

REPUBLIC OF KENYA



REPORT




OF

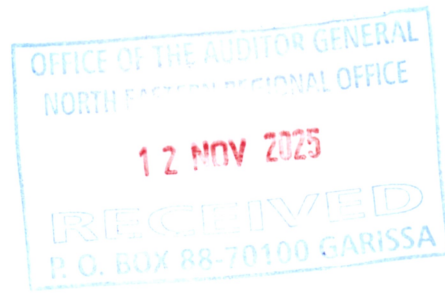
THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
LAFEY CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE, 2025**

 THE NATIONAL ASSEMBLY PAPERS LAID			
DATE:	03 DEC 2025 <table border="1"><tr><td>DAY:</td><td><i>wed</i></td></tr></table>	DAY:	<i>wed</i>
DAY:	<i>wed</i>		
TABLED BY:	<i>Deputy Leader of majority Hon. Owen Bayo</i>		
CLERK-AT-THE-TABLE:	<i>Halima Suleiman</i>		



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

LAFEY CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2025

Transitional IPSAS Financial Statements /Prepared in accordance with the Accrual Basis of Accounting Method Under International Public Sector Accounting Standards (IPSAS)

*National Government Constituencies Development Fund (NGCDF)
Lafey Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025*

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1. Acronyms and Definition of Key Terms

A. Acronyms

AIE	Authority to Incur Expenditure
AC	Audit Committee
DCC	Deputy County Commissioner
IPSAS	International Public Sector Accounting Standards.
FAM	Fund Account Manager
NG-CDFB	National Government Constituencies Development Fund Board
NG-CDF	National Government Constituencies Development Fund
NG-CDFC	National Government Constituency Development Fund Committee
NSCA	National Sub-County Accountant
PFM	Public Finance Management
PMCs	Project Management Committees
PWD	Persons with Disability
FY	Financial Year
DFAC	Decentralized Funds Accounts Committee

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the entity.

Comparative Year- Means the prior period.

2. Key Constituency Information and Management

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 (amended 2023). The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At the cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the Fund's general policy and strategic direction.

Mandate

The mandate of the Fund as derived from sec (3) of the NG-CDF Act, 2015, is to:

- a) Recognize the constituency as a platform for the identification, performance, and implementation of national government functions.
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6 (3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination, and protection of the marginalized pursuant to Article 10(2)(b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10(2)(d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21(2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to exercise oversight over the performance of exclusive national government functions at the constituency level as provided for under Article 95 of the Constitution;

- h) Authorize withdrawal of money from the Consolidated Fund as provided under Article 206(2)(c) of the Constitution;
- i) Provide mechanisms for supplementing infrastructure development at the constituency level in matters falling within the exclusive functions of the national government at that level in accordance with the Constitution;
- j) Provide a framework for citizens-led development to assist the national government in planning and prioritizing the use of its resources;
- k) Create a harmonious relationship between citizens and the national government and its officers in local development;
- l) Provide a platform for citizens' participation in service delivery;
- m) Build local accountability and transparency in the use of resources; and
- n) Provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201(b)(iii) of the Constitution.

Vision

Equitable Socio-economic development countrywide.

Mission

To provide leadership and policy direction for effective and efficient management of the Fund.

Core Values

1. Transparency and Accountability
2. Professionalism and Integrity
3. Commitment and Teamwork
4. Neutrality and Objectivity
5. Timeliness and Excellence
6. Advocacy for Citizen Participation

Functions of NG-CDF Committee

The functions of the NG-CDF Committee are outlined in section 11 of The National Government Constituencies Development Fund Regulations, 2016.

(b) Key Management

The NGCDF Lafey Constituency's day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	AIE holder	Abdikarim Ibrahim Hassan
2.	National Sub-County Accountant	Yunis Ali Dakat
3.	Chairman NGCDFC	Derow Abdi Omar
4.	Member NGCDFC	Nasra Samow Bare
5.	Member NG CDFC	Rukia Farah Abdullahi

(c) Fiduciary Oversight Arrangements

The Audit Committee of the NGCDF Board provides overall fiduciary oversight on the activities of the NGCDF LAFEY Constituency. The reports and recommendations of the Audit Committee, when adopted by the NGCDF Board, are forwarded to the Constituency Committee for action. The Board forwards any matters that require policy guidance to the Cabinet Secretary and National Assembly Select Committee.

(D) NG -CDF Lafey Constituency Headquarters

P.O Box 12-70300
Opposite Lafey Safaricom Mast
Mandera.

(e) NG-CDF LAFEY Constituency Contacts

P.O. Box 12-70300. Mandera
Telephone: (254) 720409988
E-mail: cdflafey.go.ke
Website: www.go.ke

(f) NGCDF LAFEY Constituency Bankers

1. Equity Bank. Account Number:1000261220622 (Operations Account).
Mandera Branch
P.O Box 536-70300 Mandera Kenya
2. Equity Bank Mandera Branch. Account Number:1000285836086 (Deposit account)
P.O. Box 536-70300 Mandera Kenya
3. Equity Bank. Mandera Branch Account Number (As per annex 2) (PMC Accounts)
P.O. Box 536-70300 Mandera Kenya


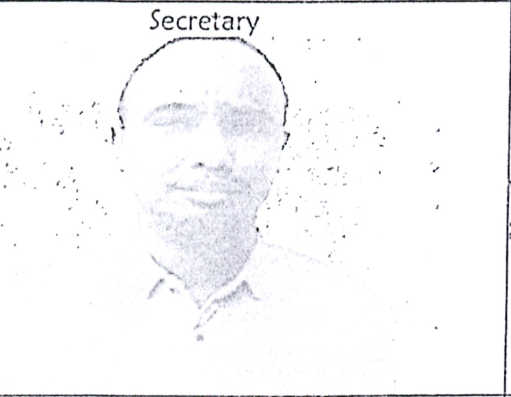

(g) Independent Auditor

Auditor General
Office of the Auditor General
Anniversary Towers. University Way
P.O. Box 30084
GPO 00100 Nairobi, Kenya

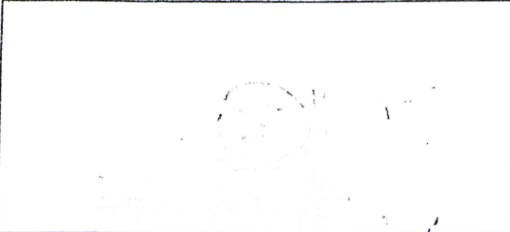


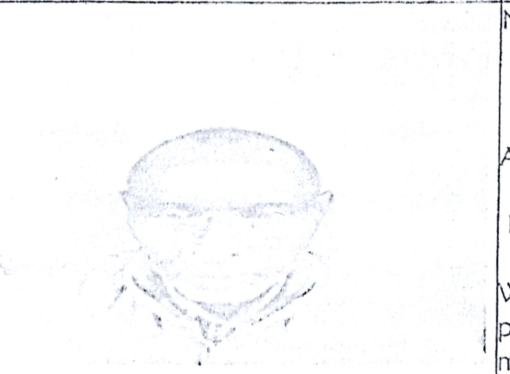
(h) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112 – 00200 City Square Nairobi, Kenya




3. NGCDF Committee

Photo	Name and Details
 <p data-bbox="368 907 496 943">Chairman</p>	<p data-bbox="751 533 1182 568">Name: Mr. DEROW ABDI OMAR</p> <p data-bbox="751 568 1062 604">Date of Birth:01/01/1992</p> <p data-bbox="751 604 1481 640">Academic Qualification: Diploma in Business Management</p> <p data-bbox="751 640 1086 676">Professional Qualification:</p> <p data-bbox="751 676 1449 741">Work Experience: has a work experience of 5 years as a manager in a petroleum industry.</p>
 <p data-bbox="384 943 496 978">Secretary</p>	<p data-bbox="751 943 1251 978">Name: MR. DAKANE MAALIM ADAN</p> <p data-bbox="751 978 919 1014">Date of birth.</p> <p data-bbox="751 1014 1417 1079">Academic Qualification: Diploma in Early child hood Education.</p> <p data-bbox="751 1079 1070 1115">Professional Qualification:</p> <p data-bbox="751 1115 1461 1180">Work Experience: The member has worked in several no-governmental Organizations</p>
	<p data-bbox="751 1339 1230 1375">Name: MR. HUSSEIN BULLE HASSAN</p> <p data-bbox="751 1375 919 1411">Date of Birth:</p> <p data-bbox="751 1411 1417 1476">Academic Qualification: Diploma In Early Childhood Education.</p> <p data-bbox="751 1476 1461 1541">Professional Qualification: A degree in Islamic studies and sharia</p> <p data-bbox="751 1541 1469 1606">Work Experience: Five (5) years' experience in teaching of Islamic schools (Madrassa)</p>
	<p data-bbox="751 1682 1198 1718">Name: Mrs.ZETTUN RAGE MADEY</p> <p data-bbox="751 1718 1038 1753">Date of Birth:01.01.1999</p> <p data-bbox="751 1787 1182 1823">Academic Qualification: Certificate</p> <p data-bbox="751 1856 1289 1892">Professional Qualification: Business woman</p>

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	<p>Work Experience: Has been a cdf committee member from 2022 to date.</p>
	<p>Name: Mrs.NASRA SAMOW BARE Date of Birth: .01.07.1996</p> <p>Academic Qualification: KCSE Certificate</p> <p>Professional Qualification: Business woman</p> <p>Work Experience: Ha been CDF Committee member since 2018 to date</p>
	<p>Name: Mrs.RUKIA FARAH ABDULLAHI Date of Birth: 01.01.1987</p> <p>Academic Qualification: Certificate in Quran studies</p> <p>Professional Qualification: Certificate in Early Childhood Education</p> <p>Work Experience: Has been a CDF Committee member since 2018 to date.</p>
	<p>Name: NOOR DIBIT ADAN</p> <p>Date of Birth: 10.10.1974</p> <p>Academic Qualification: KCSE Certificate</p> <p>Professional qualification: Businessman</p> <p>Work Experience: has worked as a clerk in registration of person for a period of 5 years and has been a committee member since 2022 to date</p>

