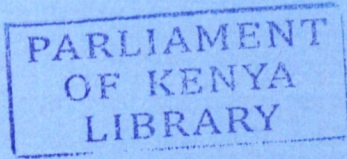


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



Paper laid on the Table of the House by the Leader of the Majority Party on Tuesday 6th November 2018

REPORT

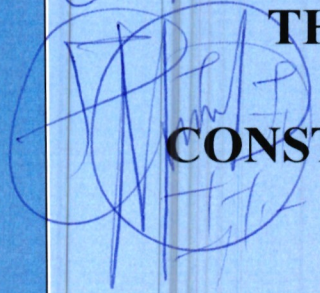


OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LAFEY CONSTITUENCY



FOR THE YEAR ENDED 30 JUNE 2017

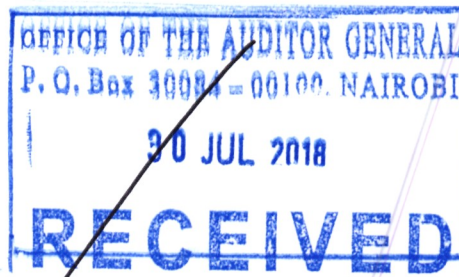


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
LAFEY CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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



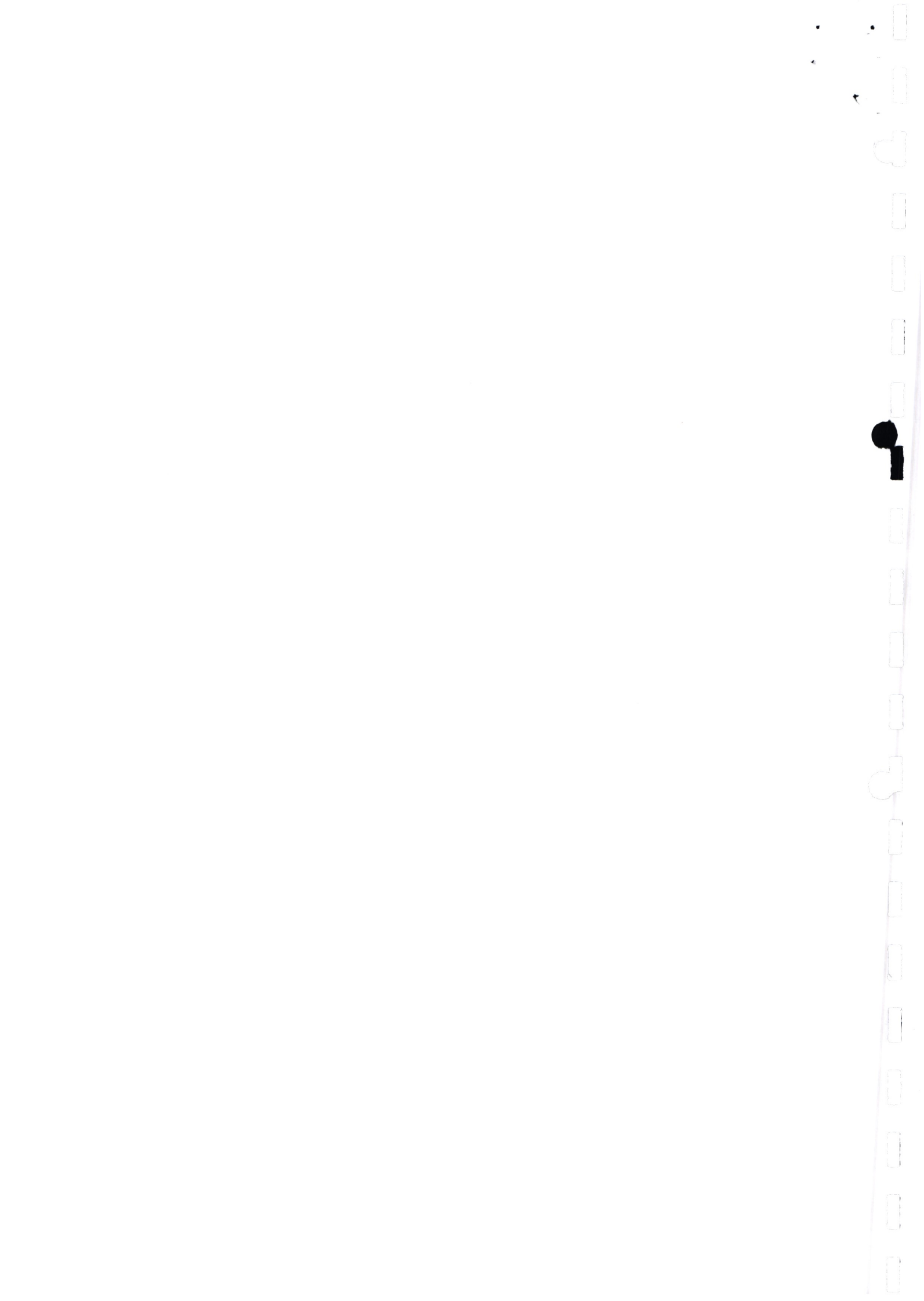


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAFEY
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- LAFEY CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

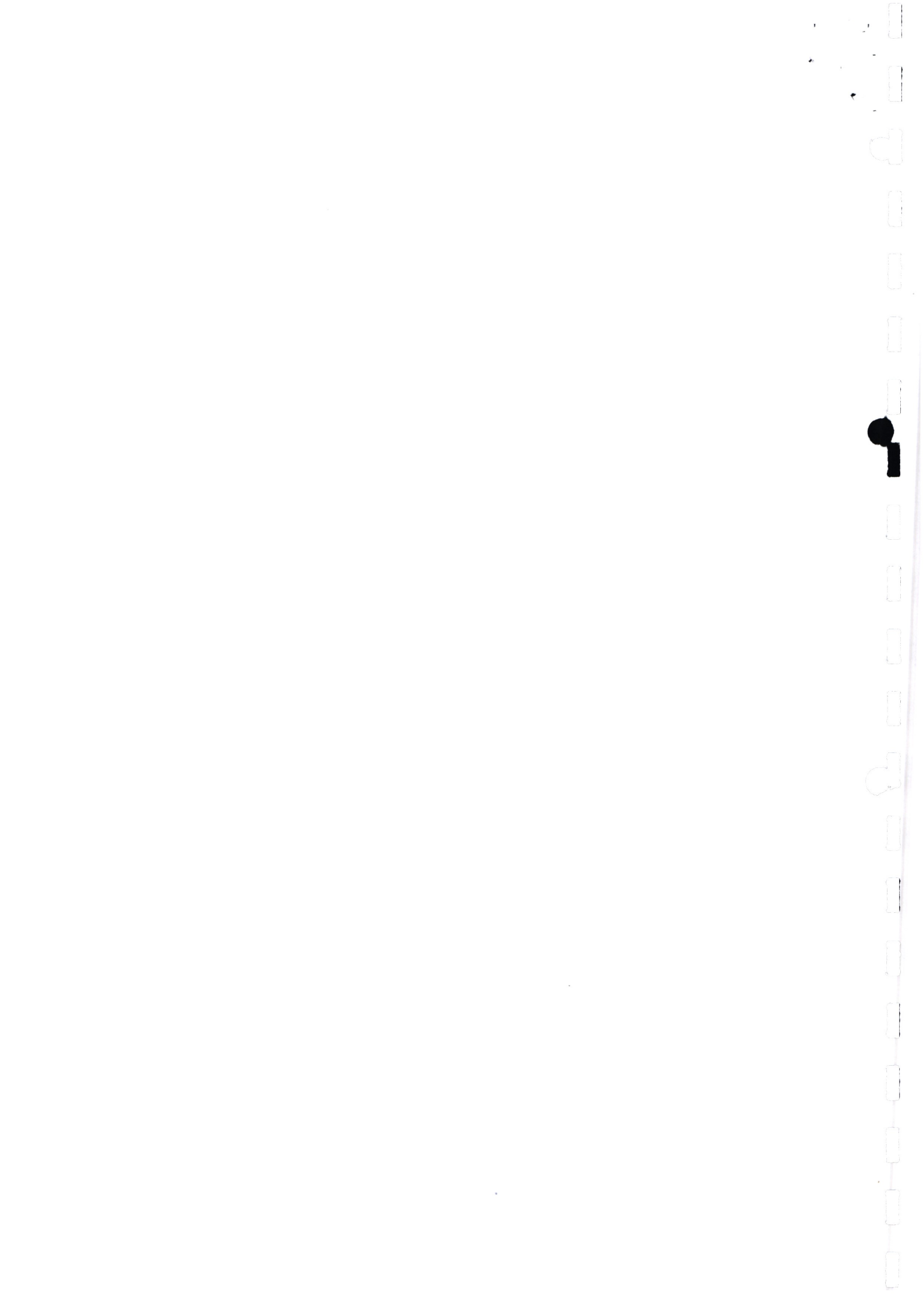
No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Abdikarim Ibrahim
3.	Accountant	Yunis Ali Dakat

