b>	<b>85,882,666.00</b>	<b>11,443,289.25</b>

**8 OTHER GRANTS AND OTHER PAYMENTS**

	Description	2014 - 2015	2013 - 2014
		Kshs	Kshs
2640101	Bursary -Secondary	3,380,000.00	7,248,000.00
2640102	Bursary -Tertiary	3,580,400.00	7,820,000.00
2640104	Bursary-Special schools	-	-
2640105	Mocks & CAT	-	-
2640504	water	8,500,000.00	1,000,000.00
2640505	Agriculture (food security)	-	-
2640506	Electricity projects	-	-
2640507	Security	5,319,847.00	5,500,000.00
2640508	Roads	1,000,000.00	-
2640509	Sports	3,812,809.06	568,548.00
2640510	Environment	2,270,804.50	-
2640200	Emergency Projects (specify)	6,464,622.00	2,500,000.00
	Others	5,800,000.00	-
	<b>Total</b>	<b>40,128,482.56</b>	<b>24,636,548.00</b>

**9 SOCIAL SECURITY BENEFITS**

		2014 - 2015	2013 - 2014
		Kshs	Kshs
2120101	Employer contribution to NSSF	23,200.00	7,000.00
	<b>Total</b>	<b>23,200.00</b>	<b>7,000.00</b>

**10 ACQUISITION OF ASSETS**

	Non Financial Assets	2014- 2015	2013 - 2014
		Kshs	Kshs
3110102	Purchase of Buildings	-	-
3110202	Construction of Buildings	4,500,000.00	-
3110302	Refurbishment of Buildings	-	-
3110701	Purchase of Vehicles	-	-
3110704	Purchase of Bicycles & Motoreycles	-	-
3110801	Overhaul of Vehicles	-	-
3111001	Purchase of Office furniture and fittings	2,000,000.00	-
3111002	Purchase of computers ,printers and other IT equipments	-	-
3111005	Purchase of photocopier	-	-
3111009	Purchase of other office equipments	-	-
3111112	Purchase of soft ware	-	-
3130101	Acquisition of Land	-	-
	<b>Total</b>	<b>6,500,000.00</b>	<b>-</b>

11 OTHER PAYMENTS

OTHER PAYMENTS	2014 - 2015	2014 - 2015
Debt owed to contractor for construction	300,000.00	697,454.00
Debt owed to contractor for renovation	652,546.00	-
<b>TOTAL</b>	<b>952,546.00</b>	<b>697,454.00</b>

12A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2014 - 2015	2013 - 2014
	Kshs (30/6/2015)	Kshs (30/6/2014)
<i>Cooperative Bank, Kilifi Branch A/C no.01141466629200</i>	42,861,455.19	3,409,240.75
<b>Total</b>	<b>42,861,455.19</b>	<b>3,409,240.75</b>

13 BALANCES BROUGHT FORWARD

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	3,409,240.75	-
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>3,409,240.75</b>	<b>-</b>

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2014/15	Historical Cost (Kshs) 2013/14
Land	-	-
Building & Structures	4,500,000.00	0.00
Transport equipment	-	-
Office equipment, furniture and fittings	2,280,956.90	280,956.90
ICT equipment, software and other ICT Assets	178,200	178,200
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible Assets	-	-
<b>Total</b>	<b>6,959,156.90</b>	<b>459,156.90</b>

	020					
Paper Punch	KLDCDC/017/021		15/11/05	400	Good	Office
Staplers	KLDCDC/017/022		15/11/05	200	Good	Office
Stamp pad	KLDCDC/017/023		15/11/05	200	Good	Office
Stamp pad	KLDCDC/017/024		15/11/05	1,750	Good	Office
<b>PROPERTY, PLANT AND EQUIPMENT</b>						
<b>Type of Furniture</b>	<b>Asset Number</b>	<b>Asset Serial Number</b>	<b>Acquisition Date</b>	<b>Cost(ksh)</b>	<b>Current Condition</b>	
Motorbike with riding boots, helmet and suit	KLDCDC/017/028	GK A729P	18/09/07	336,372	Good	Office
Sony digital still camera DSC-W80	KLDCDC/017/030	3-113-628-21	05/11/07	25,000	Good	Office
Calculator-Casio	KLDCDC/017/031		15/11/06	650	Good	Office
Calculator-Casio	KLDCDC/017/032		15/11/06	650	Good	Office
Laptop Toshiba A 100	KLDCDC/017/038	17356614 Q	17/11/07	112,250	Good	Office
Printer Hp laser Jet P2014	KLDCDC/017/039	CNCJ658 594	30/03/09	18,000	Good	Office
A PC Back up	KLDCDC/017/040	-650VA	30/03/09	7,500	Good	Office
Whistle Kettle (6L)	KLDCDC/017/041	LF-156B	19/02/09	2,700	Good	Office
Land Rover TDI Defender	KLDCDC/017/042	GK 662T	25/09/2009	4,079,250	Good	Office
Photocopying Machine/printer	KLDCDC/017/043	NRGMP1 600L	28/01/2010	150,000	Good	Office
2 office desk	KLDCDC/017/044		27/7/2010	42,000	Good	Office
Executive office chair-2	KLDCDC/017/045		27/7/2010	25,190	Good	Office
12- conference chairs	KLDCDC/017/046		27/7/2010	76,200	Good	Office
1 conference table	KLDCDC/017/047		27/7/2010	180,550	Good	