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	<p>Name: AMAL OSMAN HAJI Date of Birth:01.01.1997 Academic Qualification: KCSE certificate Professional Qualification: Business woman Work Experience: Has worked as a committee member of CDF from 2018 to date.</p>
	<p>Name: CHEPKWONY KIPLAGAT FESTUS Date of Birth:10.01.1985 Academic Qualification: Maters in procurement and logistics Professional Qualification: Bachelor of Education (Arts) Work Experience: Worked in public Administration for a period of 15 years and also worked as part time lecturer.</p>
<p>Fund Account Manager :</p> 	<p>Name: Mr. Abdikarim Ibrahim Hassan Date of Birth. 01.01.1976 Academic Qualification: Masters in project management and planning Professional Qualification. -Bachelor in Business Administration (Accounting & Finance) . -Certified public Accountant-CPA(K) . Work Experience: Worked as a School bursar for a Period of ten years and Working with National Government Constituencies Development Fund Board since 2011 to date as fund account manager.</p>

4. NG-CDFC Chairman's Report



MR. DEROW ABDI OMAR

About Lafey Constituency:

Lafey Constituency is an electoral constituency in Mandera County northeastern part of Kenya. The constituency is among one of the newly created eighty (80) constituencies after the promulgation of the new constitution in August 2010. Lafey constituency is in Lafey Sub-county. The constituency is composed of **five wards** namely; **Warangara, Lafey, Sala, Alungu-Gof and Fino**. Lafey Constituency had a population of 83,149 inhabitants as per the figures of the last census in 2019. It has borders with Mandera East from North, Mandera South from south, Mandera North from West and is about 20km from the border of Somalia from East. The Constituency was allocated Ksh.179,441,954 for the financial year 2024/2025

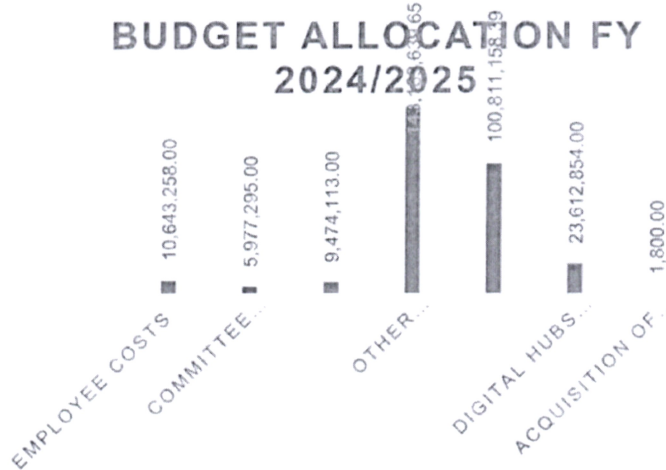
BUDGET PERFORMANCE

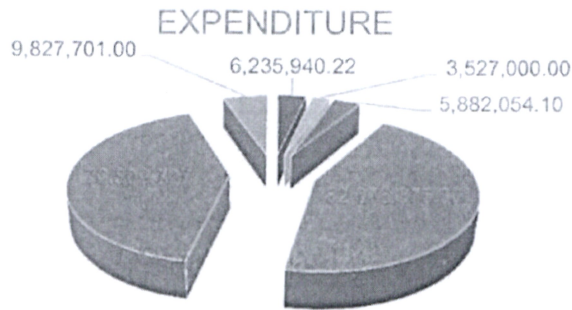
The percentage of budgeted amount received for Lafey NG-CDF for the year was 82.0%. This means a decrease of 1% on the amount received from the board as compared to last year which was 83.%. This happened because all the funds for the financial year were released by the board on time. However, by the end of the financial year only 28% of the allocation for the year were not received which translated to 51 Million. The percentage budget utilization was almost 63 % of the funds received during the year. The non-utilization was as a result of funds disbursed from the NG-CDF Board almost toward the closure of the financial year. The Budget performance of the

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constituency was not impressive and the committee will have to make improvements on that since non of the utilization has reached the recommended 90% mark.

To meet timelines of the project the board has to release all funds for the financial year to ensure to meet the set targets of the board on implementation of projects within the financial year.





- Employee costs
- Committee expenses
- Use of Goods and Services
- Other Government Units Certified Works
- Other Grants and Transfers
- Digital Hubs Expenses

KEY ACHIEVEMENTS

During the year Lafey NG- CDF had achieved a lot in the implementation of projects in different sectors. The fund has developed five new primary schools during this financial year. The constituency also has embarked on mega project such as Huduma Jitume Digital Centre project which is ongoing. The only existing technical and vocational training college is also under renovation and very soon it will start off. This financial year several projects were implemented security Housing, water services in Schools, bursary for needy students in secondary Schools and universities. NG-CDF funds have really elevated the livelihoods of the constituents in the sense that its implemented at the grassroots level where all levels of the community participate and benefit in one way or another. For instance, labour force and provision of materials and the middle level also benefited by getting contracts. The constituency has launched bursary fund and several security and education projects.

EMERGING ISSUES

The clashes and conflicts between the community and the neighbouring constituency affected the implementation of the projects on time. The funds were released on piecemeal and projects could not have started simultaneously.

IMPLEMENTATION CHALLENGES

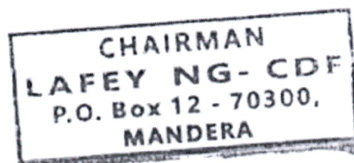
The high rate of insecurity in the constituency still remains a major challenge in the constituency. The Al-shabab menace and inter clan conflict was really an impediment for project implementation. The Project management committee have no adequate capacity in implementing the projects as per the required regulations. Lack of procurement personnel at the Sub-county level to guide the committee on procurement procedures. Electricity and lack skilled manpower was also another factor. Accessibility of the constituency from the county headquarters was also a challenge due to poor and unsafe roads. The NG-CDF Board should Fars track and ensure adequate procurement personnel are posted to the sub-county. Lack of public works officers in the sub-county was also a challenge. The Member of Parliament to follow up with Kenya Power and Lightening Company and Kenya rural roads Authority to provide electricity and proper roads respectively in the whole Constituency.

National government through the Ministry of interior to provide proper security for easy implementation of NG- CDF project.



.....
Chairman NGCDF Committee

Name: *Derow Abdi Omar*



5. Statement Of Performance Against Predetermined Objectives for FY2024/2025

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer, when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of **Lafey Constituency 2022-/23-2027/2028** plan are to

- 1.To improve access to quality education.
2. empower the youth and harness their talent.
3. enhance security in the constituency for better service delivery.
- 4.To promote environmental sustainability.
- 5.To improve tracking of Implementation NG-CDF programmes at the right time and information used in decision making.

Progress on the attainment of Strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement. Below, we provide the progress on attaining the stated objectives:

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> - number of usable physical infrastructure build in primary, secondary, and tertiary institutions - Number of bursary's beneficiaries at all levels. 	<p>In FY 2024/25 -we increased number of classrooms by 10 in Primary school and classrooms Primary School</p> <p>A total of 500 students benefited from bursary 2000 in Tertiary institutions and in secondary schools. Total Bursary issued amounted to ksh.49,000,000</p>

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Security	Enhance security in the constituency for better service delivery	Construction/Renovation of administration chief's offices - Fencing of security offices, Construction of housing units, offices and fencing of police stations	-Number of usable physical infrastructure built in locations, sub locations and police stations -Number of police stations offices	We allocated funds for Construction of staff offices and staff houses for senior police officers. Police stations have been also been proposed for fencing and construction of houses and water tanks
Environment	To promote environmental sustainability.	- Construction of water tanks and installation of gutters and planting of trees in institutions in the constituency.	-Number of institutions with water harvesting facilities.	In the financial year 2024/2025 we allocated fund to five schools for purchase and installation of water harvesting. The implementation is currently underway.
Tracking of results	To improve tracking of Implementation NG-CDF programmes at the right time and information used in decision making.	- Capacity Building of NG-CDFC's and PMC's. -Organizing regular projects monitoring field visits	-Number of times capacity building of PMC's and NG-CDF'S was done. -Number of time project monitoring is done.	- The capacity building of PMCS and NG-CDFs has been improved from one in a year to two times in a year. -Monitoring of Projects and field visits has improved from quarterly monitoring to monthly monitoring

6. Governance Statement

Appointment of NGCDF Committee

The NGCDF Regulation 2016 on appointment of NGCDFC members states; the members of a Constituency Committee provided for Appointment of under section 43 of the Act shall be selected by a members of Constituency selection panel established under paragraph (4) upon an occurrence of a Committee vacancy in the Constituency Committee. Kenya

Subsidiary Legislation, 2016 1951

(2) A vacancy shall occur in Constituency Committee upon commencement of a new parliamentary term; dissolution of a Constituency Committee; removal of a member of a Constituency committee; or the occurrence of a vacancy in a Constituency Committee.

(3) Upon the occurrence of a vacancy in a Constituency Committee, the Board shall within fourteen days, constitute a selection panel.

(4) The selection panel referred to in paragraph (1) shall consist of—

- one person nominated by the national government official in charge of the sub-county or a designated representative, who shall be the chairperson of the selection panel;
- the Officer of the Board seconded to the Constituency who shall be the secretary to the selection panel; and
- two persons, one of either gender, nominated by the Constituency office.