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of Lafey Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the National Government Constituency Development Fund Committee (NGCDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) LAFEY NGCDF Headquarters

P.O. Box 20-70304
Lafey- Mandera County
KENYA.



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

**Reports and Financial Statements
For the year ended June 30, 2017**

(F) LAFEY NG-CDF Contacts

Telephone: (254)720409988

E-mail: cdflafey@cdf.go.ke

Website: www.cdf.go.ke

(f) LAFEY NG-CDF Bankers

Equity Bank

Mandera Branch

A/C no: 1000261220622

P.O.Box 536-70300

Mandera County, Kenya

(g) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

(h) Principal Legal Adviser

The Attorney General

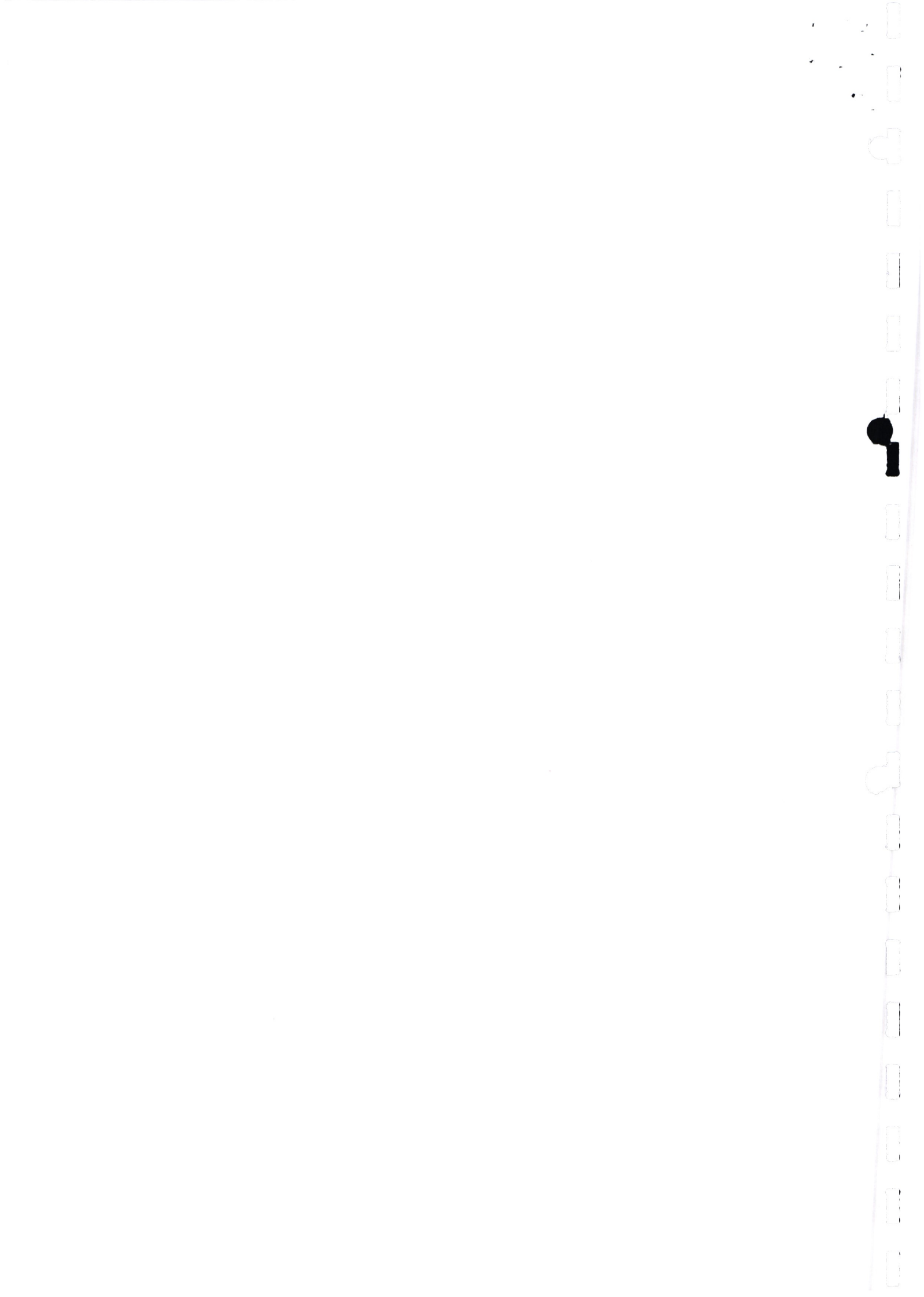
State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya



