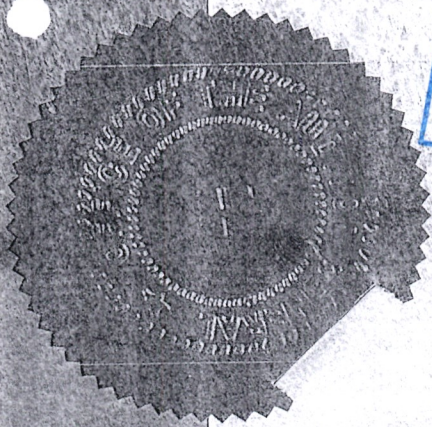


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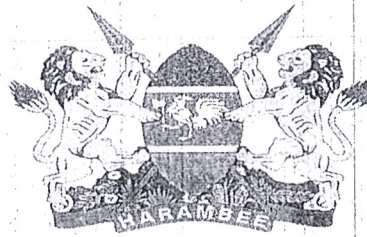
REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND
YATTA CONSTITUENCY
FOR THE YEAR ENDED
30 JUNE 2015



CONSTITUENCY DEVELOPMENT FUND- YATTA CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2015

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

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

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

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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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 the purpose of infrastructure development, wealth creation and the fight against poverty at constituencies' level.

(b) Key Management

The *Yatta 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 holder	David Kaberia Murungi
3.	Accountant	Benjamin Makau
4.		

(d) Fiduciary Oversight Arrangements

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

P.O. Box 203-90119
MATUU-KATANGI ROAD
MATUU

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

(f) Yatta CDF Contacts

Telephone: (254) 0720 104432
E-mail: dmurungi@cdf.go.ke
Website: www.go.ke

(g) YATTA CDF Bankers

1. KENYA COMMERCIAL BANK
MATUU BRANCH
P.O. Box
MATUU -90119
Nairobi, Kenya

(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)

Yatta constituency development fund was allocated Kshs 118,211,814.00 for the financial year 2014/2015 of the above amount the constituency received Kshs 59,105,921.60 The constituency also received Kshs 1,450,000.00 which was earmarked for the financial year 2010/2011 but had issues to be addressed by the CDF Committee.

Despite the normal challenges the implementation of the projects was a success in the financial year 2014/2015. There are a number of projects which the CDFC had forwarded to the board for approval which have not been approved. It the request by the chairman that those projects be approved to enable smooth implementation of the same

The projects are;

- | | |
|--------------------------------|---------------------|
| 1. Katangi TTI Land | Kshs. 7,500,000.00 |
| 2. Construction of Katangi TTI | Kshs. 10,000,000.00 |
| 3. Kamweani Water Project | Ksh. 21,000.00 |
| 4. Kithito Bore Hole | Ksh. 690,260.00 |
| 5. Ndulumoni Water Project | Ksh. 890,178.00 |

During the financial year 2014/2015 the constituency was able to procure an office vehicle registration Number **GKB940F** which is of great important in project monitoring. Also the committee procured a piece of land which will host the CDF office.

Two main water projects were completed during the financial years which are serving a large number of the residents namely: Sofia water project and Matungula borehole.

Also a twin dormitory was constructed at Syokisinga Secondary School with a capacity of 400 students.

We look forward to improve efficiency in project implementation.

SEBASTIAN NZUKI — 

CHAIRMAN CDFC- YATTA

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.

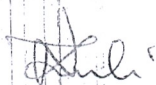
The Accounting Officer in charge of the *YATTA CDF* is responsible for the preparation and presentation of the *CDF's* financial statements, which give a true and fair view of the state of affairs of the *CDF* for and as at the end of the financial year (period) ended on June 30, 2015. This responsibility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



Chairman CDFC YATTA



Fund Account Manager



OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Yatta Constituency set out on pages 5 to 25, which comprise the statement of assets as at 30 June 2015, and the statement of receipts and payments, and summary statement of appropriation: recurrent and development combined 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 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 (1) 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 the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed with a view 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 evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Budget and Budgetary Control

1.1 The summary statement of appropriation reflects a budget totalling to Kshs.160,405,334 while the project proposal code list from the CDF Board reflects an amount of Kshs.99,110,376 resulting to unexplained difference of Kshs.61,294,958 as shown below:

Item	Budget figure as per statement of appropriation (Kshs.)	Budget as per approved code list (Kshs.)	Variance (Kshs.)
Compensation of employees	2,751,152	2,491,152	260,000
Use of good and Services	3,229,748	4,412,678	(1,182,930)
Committee expenses	5,830,901	3,660,000	2,170,901
Transfers to other government units	59,473,402	35,228,599	24,244,803
Other grants and transfers	71,601,410	46,317,947	25,283,463
Social security benefits	100,000	-	100,000
Acquisition of assets	13,918,721	7,000,000	6,918,721
Other payments(strategic plan)	3,500,000	-	3,500,000
	160,405,334	99,110,376	61,294,958

No explanation was provided for the variance between the approved budget from the CDF Board and the amount reflected in the summary statement of appropriation.

1.2 The summary statement of appropriation reflects actual expenditure totalling to Kshs.96,408,792, while the approved budget was Kshs.99,110,376 resulting to variances as shown below:-

Item	Budget as per approved budget (Kshs.)	Actual expenditure figures as per statement of appropriation (Kshs.)	Variance (Kshs.)
Compensation of employees	2,491,152	1,784,711	706,441
Use of good and Services	4,412,678	1,487,867	2,924,811
Committee expenses	3,660,000	5,293,400	(1,633,400)
Transfers to other government units	35,228,599	29,000,177	6,228,422
Other grants and transfers	46,317,947	51,874,114	(5,556,167)
Social security benefits	-	86,276	(86,276)
Acquisition of assets	7,000,000	6,882,247	117,753
Other payments(strategic plan)	-	-	-
	99,110,376	96,408,792	2,701,584

The Fund received an amount of Kshs.60,555,922 from the CDF Board in the year and had an opening balance of Kshs.40,743,520. It therefore had an amount of Kshs.101,299,442 available to carry out its projects in the year. However, it only carried out projects with a value of Kshs.96,408,792 out of the planned projects costing Kshs.99,110,376. No reason was given for the failure to implement the projects as had been approved by the Board. In addition, the CDF incurred more money than had been budgeted and approved by the CDF Board under committee expenses, other grants and transfers and in social security benefits. No authority was sought from the Board to reallocate the funds.

2. Cash and Cash Equivalent

The statement of financial assets reflects an amount of Kshs.4,890,649 under bank balances. Review of the bank reconciliation statement revealed stale cheques amounting to Kshs.98,852 that had not been revised in the financial statements.

The accuracy of the cash and cash equivalents could therefore not be confirmed.

3. Inaccuracies in the Financial Statements

The following anomalies were noted in the financial statements:

- (i) Some of the figures in the financial statements do not tally with the figures indicated in the notes to the financial statements.
- (ii) The comparative figure for transfer to other government units reflects an amount of Kshs.39,167,285 while the audited financial statements for 2013/2014 reflects an amount of Kshs.36,754,344.
- (iii) The comparative total payments and surplus were reflected as Kshs.83,942,388 and Kshs.40,257,731 respectively, whereas the audited financial statements reflects total payments of Kshs.81,529,447 and a surplus of Kshs.42,670,672 respectively.
- (iv) The comparative total receipts in the statement of receipts and payments reflects an amount of Kshs.124,200,199, whereas the audited financial statements for 2013/2014 reflects an amount of Kshs.124,200,119.
- (v) The budget utilization difference does not cast to the figure in the summary statement of appropriation of Kshs.263,695,365.

Consequently, the accuracy of the financial statements as at 30 June 2015 could not be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Constituencies Development Fund-Yatta 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. Transfers to Other Government Entities

The statement of receipts and payments reflects expenditure of Kshs.29,000,173 under transfers to other government entities while the approved budget for the year amounted to Kshs.59,473,402 resulting in under expenditure of Kshs.30,473,229. In addition, while the summary statement of appropriation reflects an amount of Kshs.59,473,402, the approved project proposal for the Constituency reflected an amount of Kshs.36,228,599 resulting in unsupported budget of Kshs.23,244,803.