(5) The officer of the Board seconded to the Constituency shall within fourteen days of the first meeting of the selection panel invite applications from persons who qualify for appointment to a Constituency Committee in accordance with guidelines issued by the Board.

(6) The selection panel shall, within fourteen days of receiving the applications under paragraph (5), consider the applications and shall select five applicants taking into account age, gender, special interest groups and regional balance in accordance with section the

Act

(7) The officer of the Board seconded to the Constituency shall within seven days of the selection process referred to in paragraph (6) submit to the Board the names of the selected candidates together with the report of the selection panel.

(8) The Board shall co-opt the person referred to in the Act to ensure equitable representation in the membership of a Constituency Committee.

(9) The Board shall, in writing, request the clerk of the National Assembly to notify the Constituency Office to nominate two persons of either gender, pursuant to section 43(2)(e) of the Act and to forward the names to the Office of the Board seconded to the Constituency.

(10) The Board shall submit the names of the seven persons selected from each Constituency in accordance with the Act to the National Assembly for Approval.

(11) The Board shall, within fourteen days after receipt of the names approved by the National Assembly, appoint the members of a Constituency Committee by notice in the Gazette.

1952 Kenya Subsidiary Legislation, 2016

The selection panel shall stand dissolved upon the appointment of the members.

Lafey NGCDF Appointment Process

To facilitate this, the selection panel invited interested and qualified members of the public for appointment to the NGCDF committee. The panel invited through advertisement in DCC notice boards and other public areas in the constituency.

Out of the total 20 applicants, the selection panel developed a shortlisting criterion which enabled picking of the nominees.

S/N	Name	Category representation	Ward
1.	Noor Dibit Adan	Male (Adult)	Warangara
2.	Dakane Maalim Adan	Male Adult	Alungu
3.	Derow Abi Omar	Male (Youth)	Lafey
4.	Rukia Farah Abdullahi	Female (Adult)	Warangara
5.	Nasra Samow Bare	Female Adult	Fino
6.	Amal Osman Haji	Female (Youth)	Lafey

Nominee of the body representing persons with disability

S/N	Name	Nominating Organization	Nature of physical Impairment	Ward
1.	Hussein Bulle Hassan	Lafey Sub-county Disable group	Physical – Leg with support of a crutch	Fino

Upon further consultation with the panel and the constituency office, members agreed to recommend for co-option by the NG-CDF Board as per section 43 subsection 2(g) as

S/N	Name	Gender	Ward
1.	Zeittun Raga Madey	Female	Sala

After wards the names of the above nominee were submitted to the board for Gazettement.

The members were gazettement through gazette notice Vol CXXVII No. 98 on 21th May, 2025.

The Deputy County commissioner and in consultation with fund account manager called for the first inauguration meeting on 4th June, 2025.

The members went through the process electing the chairperson and the secretary of the committee. The following member were elected.

1. Chairperson position – Derow Abdi Omar

2. Secretary position – Dakane Maalim Adan elected as the secretary to the committee.

During its first meeting, a Constituency Committee established two sub-committees necessary for the proper performance of its functions in accordance with the guidelines issued by the Board. The two subcommittee are as follows:

i. Bursary sub committee

ii. Complaints resolution and corruption committee.

The following were appointed to the different committee

i. Bursary committee

1) Rukia Farah Abdullah-----Member

2) Zettun Raga Madey ----- Member

3) Noor Dibit Adan-----Member

ii. Complaints resolution and Corruption committee

1. Hussein Bulle Hassan-----Chairman

2. Noor Dibit Adan- -----Member

3. Nasra Samow Bare-----Member

4. Rukia Farah Abdullahi. -----Member

The chairman and the secretary are members of both committees. The DCCs are members of the complaints committee, while representative from the ministry of education office is also coopted to be in the Bursary committee.

The term of office for the members of the Constituency Committee is two years and will be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act.

Roles and functions of NG-CDFC

The functions of the National Government Constituency Development Fund Committees members as stipulated in NG-CDF Regulations 2016(11) are;

- i. Convene public meetings in every ward in the constituency to deliberate to on development matters.
- ii. Deliberate on project proposals and any other projects considers beneficial to constituency.
- iii. List of projects to be submitted in accordance with the Act to be submitted to the Board and ensure that all proposed projects that are approved for funding meet the requirements of section 24 of the Act.
- iv. Ensure formation of project management committees, opening of project accounts, project implementation and closure of projects build the capacity of project management committees and sensitize the Community on the operations of the Fund.
- v. Ensure that all projects receive adequate funding and are completed within three years.
- vi. Monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board.
- vii. Submit financial statements to the Board within sixty days of the end of the financial year to enable the Board comply with section 39(4) of the Act.
- viii. Recommend to the Board the removal of a committee member in accordance with section 43(13) and (14) of the Act.
- ix. Enter into performance contracting with the Board on an annual basis.

Removal of NGCDFC Members

Section 43(13) of the Act provides that a member of the Constituency Committee may be removed from office on any one or more of the following grounds-

- (a) Lack of integrity;
- (b) Gross misconduct;
- (c) Embezzlement of public funds;
- (d) Bringing the committee into disrepute through unbecoming personal public conduct;
- (e) Promoting unethical practices;
- (f) Causing disharmony within the committee;
- (g) Physical or mental infirmity.

A decision to remove a member under subsection (13) is made through a resolution of at least five members of the Committee and the member sought to be removed shall be given a fair hearing before the resolution is made. In Lafey the NGCDFC has not found any member to have contravened the laid down regulations and law to warrant removal.

Training of NG-CDFC Members

In the financial year 2024/2025 the NGCDF Board organized training of NGCDFC members and the sub- county accountants between 8th June and 14th June 2025 at Mombasa. During the training, critical areas such as public finance, project planning, procurement, complaint management, performance management were covered to equip them with the prerequisite knowledge and skills to ensure effective and efficient management of NGCDF Lafey.

Number of meetings held

According to the NGCDF Act 2015 amended in 2022, the NGCDF Committee is required to hold a maximum of 24 meetings in a year including any sub-committee meetings. The Constituency Committee shall meet at least six times in a year but the committee shall not hold more than twenty-four meetings in the same financial year, including sub-committee meetings.

During the financial year 2024/2025 NGCDFC Lafey held fourteen (14) meetings and three (3) sub-committee.

and the attendance was as follows

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Lafey Constituency
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NG-CDFC Committee Members	July &22 nd 2024	8 th August 5 th 2024	Sep 6 th & 20 th 2024	Oct 10 th & 28 th 2024	Nov 20 th 2024	Jan 23 rd 2025	Feb 6 th &19 th 2024	Mar h 10 & 26 th 2025	April 10 th 2025	May 18 th &30 th 2025	June 10 th & 27 th 2025
Derow Abdi Omar- Chairman	✓	✓				✓	✓	✓	✓	✓	✓
Dakane Maalim Secretary	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Noor Dabit Adan -member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nasra Samow Bare-youth representative.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rukia Farah- member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Zeitun Raga- member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hussein Bulle Hassan -PWD	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Amal Osman - youth representative	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Abdikarim Ibrahim-FAM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bakari Juma/Chepkw ony-DCC	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Ethics & conduct

Members of NGCDFC are required to observe the following ethical issues

- i. Confidentiality-the NGCDFC members have a responsibility to ensure confidentiality unless in situations required by law.
- ii. Honesty and integrity-NGCDFC members have a duty to declare any private interest relating to their public duties and to take steps to resolve any conflict arising in a way that protects the public interest.
- iii. Leadership- NGCDFC members should promote leadership in the constituency.

During the financial year 2024/2025 members of NGCDFC Lafey adhered to the above ethical issues.

Members remuneration

According to Circular from the Board NG-CDFC members are not entitled to payment of salary. However, the chairperson of NGCDFC is entitled to an allowance seven thousand per meeting and all other members an allowance of five thousand per sitting. All NGCDFC members should adhere to general ethics and code of conduct as stipulated in the NGCDF Act. The committee were remunerated as per their sitting days.

In this financial year the NGCDFC members adhered to the cabinet secretary's circular on members sitting and field allowances.

Disclose policy on conflict of interest

A member who has an interest in any contract, or other matter present at a meeting shall at the meeting and as soon as reasonably practicable after the commencement, disclose the fact thereof and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter. A disclosure of interest made shall be recorded in the minutes of the meeting at which it is made. In the financial year 2024/2025 no member of NGCDFC Lafey contravened conflict of interest policy.

Risk management

Risk management has been integrated in the constituency operations through the following: training of the NGCDF staff in their respective technical areas of service to ensure they carry out their roles efficiently, training of the NGCDFCs and the PMCs to equip them with additional knowledge to carry out their duties efficiently within their mandates and regulations, the Fund account manager avails himself with all the support and required resources to ensure that the identified risk does not hamper with the delivery of service.

Some of the risk mitigation strategies that NGCDFC Lafey has implemented include the following: Implementing audit findings and recommendations, adherence and compliance with NGCDF act 2015 and other laws and regulations to ensure an effective and efficient control system, ensuring that NGCDFC members are actively engaged in the projects implementations and overall fund utilization in the constituency, ensuring that the staff responsible for statutory deductions are well aware of the due dates of remittance, allocating insurance fund in the constituency budget, preparation of procurement plan, budget and Monitoring & evaluation plan for the financial year. Conducting public participation within the prescribed time lines to ensure the constituents are involved in project identification.