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

**Reports and Financial Statements
For the year ended June 30, 2017**

**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND COMMITTEE (NG-CDFC)**

BUDGET PERFORMANCE

The budget performance for LAFEY NG-CDF in comparison to the previous year, there is a commendable improvement since last year the budget utilisation was 68% to the final budget while this year is an a whopping 86%. Another improvement is reflected in the respective absorption rates of the payments both in development projects and recurrent expenditures. In the last financial non of this was above 50% mark except for other grants and other transfers unit which had 56%. But for this year the lowest was acquisition of Assets which was 50% and the highest was other payments with 99%.

The budget performance was really affected by high inflation rates and price fluctuation of materials and labour force in the implementation of projects. The untimely release of funds from CDF board also affected the budget performance. If all the funds could have been released on time the budget performance would have been tremendous.

KEY ACHIEVEMENTS


Since the inception of CDF kitty it has remained eye opener for myriad developmental opportunities in the constituencies. Lafey constituency having being one of the new constituencies of 2013. CDF fund was a welcome for all development in the constituency. The fund has developed schools, security areas, water services, social amenities, hospitals, bursary for needy students and roads just to mention but a few. CDF funds have really elevated the livelihoods of the constituents in the sense that its implemented at the grassroot level where all levels of the community participate and benefit in one or another. For instance labour force and provision of materials and the middle level also benefited by getting contracts. Others like the needy students benefited from bursaries. In the end reducing illiteracy levels and students absorbed in the job market that were educated through bursaries.