PROJECT	BUDGETED AMOUNT KSHS.	ACTUAL EXPENDITURE KSHS.	OVER EXPENDITURE KSHS.	UNDER EXPENDITURE KSHS.
Iiani Primary School	837,031	837,000	-	-
Kathamani Primary School	500,000	500,000	-	-
Kathamani Primary School	170,000	-	-	170,000
Kautuluni Primary School	200,000	200,000	-	-
Kautuluni Primary School	175,000	175,000	-	-
Kilango Primary School	1,650,000	1,650,000	-	-
Kiwanzani Primary School	700,000	700,000.00	-	-
Makutano Primary School	1,500,000	2,000,000	500,000	-
Mekilingi Primary School	700,000	-	-	700,000
Munyiiki Primary School	1,000,000	1,000,000	-	-
Myumbuni Primary School	700,000	-	-	-
Syuki Primary School	1,077,000	1,077,000	-	-
Fr Makewa High School	1,500,000	1,500,000	-	-
Ikombe Secondary School	1,000,000	-	-	1,000,000
Iviani Secondary School	1,200,000	1,200,000	-	-

Kambi ya Ndeke Secondary School	1,200,000	1,200,000	-	-
Katangi Secondary School	2,300,000	2,300,000	-	-
Kyasioni Secondary School	1,200,000	-	-	1,200,000
Makivenzi Secondary School	2,000,000	2,000,000	-	-
Malatani Secondary School	875,000	875,000	-	-
Mamba Secondary School	1,500,000	1,500,000	-	-
Syokisinga Sec School	2,032,568	5,539,969	3,507,401	-
John Munyau	-	160,000	160,000	-
Kaloleni Dispensary	1,000,000	-	-	1,000,000
Kivingoni Dispensary	600,000	-	-	600,000
Kiwanza Dispensary	1,000,000	-	-	1,000,000
Kilungu Dispensary	1,000,000	-	-	1,000,000
Kyasioni Dispensary	312,000	-	-	312,000
Masaani Dispensary	600,000	-	-	600,000
Matuu District Hospital	5,500,000	-	-	5,500,000
Ngumbulu Dispensary	1,200,000	-	-	1,200,000
Mamba Dispensary	-	896,551	896,551	-
Kwa Mwatu Dispensary	-	896,551	896,551	-

Kitheuni Dispensary	-	896,551	896,551	-
Kisesini Dispensary	-	896,551	896,551	-
Kinyatta Tac Hall	1,000,000	1,000,000	-	-
Total per supporting documents	36,228,599	29,000,173	7,753,605	14,982,031
Unsupported	23,244,803.00	-	-	-
Balance per the Financial Statements	<u>59,473,402</u>	<u>29,000,173</u>	<u>7,753,605</u>	<u>14,982,031</u>

No explanation was provided for the difference between the summary statement of appropriation and the approved project proposal for the Constituency.

2. Other Grants and Transfers

The statement of receipts and payments reflects expenditure of Kshs.51,874,114 under other grants and transfers while the approved budget for the year reflected an amount of Kshs.71,601,410, resulting in under-expenditure of Kshs.19,727,296. In addition, while the summary statement of appropriation reflects an amount of Kshs.71,601,410, the approved project proposal for the Constituency reflected an amount of Kshs.44,817,947, resulting in unsupported budget of Kshs.26,783,463.

PROJECT	Budgeted Amount Kshs.	Actual Expenditure Kshs.	Over Expenditure Kshs.	Under Expenditure Kshs.
Bursary Secondary Schools	9,000,000	10,871,000	1,871,000	-
Bursary Tertiary / Universities	9,000,000	6,854,000	-	2,146,000
Bursary Special schools	-	2,967,000	2,967,000	-
Mocks/CATs	,343,696	1,818,400	-	525,296
Water Projects	10,939,000	15,070,395	4,131,395	-
Security Projects	1,340,000	500,000	-	840,000
Roads Projects	2,100,000	2,100,000	-	-
Sports Projects	2,347,496	2,347,496	-	-
Environment Projects	2,347,496	3,547,456	1,199,960	-
Emergency Projects	5,400,259	5,798,367	398,108	-
Total per supporting	44,817,947	51,874,114	10,567,463	3,511,296

documents				
Unsupported	26,783,463	-	-	-
Balance per the Financial Statements	<u>71,601,410</u>	<u>51,874,114</u>	<u>19,567,463</u>	<u>3,511,296</u>

No explanation was provided for the difference between the summary statement of appropriation and the approved project proposal for the Constituency.

My opinion is not qualified in respect of these matters.