7. Management Discussion and Analysis

The review covers five financial years (2020/2021 through to 2024/2025). During this period, the Lafey National Government Constituency Developed Committee received a total of Kenya Shillings **779.3 million** towards the implementation of various projects, with 2024/2025 recording the highest disbursement of Kenya Shillings **179.44 million**, followed by 2023/2024 with Kenya Shillings **176.59 million** as shown below:

FINANCIAL YEAR	ALLOCATION (KSHS)
2020/2021	137,088,879.31
2021/2022	137,088,879.00
2022/2023	149,087,603.00
2023/2024	176,597,193.00
2024/2025	179,441,954.39
TOTAL	779,304,508.70

Several projects have been implemented up to the reporting date of June, 2025. A breakdown of the projects into sectors is given below.

LAFEY NGCDF ALLOCATIONS PER SECTOR FROM 2020/2021- 2024/2025

Vote Head	2020 /2021	2021- 2022	2022- 2023	2023- 2024	2024- 2025	TOTAL	%
Administration	6,170,000	6,187,693	8,705,224	10,321,709	10,766,517	42,151,143	5%
Monitoring & Evaluation	3,676,672	2,883,979	5,803,482	5,117,442	5,383,258	22,864,833	3%
Emergency	7,192,207	7,192,207	7,636,190	9,229,569	9,444,313	40,694,486	5%
Environment	1,700,000	1,500,000	2,901,741	2,007,236	4,200,000	12,308,977	2%
sports	1,700,000	-	2,301,741		-	4,001,741	1%
Bursary	32,000,000	27,000,000	36,064,225	49,343,854	47,000,000	191,408,079	25%
primary	50,900,000	38,800,000	22,775,000	47,020,766	59,447,866	218,943,632	28%
Secondary	12,500,000	17,600,000	17,700,000	14,057,000	3,700,000	65,557,000	8%
Tertiary		-	-	760,000	22,000,000	22,760,000	3%
Security	9,250,000	34,100,000	41,200,000	15,739,617	16,900,000	117,189,617	15%
Others	12,000,000	1,825,000	-	-	-	13,825,000	2%

Strategic	-	-	4,000,000	-	-	4,000,000	1%
Digital Hubs	-	-	-	23,000,000	600,000	23,600,000	3%

Education

Between 2020/2021 and 2024/2025, Kenya Shillings **307.3 million** was disbursed for secondary, primary schools' and tertiary infrastructure projects. Specific projects in primary schools include the construction/rehabilitation of one hundred eighty classrooms; the construction/rehabilitation of ten administration blocks; fifteen staff houses; twenty-eight toilets and three underground water tanks. Three schools were fenced to mitigate against land grabbing and one thousand, eight hundred seventy-two desks were supplied to various schools.

Infrastructure projects implemented in secondary schools include the construction of eighteen new classrooms; the rehabilitation of eight classrooms; the construction of three new administration blocks, three dormitories, eighteen new toilets; three underground water tanks; three science laboratories, two dining halls, two kitchens with stores and the fencing of one school. Three libraries were rehabilitated. Nine schools were supplied with assorted laboratory equipment; three schools were supplied with fifty chairs and fifty lockers each while seven schools were supplied with office furniture. To enhance mobility, two schools were supplied with school buses. To improve on both access and retention rates, a total of Kenya shillings 218.7 million was used as bursary to assist needy students continue with their education at both secondary and tertiary schools.

Security

Between 2020/2021 and 2024/2025, a total of Kenya Shillings **117.1 million** has been disbursed for security related projects. Included is construction of Lafey Deputy county commissioner residence, Assistant County commissioners, among others.

Environment

With minimal expenditure in this sector, Kenya Shillings **12.3 million** was utilized since 2020/2021 for environment related projects.

Sports

In the review period, the constituency utilized Kshs.4.0 million to organize constituency sports tournaments; to carry out constituency sports tournament and awarding the winning teams/schools with trophies, balls and games kits.

Other projects funded during the period under review include the preparation of strategic plan,

Risks and Compliance Requirements

The Fund generally complies with key statutory requirements. The Lafey National Government Constituencies Development Fund (NG-CDF), is guided by the NG-CDF Act, 2015. The other requirements include the compliance with annual budgetary allocations as per the national budget; project identification and prioritization through public participation; preparation and submission of work plans, budgets, and procurement plans and annual audited financial reports submitted to the Auditor-General. However, partial or delayed compliance has been observed in adherence to the Public Finance Management Act and procurement regulations.

The major risks facing the Lafey NGCDF include political interference in project selection and management, undermining community priorities and transparency. There are delays in disbursements from the National Treasury, affecting project implementation timelines. Inadequate capacity at the constituency level for planning, procurement, and monitoring is a notable risk. There are also legal challenges, such as those questioning the constitutionality of the Fund, which may disrupt its operations in the long run.

There are no material arrears in statutory and financial obligations. However, there are instances pending bills and arrears exist, mainly due to delayed disbursements and project overruns. At other times there is delayed remittance of statutory deductions (PAYE, NSSF, NHIF) because of delayed disbursements from the exchequer. Audit reports indicate occasional non-compliance with financial reporting and procurement requirements.

Review of the Economy and Sector

A review of the Country's economy's shows mixed trends. The GDP growth slowed in the financial year 2019/2020 due to the COVID-19 pandemic but rebounded in subsequent years. The average annual growth rate ranged between 3.5% and 5.5%, supported by recovery in agriculture, services, and manufacturing. The rising public debt and fiscal deficits put pressure on budget allocations, affecting disbursement timelines for devolved funds like the NG-CDF. Inflation averaged between 6% and 9%, driven by global supply chain disruptions, food and fuel prices, and exchange rate volatility. This affected project costs and implementation timelines under NG-CDF. The Kenya Revenue Authority improved revenue collection, but expenditures continued to outpace revenue, constraining allocations to development sectors, including NG-CDF.

A review of the sector indicates that on average, the Lafey NG-CDF received approximately Kenya shillings 150 million annually during the period under review. Disbursements were sometimes delayed due to budgetary pressures at the national level. On project implementation, focus remained on education infrastructure (classrooms, toilets, desks, staff houses, dormitories, laboratories), security (police posts), and bursary schemes. Up to 65% of funds were consistently allocated to education-related projects. The Lafey NG-CDF significantly improved access to education infrastructure and bursaries for needy students, especially in marginalized areas. However, the fund's legality has faced scrutiny from the courts. In 2023, the Supreme Court reaffirmed that NG-CDF must comply with constitutional principles, including separation of powers and devolution.

Future Development

To ensure the existence of NG-CDF into the future the NG-CDF Act may be re-amended to align more explicitly with the 2010 Constitution. Stronger delineation of roles between legislators and fund management is expected. The fund management should be digitized for better tracking of projects, payments, procurement, and public engagement.

There is need to place more emphasis on inclusive participatory processes, ensuring that projects meet actual community needs, especially youth and women. In addition, the NG-CDF is expected to align with government priorities under the Bottom-Up Economic Transformation Agenda (BETA), focusing more on empowering grassroots education and social services.


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Abdikarim Ibrahim Hassan
Fund Account Manager

FUND ACCOUNT MANAGER
LAFEY NG - CDF
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8. Environmental and Sustainability Reporting

Lafey NG-CDF exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social sector, namely, Education & Training, Security Sector Support, Environment, and Sports. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

1. Sustainability strategy and profile -

To ensure sustainability of Lafey NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** Lafey NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalized groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; Lafey NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, Lafey NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 24/25 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2.Environmental performance

- Lafey NG-CDF supported students carry out environmental conservation activities e.g. construction of water harvesting tanks.
- Lafey NG-CDF had sensitized the youth/ community on the impact of drugs during ward forums and by construction of police stations at each ward
- Lafey NG-CDF had sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.
- Lafey NG-CDF staff have at least one day in FY to sensitize the local communities on proper farming methods that lead to soil conservation as well as crop and animal husbandry of NGCDF supported projects.

3.Employee welfare

We invest in providing the best working environment for our employees. Lafey constituency recruitment is guided by Employment Act, NGCDF Act and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one third gender rule and special groups. We also Recognize and appreciate of our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. Lafey constituency invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

4. Market place practices-

Lafey NG-CDF Constituency is committed to fair and ethical market practices.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency for purposes of uplifting them economically. Our ethical market practices ensure the fund get value for money on all goods and services procured.

We are also committed to healthy relations with our suppliers which is enhanced through organized sensitization forums that relate to the procurement legal framework and ethical subject matters. We are dedicated to honoring all contracts and settling payments promptly.

Lafey NGCDF has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption.
- b) Good business practice including cordial Supply chain and supplier relations by honoring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interest

5. Community Engagements-

Lafey NGCDF has endeavoured to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through sports and community projects.

Public Participation in Project Identification and Implementation and Monitoring

Lafey NG-CDFC deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituency, considering the national development plans and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long term, was submitted to the NG CDF Board in accordance with the Act.

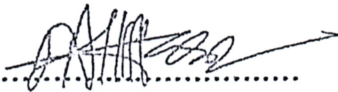
Public participation is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision.

The NG CDFC during bursary program, engaged the community through the community leaders to identify the needy students to be awarded with the bursary.

Public Awareness

This includes mechanisms for participation and cooperation with local, regional and national agencies, and for conducting community-based needs assessments and public awareness campaigns and holding community meetings.

Lafey NG-CDF have continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.



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Fund Account Manager.

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9. Statement Of Management Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012, requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-LAFEY Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; 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; Safeguarding the assets of the entity; Selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-LAFEY Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Accrual 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 constituency's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- LAFEY Constituency further confirms the completeness of the accounting records maintained for the constituency, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF LAFEY Constituency confirms that the constituency has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity'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 constituency's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

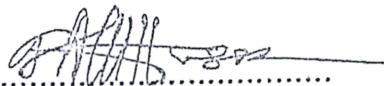
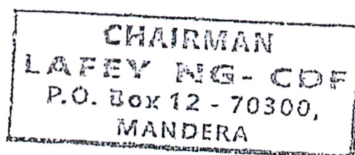
In preparing the financial statements, the Committee has assessed the Fund's ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Committee that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The NGCDF- LAFEY Constituency financial statements were approved and signed by the Accounting Officer on 29th Aug 2025.