EMERGING ISSUES

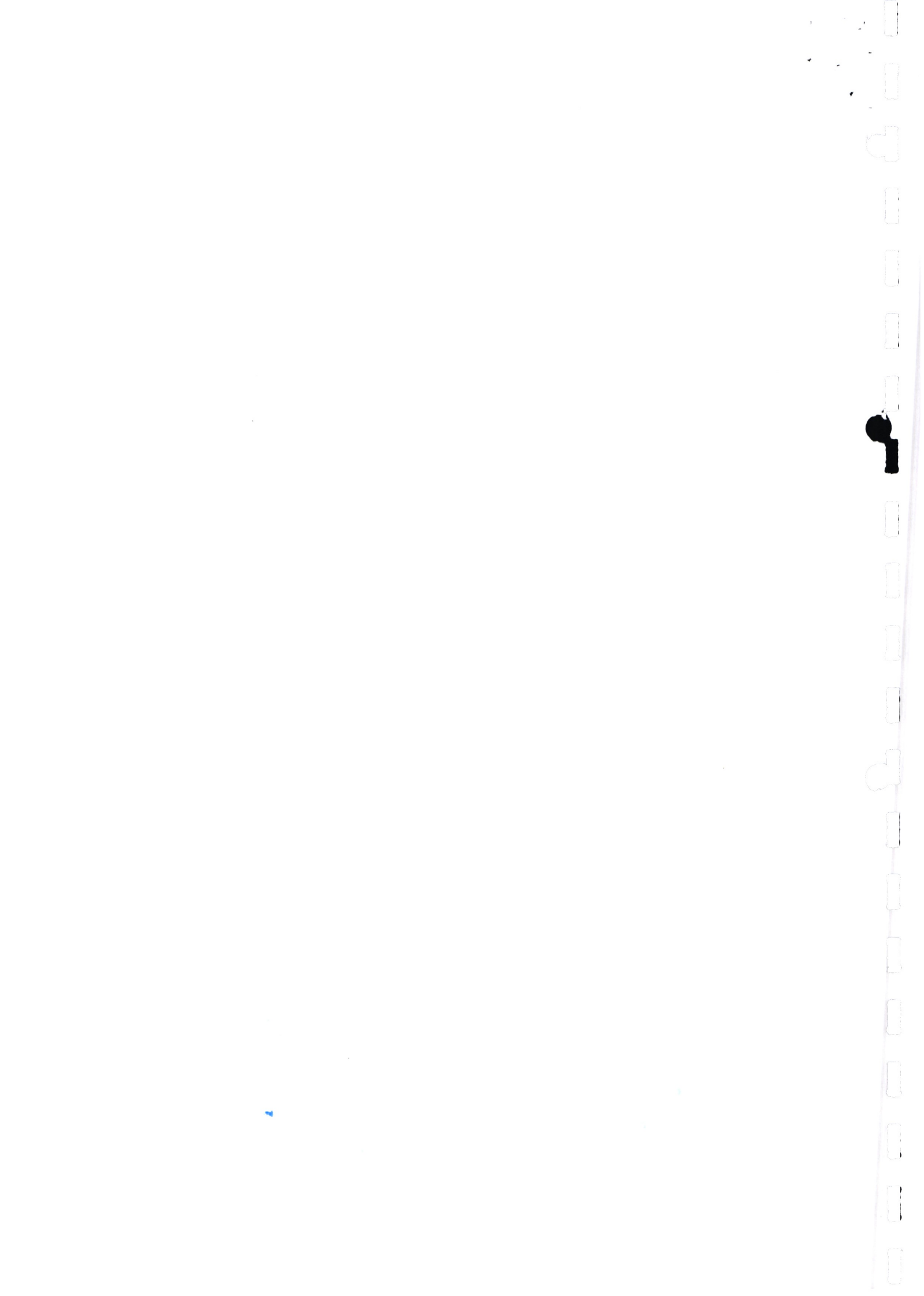
The implementation of the parliamentary Act on equal distribution of all CDF monies among all the 290 constituencies really affected the constituency. Lafey Constituency had an allocation of Ksh. 149,730,618 in the last financial year while this year it was allocated only Ksh. 81,896,552 which translates to 55% reduction in funding. Lafey Constituency is only four years old and there needs to be done a lot in terms of developments. It's very hard for it to catch up with other existing constituencies.

IMPLEMENTATION CHALLENGES

The biggest challenge in the constituency is insecurity; the constituency is at border proximity with Somalia which is a failed state that has remained a safe haven for all the terrorism activities. This has affected movement of people, goods and service hence hampering CDF projects implementation. Low capacity building of project management committees on the implementation of CDF project. Funds are generally not released in good time hence financial year calendar not in line with implementation. The long rainy season which most of the community relied on has not rained as expected and the drought affected the implementation of projects. National government to provide proper security for easy implementation of CDF project.

