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REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
CONSTITUENCIES DEVELOPMENT FUND –
BOMET EAST CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2014**

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Constituencies Development Fund - Bomet East Constituency Development set out on pages 6 to 15, which comprise the statement of financial assets and liabilities as at 30 June 2014, the statement of receipts and payments, statement of cash flows, summary statement of appropriation, for the year 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 this 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 of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those Standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Included in the cash and cash equivalents balance of Kshs.38,635,000 as at 30 June 2014 are outstanding imprests totaling Kshs.2,510,000 issued to one officer between 2 April 2014 and 26 June 2014.

No explanation has been given for failure to surrender or account for the imprests within 48 hours upon completion of the purposes for which they were issued as required by government financial regulations.

2. Stalled Projects

Examination of project implementation status report as at 30 June 2014 disclosed that several projects worth Kshs.68,562,547 had not been completed as at that date and no funding had been provided for their completion during the year. The projects included construction of classrooms, health facilities and provision of water services, among others. Although the projects were commenced in earlier years, and were at various stages of completion, no explanation was given for failure to fund the projects to completion as required by Section 22(2) of the CDF Act, 2013.

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 the Fund as at 30 June 2014, and of its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards, (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Constituencies Development Fund.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

14 September 2015