Name: Derow Abdi Omar
Chairman – NGCDF Committee



Name: Abdikayou Ibrahim
Fund Account Manager

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REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LAFEY CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Lafey Constituency set out on pages 1 to 51, which comprise of the statement of financial position as at 30 June, 2025 and the statement of

Report of the Auditor-General on National Government Constituencies Development Fund - Lafey Constituency for the year ended 30 June, 2025

financial performance, statement of changes of net assets, statement of cash flows and statement of comparison of budget and actual amounts 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 35 of the Public Audit Act, 2015. 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.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Lafey Constituency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Bursary Payments

The statement of financial performance reflects other grants and transfers expenditure of Kshs.76,809,728 as disclosed in Note 11 to the financial statements. Included in the expenditure is Kshs.5,283,776 and Kshs.44,068,912 disbursed to various secondary schools and tertiary Institutions respectively as bursary grants to needy students. However, review of the records maintained revealed that an amount of Kshs.572,000 disbursed to various institutions was not acknowledged through official receipts or acknowledgement letters by the beneficiary institutions.

In the circumstances, the accuracy and completeness of the bursary disbursements amounting to Kshs.572,000 could not be confirmed.

2. Non-Disclosure of Property, Plant and Equipment in the Financial Statements

The statement of financial position reflects nil balance for property, plant and equipment. The Fund had in its control immovable assets including land, buildings, equipment and computers whose values were not disclosed in financial statements. Further, the ownership documents for land where the Fund offices are situated were not provided for audit.

In the circumstances, the accuracy and completeness of the nil balance of property, plant and equipment could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Lafey Constituency Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits

of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.293,710,188 and Kshs.242,268,164 respectively, resulting in under-funding of Kshs.51,442,024 or 18% of the approved budget. Similarly, the Fund spent an amount of Kshs.184,359,298 against actual revenue of Kshs.242,268,164, resulting in an under-utilization of Ksh.57,908,866 or 24% of the available funds.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the constituents.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements and Effectiveness of Internal Controls and Report of Lawfulness and Effectiveness in the Use of Public Resources respectively. Review of the status during audit of the Fund in 2024/2025 revealed that the following nine (9) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Unaccounted for Bursary Payments
2	2023/2024	Unsupported Project Management (PMC) Balances
3	2023/2024	Lack of Ownership Document and Incomplete Disclosure
4	2023/2024	Budget Control and Performance
5	2023/2024	Delay in Implementation of Projects
6	2023/2024	Failure to Report Expenditure from Emergency Projects
7	2023/2024	Failure to Open Deposit Holding Account
8	2023/2024	Late Remittance of Statutory Deductions
9	2023/2024	Un-Utilized Project

2. Delay Implementation of Projects

During the year under review, Management budgeted to implement a total of one hundred twenty-five (125) projects under various sectors with a total allocation of Kshs.217,465,351. However, as at 30 June, 2025 only ninety-three (93) projects with a total allocation of Kshs.168,597,485 were completed while thirty-two (32) projects with a budget of Kshs.48,867,866 had not started.

In the circumstances, delayed implementation of projects may have denied the residents of the constituency the expected services that would have accrued from the completed projects.

Other Information

The Management is responsible for the Other Information set out on page iii to xxxiii which comprise of Key Constituency Information and Management, NG-CDF Committee, NG-CDF Chairman's Report, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Incomplete Fixed Asset Register

The Fund owns immovable assets including land, buildings, equipment and computers whose values were not disclosed in financial statements. However, the Fund did not maintain a centralized asset register for recording of property, plant and equipment.

In the circumstances, the effectiveness of internal controls on management of fixed assets could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Constituency Development Fund Committee

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Constituency Development Fund Committee is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


21 November, 2025

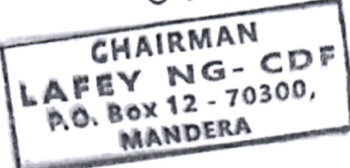
National Government Constituencies Development Fund (NGCDF)
 LAFEY Constituency
 Annual Report and Financial Statements for The Year Ended June 30, 2025


11. Statement of Financial Performance for the Year Ended 30th June 2025

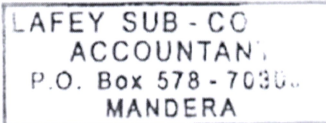
	Note	2024-2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	6	179,441,954
Total revenue		179,441,954
Expenses		
Employee costs	7	7,491,924
Committee expenses	8	3,527,000
Use of Goods and Services	9	5,882,054
Other Government Units Actual expenditure	10	82,076,875
Other Grants and Transfers Actual expenditure	11	76,809,728
Depreciation and amortization expense		-
Digital Hubs Expenses Actual expenditure	12	9,827,701
Total expenses		185,615,281
Surplus/(Deficit) for the year		(6,173,327)

The Constituency financial statements were approved by the NGCDFC on 29th Aug 2025 and signed by:

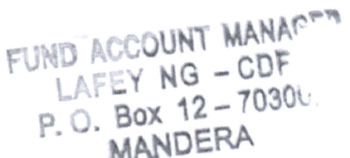

 Chairman NG-CDF
 Committee
 Name: Derow Abdi

Omar



 National Sub-County
 Accountant
 Name: Tunis Ali Dakul
 ICPAK M/No:




 Fund Account Manager
 Name: Abdikann Ibrahim




National Government Constituencies Development Fund (NGCDF)
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12. Statement Of Financial Position as at 30th June, 2025

	Note	2024-2025	Opening Statement 1st July 2025
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	13	57,908,866	67,670,971
Receivables from Non-Exchange Transactions	14	51,441,954	46,597,193
Total Current Assets		109,350,820	114,268,164
Non-Current Assets			
Property, Plant and Equipment		-	-
Total Non- Current Assets		-	-
Total Assets (A)		109,350,820	114,268,164
Liabilities			
Current Liabilities			
Gratuity Provision	15	4,225,139	2,969,155
Total Current Liabilities		4,225,139	2,969,155
Non-Current Liabilities			
Total Liabilities (B)		4,225,139	2,969,155
Net Assets (A-B)		105,125,681	111,299,009
Revaluation Reserves			
		105,125,681	111,299,009

The Constituency financial statements set out on pages 1 to 15 approved by NG CDFC on 25th Aug 2025 and signed by:


 Chairman NG-CDF
 Committee
 Name: Derow Abdi
 Omar

**CHAIRMAN
 LAFEY NG- CDF
 P.O. Box 12 - 70300,
 MANDERA**


 National Sub-County
 Accountant
 Name: Tunis Ali Dakat
 ICPAK M/No:

**LAFEY SUB - COUNTY
 ACCOUNTANT
 P.O. Box 578 - 70300.
 MANDERA**


 Fund Account Manager
 Name: Abdikanim Ibrahim

**FUND ACCOUNT MANAGER
 LAFEY NG - CDF
 P. O. Box 12 - 70300,
 MANDERA**

13. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Revaluation Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
Fund Balance as at 30 th June 2024	-	63,270,359	63,270,359
Adjustments			
Recognition of Assets	-	50,997,805	50,997,805
Recognition of Liabilities	-	2,969,155	2,969,155
As at July 1, 2025	-	111,299,009	111,299,009
Surplus/(Deficit) For the Period	-	(6,173,327)	(6,173,327)
Revaluation Gain/Loss	-	-	-
As at June 30, 2025	-	105,125,681	105,125,681

Note:

1. On Assets recognition, we have disclosed receivables from non-exchange transactions of Kshs. 46,597,193 and prior year PMC balances of Kshs. 4,406,6112.
2. On liabilities recognition, we have disclosed prior year Gratuity of Kshs. 2,969,155.

14. Statement Of Cash Flows for The Year Ended 30th June 2025

	Notes	2024-2025
		Ksh
Cash flows from operating activities		
Receipts		
Transfers from the NGCDF Board		174,597,193
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		-
Total Receipts		174,597,193
Payments		
Employee costs		6,235,940
Committee expenses		3,527,000
Use of Goods and Services		5,882,054
Other Government Units Certified Works		82,076,875
Other Grants and Transfers		76,809,728
Digital Hubs Expenses		9,827,701
Total Payments		184,359,298
Net Cash Flows from/ (used in) Operating Activities	16	(9,762,105)
Cash flows From Investing Activities		-
Purchase of PPE		-
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
Net Cash Flows from Investing Activities		(9,762,105)
Net increase/(decrease) in cash & Cash equivalents		

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Cash Flows from Financing Activities		
Lease Payment		-
Net Cash Flows from Financing Activities		(9,762,105)
Cash and cash equivalents at 1 July	14	67,670,971
Cash and cash equivalents at 30 June	14	57,908,866

National Government Constituencies Development Fund (NGCDF)
LAFEY Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025

15. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024-2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024-2025			
Revenue							
Transfers From the NGCDF Board	179,441,954	67,670,971	46,597,193	293,710,118	242,268,164	51,441,954	82%
Transfers from domestic and foreign partners	-	-	-	-	-	-	
Finance income	-	-	-	-	-	-	
Miscellaneous income	-	-	-	-	-	-	
Totals	179,441,954	67,670,971	46,597,193	293,710,118	242,268,164	51,441,954	82%
Expenses							
Employee costs	3,133,635	3,470,479	4,039,144	10,643,258	6,235,940	4,407,318	59%
Committee expenses	5,548,000	429,295	-	5,977,295	3,527,000	2,450,295	59%
Use of Goods and Services	7,468,140	2,005,973	-	9,474,113	5,882,054	3,592,059	62%
Other Government Units Certified Works	83,847,866	55,071,008	4,270,766	143,189,640	82,076,875	61,112,765	57%
Other Grants and Transfers	78,844,313	6,679,562	15,287,283	100,811,158	76,809,728	24,001,431	76%
Digital Hubs Expenses	600,000	12,854	23,000,000	23,612,854	9,827,701	13,785,153	42%
Funds Pending Approval**	-	1,800	-	1,800	-	1,800	0%
Total Expenditure	179,441,954	67,670,971	46,597,193	293,710,118	184,359,298	109,350,820	63%

*National Government Constituencies Development Fund (NGCDF)
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	Original Budget		Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs		Kshs					
	a	b	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	C = (a+b)	d	e = (c-d)	f = d/c*100
Surplus for the period	2024-2025				2024-2025			
						57,908,866		63%

**Funds pending approval are sums not yet approved by the board for utilization and include approved allocations and/or AIA not yet allocated for specific projects.