Sign.....
CHAIRMAN NG-CDFC





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

Reports and Financial Statements

For the year ended June 30, 2017

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

The Accounting Officer in charge of the LAFEY NG-CDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NGCDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NGCDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the LAFEY NG-CDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NG-CDF's financial statements give a true and fair view of the state of NG-CDF's transactions during the financial year ended June 30, 2017, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the LafeY NGCDF further confirms the completeness of the accounting records maintained for the NG-CDF, which have been relied upon in the preparation of the NG-CDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the LAFEY NG-CDF confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NG-CDF's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF's financial statements were approved and signed on **3rd August, 2017**.



Fund Account Manager

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



Chairman: NG-CDFC

**CHAIRMAN
NG-CDF LAFEY**



REPUBLIC OF KENYA

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Website: www.kenao.go.ke



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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LAFEY CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

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 5 to 35, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 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 National Government Constituencies Development Fund - Lafey Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Cash and Cash Equivalents

The statement of assets reflects a bank balance of Kshs.16,434,452 as at 30 June 2017. The balance was supported by certificate of bank balances, cash book, bank statement and bank reconciliation statement. However, a review of the bank reconciliation statement for the month of June 2017 revealed that stale cheques amounting to Kshs.170,000 shown as payments in Cash Book not yet recorded in the Bank Statement (Unrepresented Cheques). Some of the cheques which were paid to various learning institutions being payment of bursaries to needy students and Kenya Revenue Authority were reflected as unrepresented cheques. No explanation was given for not updating the cash book.

In the Circumstances, the accuracy, completeness and validity of the bank balance of Kshs.16,434,452 as at 30 June 2017 could not be ascertained.

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Lafey Constituency for the year ended 30 June 2017

2. Award of Contracts for Primary School Projects

During the financial year 2016/2017, the National Government Constituencies Development Fund – Lafey paid Kshs.9,700,000 to various Project Management Committees as grants for construction of class room, fencing works and construction of a kitchen and a store in various primary schools within the Constituency. Examination of payment vouchers, supporting documents and other tender documents relating to the projects revealed that the tender notices and tender documents submitted by the tenderers did not set the criteria to be used for the evaluation of tenders hence there was no proper guideline on the specific requirements needed for the tenders. Further, no tender evaluation committee was appointed for the projects and therefore the tenders were not evaluated as required by Section 80 of the Public procurement and Assets Disposal Act, 2015. In addition, the payments were not supported with tender opening register, certificate of practical completion and contract agreement signed between the PMC and the contractors.

In the circumstances, the propriety of the Kshs.9,700,000 expenditure could not be ascertained as at 30 June 2017.

3. Construction of Laboratory at Gari Secondary School

During the year under review, the National Government Constituencies Development Fund – Lafey disbursed an amount of Kshs.9,700,000 to Gari Secondary School Project Management Committee for the construction of a laboratory. The project was procured through request for quotation against the threshold matrix in the Public Procurement and Disposal Regulation 2006. Further, there was no contract agreement created and signed between the Project Management Committees (PMCs) and the contractors as required by Section 135 (1) of the Public Procurement and Asset Disposal Act, 2015. The bill of quantities were also not signed by the tender committee on one or more pages as required by Section 78 (9) of the Public Procurement and Asset Disposal Act, 2015.

The CDF disbursed the total contract sum to the project management committee on 26 February 2017 vide Payment Voucher No. 311. Since the payment was not supported with engineer's certificate of completion or inspection and acceptance Committee report, audit could not ascertain whether the project was implemented in accordance with correct specifications. It was also not clear whether the 10% retention was deducted from the contractor as required by the terms of contract.

Consequently, the propriety and validity of the expenditure of Kshs.9,700,000 as at 30 June 2017 could not be confirmed

4. Unaccounted for Bursary Expenses

In the year under review, the NGCDF Committee for Lafey Constituency disbursed bursaries amounting to Kshs.27,770,000 to various tertiary institutions and secondary schools for the benefit of needy students. However, examination of payment vouchers and its supporting documents revealed that an amount of Kshs.4,350,000 disbursed to various institutions has not been acknowledged through official receipts or acknowledgement letters by the beneficiary institutions. Further, cheque dispatch register

was not opened to record the cheques that were issued out, the level of studies for the beneficiaries not indicated in the supporting payment schedules and minutes of the vetting committee were neither attached to the payment vouchers nor availed for audit review hence not possible to ascertain the criteria used in vetting the beneficiaries.