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

Nairobi

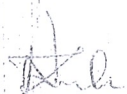
08 September 2016

Reports and Financial Statements
For the year ended June 30, 2015

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-2015 Kshs	2013-2014 Kshs
RECEIPTS			
Transfers from Other Government Entities	1	60,555,921.60	124,200,199.00
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	0	0
TOTAL RECEIPTS		60,555,921.60	124,200,199.00
PAYMENTS			
Compensation of Employees	4	1,784,711.00	794,988.00
Use of goods and services	5	1,487,867.20	813,421.00
Committee Expenses	6	5,293,400.00	8,774,573.00
Transfers to Other Government Units	7	29,000,177.00	39,167,284.75
Other grants and transfers	8	51,874,114.00	34,384,525.00
Social Security Benefits	9	86,276.00	7,596.00
Acquisition of Assets	10	6,882,247.00	0
Other Payments	11	0	0
TOTAL PAYMENTS		96,408,792.20	83,942,387.75
SURPLUS/DEFICIT		(35,852,870.60)	40,257,731.25

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



Chairman - CDFC



Fund Account Manager

Reports and Financial Statements
For the year ended June 30, 2015

V. STATEMENT OF ASSETS

	Note	2014-2015 Kshs	2013-2014 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	12A	4,890,648.95	40,743,519.55
Cash Balances (cash at hand)	12B	0	0
Outstanding Imprests	12C	0	0
TOTAL FINANCIAL ASSETS		4,890,648.95	40,743,519.55
REPRESENTED BY			
Fund balance b/fwd	13	40,743,519.55	485,788.30
Surplus/Deficit for the year		(35,852,870.60)	40,257,731.25
Prior year adjustments	14	0	0
NET FINANCIAL POSITION		4,890,648.95	40,743,519.55

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



Chairman - CDPC



Fund Account Manager

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2014 - 2015	2013 - 2014
Transfers from CDF Board	1	60,555,921.60	124,200,199.00
Other Receipts	3	0	0
Payments for operating expenses			
Compensation of Employees	4	1,784,711.00	794,988.00
Use of goods and services	5	1,487,867.20	813,421.00
Committee Expenses	6	5,293,400.00	8,774,573.00
Transfers to Other Government Units	7	29,000,177.00	39,167,284.75
Other grants and transfers	8	51,874,114.00	34,384,525.00
Social Security Benefits	9	86,276.00	7,596.00
Other Payments	11	0	0
Adjusted for:			
Adjustments during the year		0	0
		(28,970,623.60)	40,257,731.25
Net cash flow from operating activities			
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	-
Acquisition of Assets	10	6,882,247.00	-
Net cash flows from Investing Activities		0	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(35,852,870.60)	40,257,731.25
Cash and cash equivalent at BEGINNING of the year	13	40,743,519.55	485,788.30
Cash and cash equivalent at END of the year	16	4,890,648.95	40,743,519.55

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



Chairman CDFC



Fund Account Manager

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	118,211,814.00	42,193,519.55	160,405,333.55	60,555,921.60	99,849,411.95	38
Proceeds from Sale of Assets	0	0	0	0	0	
Other Receipts	0	0	0	0	0	
PAYMENTS						
Compensation of Employees	2,391,152.00	360,000.00	2,751,152.00	1,784,711.00	966,441.00	65
Use of goods and services	3,212,678.00	17,069.55	3,229,747.55	1,487,867.20	1,741,880.35	46
Committee Expenses	4,860,000.00	970,901.00	5,830,901.00	5,293,400.00	537,501.00	91
Transfers to Other Government Units	52,728,599.00	6,744,803.00	59,473,402.00	29,000,177.00	30,473,225.00	49
Other grants and transfers	47,919,385.00	23,682,025.00	71,601,410.00	51,874,114.00	19,727,296.00	72
Social Security Benefits	100,000.00	-	100,000.00	86,276.00	13,724.00	86
Acquisition of Assets	7,000,000.00	6,918,721.00	13,918,721.00	6,882,247.00	7,036,474.00	49
Other Payments(Strategic plan	0	3,500,000.00	3,500,000.00	-	3,500,000.00	0
TOTALS	118,211,814.00	42,193,519.55	160,405,333.55	96,408,792.20	263,695,365.25	

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

Reports and Financial Statements
For the year ended June 30, 2015

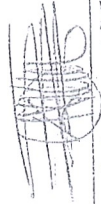
(b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- i. *The strategic plan is the processes of being prepared, hence no funds have been utilized.*
- ii. *Under assets acquisitions the allocation of 7 million not used, the site have been handed over to the contractor.*
- iii. *The funds released to our office by the CDF board were below 50% hence many items have underutilized.*

The YATTA CDF financial statements were approved on _____ 2015 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 are 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.