National Government Constituencies Development Fund (NGCDF)
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 Annual Report and Financial Statements for The Year Ended June 30, 2025

Explanatory Notes.

[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	109,350,820
Less undisbursed funds receivable from the Board as at 30 th June 2025	51,441,954
Cash and Cash Equivalents at the end of the 30 th June 2025	57,908,866


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Constituency financial statements were approved by NG CDFC on 29th Aug 2025 and signed by:


 Fund Account Manager

Name: Abdikanim Ibrahim

FUND ACCOUNT MANAGER
 LAFEY NG - CDF
 P.O. Box 12 - 70300.
 MANDERA

National Sub-County Accountant

Name: Tunis Ali Dakat
 ICPAK M/No: 

LAFEY SUB-COUNTY
 ACCOUNTANT
 P.O. Box 578 - 70300.
 MANDERA


 Chairman NG-CDF Committee

Name: Derow Abdi Omar

CHAIRMAN
 LAFEY NG - CDF
 P.O. Box 12 - 70300
 MANDERA

National Government Constituencies Development Fund (NGCDF)
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16. Budget Execution by Sectors and Projects For The Year Ended 30th June 2025

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	3,133,635	3,470,479.40	4,039,143.60	10,643,258.00	6,235,940	4,407,317.78
1.2 Committee allowances	2,548,000	429,295.00	-	2,977,295.00	1,803,800	1,173,495.00
1.3 Use of goods and services	5,084,882	1,087,137.00	-	6,172,019.00	3,000,000	3,172,019.00
Sub-total	10,766,517	4,986,911.40	4,039,143.60	19,792,572.00	11,039,740	8,752,831.78
2.0 Monitoring and evaluation						
2.1 Capacity building	1,000,000	-		1,000,000.00	1,000,000	-
2.2 Committee allowances	3,000,000.00	-		3,000,000.00	1,723,200	1,276,800.00
2.3 Use of goods and services	1,383,258	918,836.00		2,302,094.00	1,882,054	420,040.00
Sub-total	5,383,258	918,836.00	-	6,302,094.00	4,605,254	1,696,840.00
4.0 Emergency projects						
Fino Primary School	-	222,383.00	-	222,383.00	219,500	2,883.00
Damasa primary school	4,900,000.00	-	-	4,900,000.00	4,814,534	85,466.00
Lafey Police Station	2,500,000.00	-	-	2,500,000.00	-	2,500,000.00
Lafey primary school	2,044,313.39	-	-	2,044,313.39	-	2,044,313.39
Sub-total	9,444,313.39	222,383.00	-	9,666,696.39	5,034,034.00	4,632,662.39
5.0 Bursary and Social Security						
5.1 Primary Schools				-		-
5.2 Secondary Schools	5,500,000.00	1,268.00		5,501,268.00	5,283,776	217,492.00

National Government Constituencies Development Fund (NGCDF)
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5.3 Tertiary Institutions	42,800,000.00	936.00	1,800,000.00	44,600,936.00	44,068,912	532,024.00
5.4 special needs	-	-		-		-
5.5 Education Support Programmes	-			-		-
5.6 Social Security (SHIF)	-	4,800.00		4,800.00		4,800.00
Sub-total	48,300,000.00	7,004.00	1,800,000.00	50,107,004.00	49,352,688.00	754,316.00
7.0 Climate Change						
Lafey Technical and Vocational College	4,200,000.00	-		4,200,000.00	1,865,632	2,334,368.00
Environmental Projects	-	702.00	2,007,236.00	2,007,938.00	-	2,007,938.00
Sub-total	4,200,000.00	702.00	2,007,236.00	6,207,938.00	1,865,632.00	4,342,306.00
8.0 Primary Schools Projects						
Ahlu-rahma integrated School	1,300,000.00	675,000.00	-	1,975,000.00	1,939,687	35,313.00
Alungu Primary School	2,067,866.00	3,481,601.80	-	5,549,467.80	3,400,126	2,149,342.30
Bambo Primary School	3,500,000.00	5,070,979.00	-	8,570,979.00	4,713,515	3,857,464.00
Bulla Maalim Primary School	4,450,000.00	-	-	4,450,000.00	4,025,379	424,621.00
Damasa Primary School	2,000,000.00	114,306.00	1,000,000.00	3,114,306.00	1,031,677	2,082,629.00
Digdar Primary School	2,100,000.00	1,826,273.00	400,000.00	4,326,273.00	2,117,270	2,209,003.50
Fino Primary School	2,100,000.00	1,543,538.00	-	3,643,538.00	1,501,992	2,141,546.00
Gari primary School	1,600,000.00	2,342,180.50	-	3,942,180.50	3,044,760	897,421.00
Hagar Primary School	4,450,000.00	-	-	4,450,000.00	4,371,311	78,689.00
Haray Primary School	4,450,000.00	-	-	4,450,000.00	4,372,294	77,706.00
Jabi East Primary School	3,250,000.00	3,612,870.85	400,000.00	7,262,870.85	4,322,409	2,940,461.85
Kabo Primary School	2,000,000.00	2,087,088.00	-	4,087,088.00	2,024,637	2,062,451.00
Kahare Primary School	1,900,000.00	4,008,185.00		5,908,185.00	3,922,225	1,985,960.00
Kamorliban Primary School	1,300,000.00	178,645.00	-	1,478,645.00	178,615	1,300,030.00
Kheira Ali Primary School	2,850,000.00	1,207,745.00	-	4,057,745.00	1,178,443	2,879,302.00
Lafey Primary School	3,080,000.00	3,402,935.00	-	6,482,935.00	3,338,604	3,144,331.50
Megag Primary school	1,650,000.00	1,351,049.50	-	3,001,049.50	1,575,816	1,425,234.00
Sala Integrated school	1,000,000.00	5,500,250.00	-	6,500,250.00	6,387,835	112,415.50
Sala Primary School	1,600,000.00	638,978.00	-	2,238,978.00	542,727	1,696,251.00
Senior Chief Degagutle Primary School	4,450,000.00	-	-	4,450,000.00	4,027,345	422,655.00

National Government Constituencies Development Fund (NGCDF)
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Annual Report and Financial Statements for The Year Ended June 30, 2025

Sheikh Barrow Primary School	1,200,000.00	2,413,702.00	-	3,613,702.00	2,358,244	1,255,458.00
Warankara Primary School	1,400,000.00	98,952.00	2,470,766.00	3,969,718.00	2,486,545	1,483,173.00
Warger Primary School	4,450,000.00	-	-	4,450,000.00	4,027,345	422,655.00
Nurulyaqin Intergrated Primary School	-	2,401,110.00	-	2,401,110.00	2,358,269	42,841.00
			-	-		-
			-	-		-
Sub-total	58,147,866.00	41,955,388.65	4,270,766.00	104,374,020.65	69,247,067.00	35,126,953.65
9.0 Secondary Schools Projects (List all the Projects)			-	-		
Gari Boys Secondary School	2,900,000.00	11,520,461.00	-	14,420,461.00	11,284,609	3,135,852.00
Lafey Boys Secondary School	800,000.00	835,158.00	-	1,635,158.00	785,674	849,484.00
Sub-total	3,700,000.00	12,355,619.00	-	16,055,619.00	12,070,283.00	3,985,336.00
10.0 Tertiary institutions Projects (List all the Projects)				-		
Lafey Technical and Vocational College	22,000,000.00	760,000.00	-	22,760,000.00	759,525	22,000,475.00
			-	-		-
Sub-total	22,000,000.00	760,000.00	-	22,760,000.00	759,525.00	22,000,475.00
11.0 Security Projects						
Lafey Critical infrastructure protection Unit(CIPU) Commander	2,000,000.00	336,195.00		2,336,195.00	251,135	2,085,060.00
Alungu Police station	3,500,000.00	223,299.00		3,723,299.00	166,115	3,557,184.00
Lafey Civil Registration Offices.	1,500,000.00	-	-	1,500,000.00	-	1,500,000.00
Lafey Deputy County Commissioner's Office	1,600,000.00	1,136,611.00	-	2,736,611.00	2,682,848	53,763.50
Lafey District Development Offices	1,300,000.00	-	-	1,300,000.00	-	1,300,000.00
Lafey National Registration bureau(NRB) offices	2,000,000.00	-	-	2,000,000.00	-	2,000,000.00
Warankara police post	5,000,000.00	640,989.00	-	5,640,989.00	2,534,484	3,106,505.00
Alungu Assistant County Commissioner	-	-	3,100,000.00	3,100,000.00	3,044,440	55,560.00
Gari Police Station		541,862.00	400,000.00	941,862.00	895,599	46,263.00
Fino kenya police Reserve	-	196,979.00	-	196,979.00	181,048	15,931.00

National Government Constituencies Development Fund (NGCDF)
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Annual Report and Financial Statements for The Year Ended June 30, 2025

Lafey Police station	-	202,928.00	-	202,928.00	151,056	51,872.50
Sala Ass County commissioner	-	2,000,140.00	600,000.00	2,600,140.00	2,454,636	145,504.00
Sala Police station	-	1,003,430.60	280,047.40	1,283,478.00	1,192,934	90,544.50
Warankara Ass County commissioner	-	700.00	2,400,000.00	2,400,700.00	2,357,392	43,308.00
Fino Ass County commissioner	-	-	2,400,000.00	2,400,000.00	2,258,419	141,581.00
Fino Chief's office	-	950.00	1,500,000.00	1,500,950.00	1,474,220	26,730.00
Fino police station	-	136,946.00	800,000.00	936,946.00	886,934	50,012.00
Sub-total	16,900,000.00	6,421,029.60	11,480,047.40	34,801,077.00	20,531,258.50	14,269,818.50
Sports						
Constituency Sports	-	741.00	-	741.00	-	741.00
Lafey Football Association	-	27,702.00	-	27,702.00	26,115.00	1,587.00
Sub-total	-	28,443.00	-	28,443.00	26,115.00	2,328.00
12.0 Acquisition of assets				-		-
12.1 Motor Vehicles (including motorbikes)	-	-	-	-	-	-
12.2 Purchase of furniture and fittings	-	-	-	-	-	-
12.2 Construction of CDF office		1,800.00		1,800.00	-	1,800.00
Sub-total	-	1,800.00	-	1,800.00	-	1,800.00
13.0 Others				-		
Huduma Jitume Digital Hub	600,000.00	-	23,000,000.00	23,600,000.00	9,827,701	13,772,299.00
Lafey NG-CDF Strategic Plan		12,854.00	-	12,854.00		12,854.00
Sub-total	600,000.00	12,854.00	23,000,000.00	23,612,854.00	9,827,701.00	13,785,153.00
Funds pending approval**	-	-	-	-	-	-
unapproved projects		-		-		-
AiA	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-
Total	179,441,954.39	67,670,970.65	46,597,193.00	293,710,118.04	184,359,298	109,350,820.32

National Government Constituencies Development Fund (NGCDF)

LAFEY Constituency

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(NB This statement is a disclosure statement indicating the utilization in the same format as the entity's budgets which are program-based. This statement totals should tie to the totals of the Statement of Comparison of Budget and Actual Amounts)

17. Notes to the Financial Statements

1. General information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established by and derives its authority and accountability from the NG-CDF Act 2015 (amended 2023). The NG-CDF is wholly owned by the Government of Kenya and is domiciled in Kenya. The NG-CDF LAFEY Constituency principal activity is the financing of development projects that are exclusively the responsibility of the national government.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the NG-CDF's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS) or the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st transitional financial statements.

The NG-CDF Lafey has taken advantage of the transitional provisions under IPSAS 33 and adopted a phased approach. Accordingly, this is the first transitional financial statement.

The NG-CDF Lafey has recognized all financial assets, including cash and cash equivalents held in the operational account, deposit account, and PMC bank accounts; receivables (amounts due from the Board and other parties); prepayments; property, plant, and

equipment (PPE); and intangible assets acquired during the financial year 2023/2024 up to the reporting date.

Liabilities recognized include trade and other payables, third-party deposits, and gratuity provisions.

The recognition of all other non-financial assets acquired prior to the 2023/2024 financial year will be undertaken in the third year of the transition period, after the necessary identification and valuation processes have been completed.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the NG-CDF. The financial statements have been prepared in accordance with the PFM Act, the NGCDF Act (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

When an IPSAS becomes effective on 1st January 2024, it is applicable in Kenya from 1st July 2024)

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p>This IPSAS is not applicable at the constituency</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>This IPSAS is not applicable at the constituency</p>
IPSAS 45:	Applicable 1st January 2025

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Property Plant and Equipment	<p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>This IPSAS is applicable at the constituency effective 1st July 2025</p>
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>This IPSAS is applicable at the constituency effective 1st July 2025</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>This IPSAS is applicable at the constituency effective 1st July 2026.</p>

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<p>IPSAS 48: Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>This IPSAS is not applicable at the constituency.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>This IPSAS is not applicable at the constituency.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>This IPSAS is not applicable at the constituency.</p>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realized in the statement of financial performance upon fulfilling the conditions set. Revenue shall be recognized after allocations have been approved by the NG-CDF Board.

ii) Revenue from exchange transactions

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget was approved by Parliament on 30th June 2025 for the period 1st July 2025 to 30th June 2025 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

A comparison of the actual performance against the final budget for the financial year under review has been included in the financial statements.

The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 15 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-

exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net

assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

j) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

k) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of

economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

n) Related parties

The Entity regards a related party as a person or an Entity with the ability to exert control individually or jointly or to exercise significant influence over the Entity, or vice versa.

o) 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 an insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

p) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

q) 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, 2025

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgments, estimates, and assumptions made:

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset is based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6. Transfers from the NGCDF Board

Description	2024-2025
	Kshs
NGCDFB Transfers (Allocation for the FY)	179,441,954
Total	179,441,954

7. Employees cost

	2024-2025
	Kshs
NG-CDFC Basic staff salaries	5,854,762
Personal allowances paid as part of salary	-
House Allowance	-
Transport Allowance	-
Leave allowance	-
Gratuity to contractual employees	1,255,984
Employer Contributions Compulsory national social security schemes	302,994
Employer Contributions Compulsory Housing levy	78,184
Employer contributions to National Industrial Training Authority	-
Other Specify	-
Total	7,491,924

8. Committee Expenses

	2024-2025
	Kshs
Sitting allowance	1,803,800
Other Committee expenses	1,723,200
Total	3,527,000

9. Use of Goods and services

	2024-2025
	Kshs
Utilities, supplies and services	-
Communication, supplies and services	9,450
Domestic travel and subsistence	1,365,000
Printing, advertising and information supplies & services	13,800
Office Rent	-
Training expenses	1,933,400
Hospitality supplies and services	-
Insurance costs	-
Specialized materials and services	-
Office and general supplies and services	1,285,000
Fuel, oil & lubricants	-
Bank charges	75,404
Routine maintenance – vehicles and other transport equipment	-
Routine maintenance – other assets	-
Strategic plan expenses	-
Other operating expenses	1,200,000
Total	5,882,054

10. Other Government Units Actual expenditure

Description	2024-2025
	Kshs
Primary Schools Actual expenditure	69,247,067
Secondary Schools Actual expenditure	12,070,283
Tertiary Institutions Actual expenditure	759,525
Total	82,076,875

11. Other Grants and transfers Actual expenditure

	2024-2025
	Kshs
Bursary – secondary schools	5,283,776
Bursary – tertiary institutions	44,068,912
Bursary – special schools	-
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual expenditure	20,531,259
Climate change mitigation projects	1,865,632
Emergency projects Actual expenditure	5,034,034
Roads projects Actual expenditure	26,115
Others specify	9,827,701
Total	86,637,429

12. Digital Hubs Expenses

Description	2024-2025
	Kshs
Construction/ renovation/ Actual expenditure	9,827,701
Digital Hub utility costs Water, Electricity,	-
Maintenance of ICT equipment	-
Maintenance of building	-
Others (specify)	-
Total	9,827,701

13. Cash and Cash Equivalents

Name Of Bank and Account No.	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
Operation Equity Bank Account No. 1000261220622	21,650,938	63,270,359.00
Deposit account	-	-
Equity bank account No. (PMC accounts)	36,257,928	4,400,611.65
Total	57,908,866	67,670,970.65
Cash Balances	-	-
Location 1	-	-
Location 2	-	-
Other Locations (Specify)	-	-
Total	-	-
[Provided Cash Count Certificates for Each bank held]		

(A schedule of all reconciled PMC bank balances as at the end of the period attached)

14. Receivables from Non-Exchange Transactions

Description	2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	51,441,954		46,597,193.00	
Outstanding imprest	-		-	
Total	51,441,954		46,597,193	
Ageing Analysis- Receivables from non-exchange transactions	2024-2025	% of the total	Opening Balance	% of the total
Less than 1 year	51,441,954	100%	46,597,193	100%
Between 1-2 years		%	-	%
Over 3 years	-	%	-	%
Total	51,441,954	100%	46,597,193	100%

15. Gratuity Provision

Description	2024-2025
	Kshs
Gratuity at the beginning of the year 1 st of July	2,969,155
Gratuity held during the year	1,255,984
Gratuity paid during the year	-
Total Gratuity Provision 30th June (A+B-C)	4,225,138.60

16. Cash Generated from Operations

	Period ended June 2025
	Kshs
Surplus for the period before tax	(6,173,327)
Adjusted for:	
Depreciation	-
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Changes in inventory	-
Changes in receivables	(4,844,761)
Changes in deferred income	-
Changes in Third party deposits	-
Changes in gratuity provision	1,255,984
Changes in payments received in advance	-
Net cash flow from operating activities	(9,762,105)

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

18. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only

extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June (2024-2025)	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	51,441,954	51,441,954	-	-
Bank balances	57,908,866	57,908,866	-	-
Total			-	-
As at 30 June (2023-2024)	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	46,597,193	46,597,193	-	-
Bank balances	67,670,971	67,670,971	-	-
Total			-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the Entity's statement of financial position).