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
CDF Board		Kshs	Kshs
	AIE NO.759560	29,552,953.50	42,244,170.00
	AIE NO.796548	14,731,784.10	2,000,000.00
	AIE NO.796899	14,821,184.00	49,173,569.40
	AIE NO.797113	1,450,000.00	30,782,379.60
		0	0
(other constituency e.g, parent constituency)		0	0
TOTAL		60,555,921.60	124,200,119.00

Reports and Financial Statements
For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. COMPENSATION OF EMPLOYEES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Basic wages of contractual employees	1,349,420.00	630,788.00
Basic wages of casual labour	27,200.00	
Personal allowances paid as part of salary		
House allowance	266,400.00	164,200.00
Transport allowance	-	-
Leave allowance	-	-
Gratuity	141,691.00	-
Other personnel payments		
Total	1,784,711.00	794,988.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1 USE OF GOODS AND SERVICES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Utilities, supplies and services	72,000.00	73,600.00
Communication, supplies and services	0	0
Domestic travel and subsistence	54,550.00	0
Printing, advertising and information supplies & services	0	0
Rentals of produced assets	180,000.00	180,000.00
Training expenses	240,000.00	0
Hospitality supplies and services	0	0
Insurance costs	0	0
Specialized materials and services	0	0
Office and general supplies and services	486,204.00	559,771.00
Other operating expenses	240,437.20	0
Routine maintenance – vehicles and other transport equipment	14,676.00	0
Routine maintenance – other assets	0	0
Fuel, oil and Lubricants	200,000.00	0
Total	1,487,867.20	813,421.00

1.1.1.1.1.1.2 COMMITTEE EXPENSES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Committee allowances	1,193,400.00	2,607,979.00
Other committee expenses	4,100,000.00	6,166,594.00
Total	5,293,400.00	8,774,573.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.3 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Transfers to primary schools (see attached list)	12,338,969.00	14,483,064.00
Transfers to secondary schools (see attached list)	12,075,000.00	17,374,729.00
Transfers to tertiary institutions (see attached list)	1,000,000.00	-
Transfers to health institutions (see attached list)	3,586,208.00	4,896,551.00
TOTAL	29,000,177.00	36,754,344.00

1.1.1.1.1.1.4 OTHER GRANTS AND OTHER PAYMENTS

Description	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bursary – secondary schools (see attached list)	10,871,000.00	5,796,334.00
Bursary – tertiary institutions (see attached list)	6,854,000.00	5,251,025.00
Bursary – special schools (see attached list)	2,967,000.00	-
Mock & CAT (see attached list)	1,818,400.00	625,800.00
Water projects (see attached list)	15,070,395.00	10,378,525.00
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	-	-
Security projects (see attached list)	500,000.00	923,678.00
Roads projects (see attached list)	2,100,000.00	7,539,923.00
Sports projects (see attached list)	2,347,496.00	1,340,000.00
Environment projects (see attached list)	3,547,456.00	0
Emergency projects (see attached list)	5,798,367.00	2,529,240.00
Total	51,874,114.00	34,384,525.00

1.1.1.1.1.5 SOCIAL SECURITY BENEFITS

	2014 - 2015	2013 - 2014
Employer contribution to NSSF	Kshs 86,276.00	Kshs 7,596.00
Total	<u>86,276.00</u>	<u>7,596.00</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.1.1.1.1.6 ACQUISITION OF ASSETS

Non Financial Assets

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	60,000.00	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	5,069,647.00	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	132,100.00	-
Purchase of a photo copier	120,500.00	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	1,500,000.00	-
Acquisition of Intangible Assets	-	-
Total	6,882,247.00	

12A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2014 - 2015	2013 - 2014
	Kshs	Kshs
<i>KENYA COMMERCIAL BANK, MATUU Branch A/C no. 1106228324. KSH</i>	4,890,648.95	40,743,519.55
Total	4,890,648.95	40,743,519.55

Reports and Financial Statements
 For the year ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2014 - 2015 Kshs	2013 - 2014 Kshs
Bank accounts		
Cash in hand	40,743,519.55	42,940,010.05
Imprest		216,450.00
Total	40,743,519.55	43,156,460.05

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services (office rent)	60,000	0
	60,000	0

15.2: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	14,982,000.00	0
Amounts due to other grants and other transfers (see attached list)	24,680,000.00	0
Others (<i>specify</i>)	0	0
	39,662,000.00	0