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024-2025	-	-	-	-
Trade payables	-	-	-	-
Current proportion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Gratuity Provision	-	-	-	-
Total	-	-	-	-
As at 30th June (2024-2025)	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Employee benefit obligation				
Total				

iii) Market risk

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Entity manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Financial Risk Management

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
Current 2024-2025		-	-
Euro	-	-	-
USD	-	-	-
Previous 2023-2024			
Euro	-	-	-
USD	-	-	-

b) Interest rate risk

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data

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obtained from independent sources; unobservable inputs reflect the Entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Entity considers relevant and observable market prices in its valuations where possible.

iv) Capital Risk Management

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

Description	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Revaluation Reserve	111,299,009	111,299,009
Retained Earnings	(6,173,327)	-
Capital Reserve	-	-
Total Funds	105,125,681	111,299,009
Total Borrowings	-	-
Less: Cash and Bank Balances	57,908,866	67,670,971
Net Debt/(Excess Cash And Cash Equivalents)	57,908,866	67,670,971
Gearing	0%	0%

19. Related Party Disclosures

	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	3,527,000	-
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	174,597,193	-
Total	174,597,193	-

20. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

21. Ultimate And Holding Entity

The LAFEY Constituency is a Fund under The National Treasury and Planning & managed by NG-CDFB at the National level, and the NG-CDFC at the constituency level. Its ultimate parent is the Government of Kenya.

22. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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18. Annexes
Annex 1: Summary of Asset Register

Asset class	Historical Cost balance brought forward (Kshs)	Additions during the period (Kshs)	Disposals during the period (Kshs)	Historical Cost (Kshs) At Year/period End 30th JUNE 2025
Land	-	-	-	-
Buildings and structures	27,003,750	-	-	27,003,750
Transport equipment	-	-	-	-
Office equipment, furniture, and fittings	5,719,450	-	-	5,719,450
ICT Equipment and Other ICT Assets				
Other Machinery and Equipment	400,000	-	-	400,000
Intangible assets	-	-	-	-
Total	33,123,200	-	-	33,123,200

(Attached a complete asset register showing all the assets in the constituency with the date of purchase, cost of the asset, depreciation rate, depreciation for the year, accumulated depreciation and the NBV of the assets)

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Annex 2 – PMC Bank Balances As At Period 2025

PMC	Bank	Account number	Bank Balance Current period 30th JUNE2025	Opening Statement 1 st July 2024
kihare primary school	Equity Mander	1000264380640	1,985,960.00	8,185.00
Alungu primary school	Equity Mander	1000264393327	81,476.30	81,601.80
Bambo primary school	Equity Mander	1000264394783	357,464.00	70,979.00
Damasa primary school	Equity Mander	1000264386660	2,082,629.00	114,306.00
Digdar primary school	Equity Mander	1000278998193	909,003.50	226,273.00
Fino primary school	Equity Mander	1000264381746	41,546.00	43,538.00
Gari primary school	Equity Mander	1000264381746	97,421.00	42,180.50
Jabi East primary	Equity Mander	1000279002353	440,461.85	12,870.85
Haray primary school	Equity Mander	1000286195602	77,706.00	-
Hagar primary school	Equity Mander	1000286196116	78,689.00	-
Kamor Liban primary school	Equity Mander	1000264521931	30.00	178,645.00
Kheira Ali primary school	Equity Mander	1000279002353	379,302.00	7,745.00

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Kabo primary school	Equity Mandera	1000264381552	62,451.00	87,088.00
Warankara primary school	Equity Mandera	1000264392933	883,173.00	98,952.00
Sheikh barrow primary school	Equity Mandera	1000180431963	55,458.00	13,702.00
Nuruyaqin intergrated primary	Equity Mandera	1000278998060	42,841.00	1,110.00
Megag primary school	Equity Mandera	1000279004031	125,234.00	151,049.50
Lafey primary school	Equity Mandera	1000264387057	2,144,331.50	2,935.00
Sala Intergrated school	Equity Mandera	1000282501875	112,415.50	250.00
Ahlu Rahma intergrated school	Equity Mandera	1000185818728	35,313.00	-
Sala Primary School	Equity Mandera	1000264391985	496,251.00	238,978.00
Senior Chief Degagutle primary	Equity Mandera	1000286196650	422,655.00	-
Wargerri primary school	Equity Mandera	1000286198116	422,655.00	-
Bulla Maalim Primary school	Equity Mandera	1000286197486	424,621.00	-
Lafey Boys secondary school	Equity Mandera	1000264420854	849,484.00	35,158.00
Gari Secondary school	Equity Mandera	1000264393942	1,035,852.00	38,461.00
Lafey Technical and Vocational college	Equity Mandera	1000285618225	16,700,475.00	760,000.00
Fino Primary School	Equity Mandera	1000264381746		-

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			500.00	
Damasa primary school	Equity Mandera	1000264386660	85,466.00	-
Lafey Police Station	Equity Mandera	1000171749007	2,500,000.00	-
Lafey primary school	Equity Mandera	1000264387057	2,044,313.00	-
Lafey Environmental Projects	Equity Mandera	1000186212633	141,604.00	-
Lafey Football Association	Equity Mandera	1000181160153	280.00	26,395.00
Lafey deputy county commissioner	Equity Mandera	1000181786538	52,513.50	135,361.00
Gari ploce station	Equity Mandera	1000280408361	46,263.00	2,245.00
Fino kenya police Reserve	Equity Mandera	1000185403848	15,931.00	196,979.00
Alungu Ass County commissioner	Equity Mandera	1000186192275	55,560.00	-
Lafey Police station	Equity Mandera	1000171749007	51,871.50	202,927.00
Sala Ass County commissioner	Equity Mandera	1000279647207	145,504.00	140.00
Sala Police station	Equity Mandera	1000280394381	90,544.50	283,478.00
Warankara Ass county commissioner	Equity Mandera	1000279639616	43,308.00	700.00
Critical infrastructure protection Unit(CIPU)	Equity Mandera	1000185429408	85,060.00	336,195.00
Fino Ass county commissioner	Equity Mandera	1000186273724	141,581.00	-

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Alungu Police station	Equity Mandera	1000180408816	57,184.00	223,299.00
Fino Chief's office	Equity Mandera	1000171522053	26,730.00	950.00
Fino police station	Equity Mandera	1000265968469	50,012.00	136,946.00
Waranqara police post	Equity Mandera	1000182735135	106,505.00	640,989.00
Huduma Jitume Digital Centre	Equity Mandera	1000286267387	172,299.00	-
GRANT TOTAL			36,257,928.15	4,400,611.65

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Annex 3: Progress On Follow Up of Auditor Recommendations

The following is a summary of issues raised by the external auditor, management comments provided to the auditor, and subsequent progress made on resolving the issues.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/GRO/AUD/CDF/MDR/4/(13	<p>1. Unsupported Bursary Payments</p> <p>The statement of receipts and payments reflects other grants and transfers amount of Kshs.95,210,782 which, as disclosed in Note 8 to the financial statements, includes bursary payments to secondary schools and tertiary institutions of Kshs.7,543,816 and Kshs.40,064,225 respectively. However, bursary payments amounting to Kshs. 1,190,662 and Kshs. 3,045,000 disbursed to various secondary schools and tertiary institutions</p>	<p>The bursary committee and the management had followed the laid down procedures and guidelines set down by the NG-CDF Board. The guidelines were clearly outlined in the minutes of the bursary committee. The management will put in place the necessary measures and mechanisms to follow up with the</p>	Not resolved	In consultation with the auditor pending appearance before DFAC

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>respectively were not acknowledged through official receipts or acknowledgement letters from the beneficiary institutions. In addition, cheque dispatch register was not maintained to record cheques issued out to the beneficiaries.</p> <p>In the circumstances, the accuracy and completeness of bursary disbursements amounting to Kshs. 4,235,662 could not be confirmed.</p>	<p>institutions which had not sent the receipts and acknowledgment letters. Some of the institutions did not send the acknowledgment letters and receipt.</p> <p>However, the deductions of the amount sent to the institutions is clearly reflected in the bank statement which is an assertion that the bursary was actually received by the institution despite of lack of acknowledgement letters.</p> <p>The management also noted that in the list of</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>schedules for tertiary intuitions two institution were repeated twice that is Islamic university in Uganda cheque no. 3778 of ksh.480,000 and Kampala international university cheque no.3780 of Ksh.640,000 respectively. However, this reduces the amount queried by the auditors of Ksh.3,045,000 and the correct amount is ksh. 1,925,000</p> <p>The management had followed up with the institutions which had not sent the receipts and acknowledgment letters and now attached are additional</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		receipts amounting to Ksh. 203,554 for secondary schools and acknowledgement letters for verification.		
	<p>2.Unsupported project management committee (PMC) Balances</p> <p>Note 11.2 and Annex 3 to the financial statements reflects Project Management Committee's (PMC) account balances of Kshs.3,633,537 as at 30 June, 2024. However, Management did not provide for audit the cashbooks, bank reconciliation statements, and certificates of bank balances for the individual PMC bank accounts disclosed in the Annex to confirm the balances.</p> <p>In addition, the Project Management Committee unutilized fund balances</p>	<p>The utilized funds in project management committees are mostly retention money which should be the account for at least six months from the date the last payment was made to the contractors. This period is defect liability period, and in case there any defects the contractor is told to remedy the defects and he is paid the balance. The other balances are projects which were disbursed to the Project management committee account towards the end of the financial year and the projects were not started immediately. The funds</p>	Not resolved	In consultation with the auditor pending appearance before DFAC

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>totaling to Kshs.3,633,539 as at 30 June, 2024 were not returned to the Constituency account contrary to the requirement of Section 12(8) of the National Government Constituency Development Fund Act, 2015.</p> <p>In the circumstances, the accuracy and completeness of the PMC bank balance of Kshs. 3,633,539 could not be confirmed.</p>	<p>cannot be returned to the main account as it will bring in inconsistencies in the preparation of the financial statements. However, the management will ensure the preparation of project management committee financial documents such as cash book, bank reconciliation statements and bank balance certificates for the respective individual project management committees.</p>		

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