NATIONAL GOVERNMENT ENTITY - YATTA CONSTITUENCY DEVELOPMENT FUND

Reports and Financial Statements

For the year ended June 30, 2015

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2015 d=a-c	Outstanding Balance 2014	Comments
Construction of buildings						
1.	0			0		
2.						
3.						
Sub-Total	0			0		
Construction of civil works						
4.	0			0		
5.						
6.						
Sub-Total	0			0		
Supply of goods						
7.	0			0		
8.						
9.						
Sub-Total	0			0		
Supply of services						
10. Office rent	90,000.00			90,000.00		Rent for 6Months
11.						
12.						
Sub-Total	90,000.00			90,000.00		
Grand Total	90,000.00			90,000.00		

NATIONAL GOVERNMENT ENTITY – YATTA CONSTITUENCY DEVELOPMENT FUND

Reports and Financial Statements

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

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Brief Transaction Description	Original Amount	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1	Kathamani Primary School	Construction of a pit latrines Construction of 1No. Classroom	170,000.00		170,000.00		
2	Myumbuni Primary School	Construction of 1No. Classroom	700,000.00		700,000.00		
3	Mekilingi Primary School	Construction of a dormitory	700,000.00		700,000.00		
4	Ikombe Secondary School	Completion of a laboratory	1,000,000.00		1,000,000.00		
5	Kyasioni Secondary School	Equipping of a Dispensary	1,200,000.00		1,200,000.00		
6	Kaloleni Dispensary	Equipping of a Dispensary	1,000,000.00		1,000,000.00		
7	Kivingoni Dispensary	Equipping of a Dispensary	600,000.00		600,000.00		
8	Kiwanza Dispensary	Construction of a Dispensary	1,000,000.00		1,000,000.00		
9	Kilungu Dispensary	Construction of a Dispensary	1,000,000.00		1,000,000.00		
10	Kyasioni Dispensary	Fencing of a dispensary	1,000,000.00		1,000,000.00		
11	Masaani Dispensary	Equipping of a Dispensary	312,000.00		312,000.00		
12	Matuu District Hospital	Completion of a theatre	600,000.00		600,000.00		
13	Ngumbulu Dispensary	Equipping of a Dispensary	5,500,000.00		5,500,000.00		
			1,200,000.00		1,200,000.00		
	Sub-Total		14,982,000.00		14,982,000.00		

NATIONAL GOVERNMENT ENTITY - YATTA CONSTITUENCY DEVELOPMENT FUND

Reports and Financial Statements

For the year ended June 30, 2015

Name	Brief Transaction Description	Brief Transaction Description	Original Amount	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
Amounts due to other grants and other transfers							
1.	Payment of Audit Fees to KENAO	Payment of Audit Fees to KENAO	500,000.00		500,000.00		
2.	Payment of bursary to needy student	Payment of university/college bursary	4,000,000.00		4,000,000.00		
3.	Kitololo Bore Hole	Equipping of a borehole	2,300,000.00		2,300,000.00		
4.	Mukinyango Bore Hole	Equipping of a borehole	2,300,000.00		2,300,000.00		
5.	Ngengi Bore Hole	Equipping of a borehole	2,200,000.00		2,200,000.00		
6.	Deputy County commissioner Yatta	Fencing of a Yatta DCC resident	1,340,000.00		1,340,000.00		
7.	Yatta CDF Office Construction	Construction of CDF office	6,940,000.00		6,940,000.00		
8.	Yatta CDF Strategic plan	Preparation of a strategic plan	3,500,000.00		3,500,000.00		
9.	Mweleki -Katangi Water project	Installation of water pipeline	1,600,000.00		1,600,000.00		
	Sub-Total		24,680,000.00		24,680,000.00		

NATIONAL GOVERNMENT ENTITY – YATTA CONSTITUENCY DEVELOPMENT FUND
 Reports and Financial Statements
 For the year ended June 30, 2015

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2014/15	Historical Cost (Kshs) 2013/14
Land		
Buildings and structures	1,500,000.00	
Transport equipment	60,000.00	
Office equipment, furniture and fittings	5,069,647.00	
ICT Equipment, Software and Other ICT Assets	9,200.00	9,200.00
Other Machinery and Equipment	252,600.00	
Heritage and cultural assets	1,850.00	1,850.00
Intangible assets	0	
Total	6,893,297.00	11,050.00