As a result, the propriety of the expenditure of Kshs.4,350,000 could not be ascertained.

5. Award of Contracts for Security Projects

During the financial year 2016/2017, the National Government Constituencies Development Fund – Lafey disbursed an amount of Kshs.9,600,000 to various PMCs as grants for construction of construction of staff houses at Damasa and Fino Administration Police Camps. The following anomalies were noted;

- (i) The contract sum of the construction of staff housing units at Damasa AP Camp was Kshs.8,000,000 which the Project Management Committees ought to have procured through national open tender. It was however discovered the PMC used request for quotation to procure the project. This is against the threshold matrix in the Public Procurement and Disposal Regulations 2006 which sets minimum expenditure of Kshs.3,000,00 for open tender for class C procuring entities.
- (ii) No contract agreement created and signed by the Project Management Committees and the contractors as required by section 135 (1) of the Public Procurement and Asset Disposal Act, 2015.
- (iii) The CDF made direct payment to the contractor, Ms Gamas Construction & Engineering Co. Ltd on 3/2/2017 vide payment Vouchers Number 329. This is contrary to section 36 (1) of the National Government Constituency Development Fund Act, 2015 which give the Project Management Committees the mandate to implement the projects. It was also not clear whether the 10% retention was deducted from the contractor as required by the terms of contract.
- (iv) The Bill of quantities submitted by the contractors were not signed by the tender committee on one or more pages as required by section 78 (9) of the public procurement and Asset Disposal Act, 2015.
- (v) Quotation for the works of construction of two number housing units at Fino Ap Camp was not availed for audit review, evaluation minutes availed for audit review was not confirmed by the chairman of the project management committee.

In view of the foregoing, it has not been possible to confirm the propriety of the expenditure amounting to Kshs.9,600,000 as at 30 June 2017.

6. Unaccounted for Administration/Monitoring and Evaluation

During the year under review, the National Government Constituency Development Fund - Lafey spent an on administration/ monitoring and evaluation. The expenditure was however not supported with temporary work tickets and copies of vehicles hired during the monitoring and evaluation exercise. It was therefore not possible to ascertain whether

the vehicles were actually hired for the exercise. It was also observed that payments of sitting allowances were made to the National Government Constituency Development Fund Committee. The payments were however not supported with signed attendance registers and the minutes of the committee meetings and their deliberations to confirm occurrence of the committee meetings.

Under the circumstances, the expenditure of Kshs.730,000 was not supported and thus accounted for.

7. Unsupported CDF Offices Expenditure

Note 9 to the financial statements and the statement of receipts and payments indicates an expenditure of Kshs.7,698,310 on CDF Offices. However, no details / supporting documents were provided for audit scrutiny. It was therefore not possible to ascertain whether the funds disbursed to the project management committee accounts were properly managed.

In consequence, the propriety and validity of the expenditure of Kshs.7,698,310 could not be confirmed as at 30 June 2017.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Lafey Constituency in accordance with ISSAI 30 on 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

1.0 Budgetary Control and Performance

Budget Performance Analysis

Review of budget appropriation statement revealed that during the year under review, the NGCDF Lafey Constituency Development Fund had an approved budget amounting of Kshs.215,018,299. Out of the Kshs.215,018,299 budgeted for the financial year under review, an amount of Kshs.8,690,086 was unspent balance from the financial year 2015/2016. Budget utilization on receipts and expenditure are as follows:

Item	Budget (Kshs)	Actual (Kshs)	Variance (Kshs)	% Utilization
Receipts	215,018,299	184,070,023	30,948,276	86%
Expenditure	215,018,299	167,635,570	47,382,729	78%

The above analysis reflects actual receipts of Kshs.184,070,023 against budgeted amount of Kshs.215,018,299 resulting in underfunding of Kshs.30,948,276 or 14% of the funds budgeted for the financial year. Further, the National Government Constituency Development Fund - Lafey spent an amount of Kshs.167,635,570 against a budgeted amount of Kshs.215,018,299 resulting in under expenditure of Kshs.47,382,729.09 or 22% of the approved budget as detailed below:

Item	Approved Budget (Kshs)	Actual Expenditure (Kshs)	Under Expenditure (Kshs)	% Difference
Compensation of employees	Planned and budgeted for	2,770,560	1,733,760	38%
Use of goods and services	10,710,573	6,985,200	3,725,373	35%
Transfer to other Government units	68,617,759	50,360,000	18,257,759	27%
Other grants and transfers	122,607,351	99,421,500	23,185,850	19%
Acquisition of assets	800,050	400,000	400,050	50%
Other payments	7,778,246	7,698,310	79,936	1%
TOTAL	215,018,299	167,635,570	47,382,728	22%

No explanation was given as to why the funds were not fully utilized as budgeted for. The underutilization of the funds may deny the constituents the planned and budgeted for services.

2.0 Appointment of the Constituency Oversight Committee

During the period under review, it was observed that constituency oversight committee was not appointed as required by Section 53(1) of the National Government Constituencies Development Fund Act, 2015. No proper explanation was given for not appointing the committee.

Consequently, it was not clear how the Fund operated without oversight committee.

3.0 Non-maintenance of Financial and Accounting Records for The Project Management Committee

It is a requirement as per section 15(10)(a) and 10(b) of National Government Constituency Development Fund Regulations, 2016 to maintain records of Bank accounts opened by project management committees and to prepare and table quarterly report. Contrary to the above regulations it was noted that records of bank accounts held by the various project management committees such as bank statements and cashbooks were not maintained by the National Government Constituencies Development Fund Lafey office. There was no bank reconciliation statement for the Project Management Committee accounts.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with [International Financial Reporting Standards/International Public Sector Accounting Standards Cash Basis and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund's or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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.


As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund's to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund's to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

23 August 2018

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

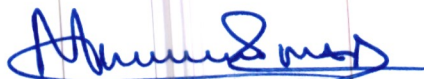
Reports and Financial Statements

For the year ended June 30, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

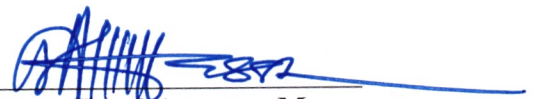
	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	125,911,247.00	145,283,146.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		125,911,247.00	145,283,146.00
PAYMENTS			
Compensation of Employees	4	2,770,560.00	1,274,721.00
Use of goods and services	5	6,985,200.00	3,809,644.00
Transfers to Other Government Units	6	50,360,000.00	19,903,231.00
Other grants and transfers	7	99,421,500.00	73,800,328.00
Acquisition of Assets	8	400,000.00	
Other Payments	9	7,698,310.00	
TOTAL PAYMENTS		167,635,570.00	98,787,923.00
SURPLUS/DEFICIT		(41,724,323.00)	46,495,222.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The LAFEY NG-CDF financial statements were approved on **3rd August, 2017** and signed by:



Chairman – NG-CDFC

**CHAIRMAN
NG-CDF LAFEY**



Fund Account Manager

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

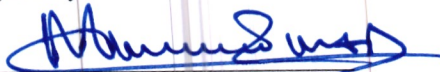
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- LAFEY
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2017**

V. STATEMENT OF ASSETS

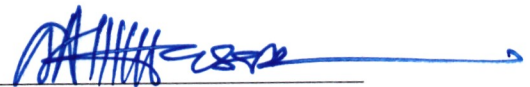
	Note	2016-2017	2015-2016
		Ksh	Ksh
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	16,434,452.00	58,158,776.00
Cash Balances (sale of tenders, hire of grader)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		16,434,452.00	58,158,776.00
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd 1st July 2016	13	58,158,776.00	11,663,554.00
Surplus/Deficit for the year (from stm of receipt & expenditure)		(41,724,324.00)	46,495,222.00
Prior year adjustments	14		-
NET FINANCIAL POSITION		16,434,452.00	58,158,776.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The LAFEY NG-CDF financial statements were approved on 3rd August, 2017 and signed by:

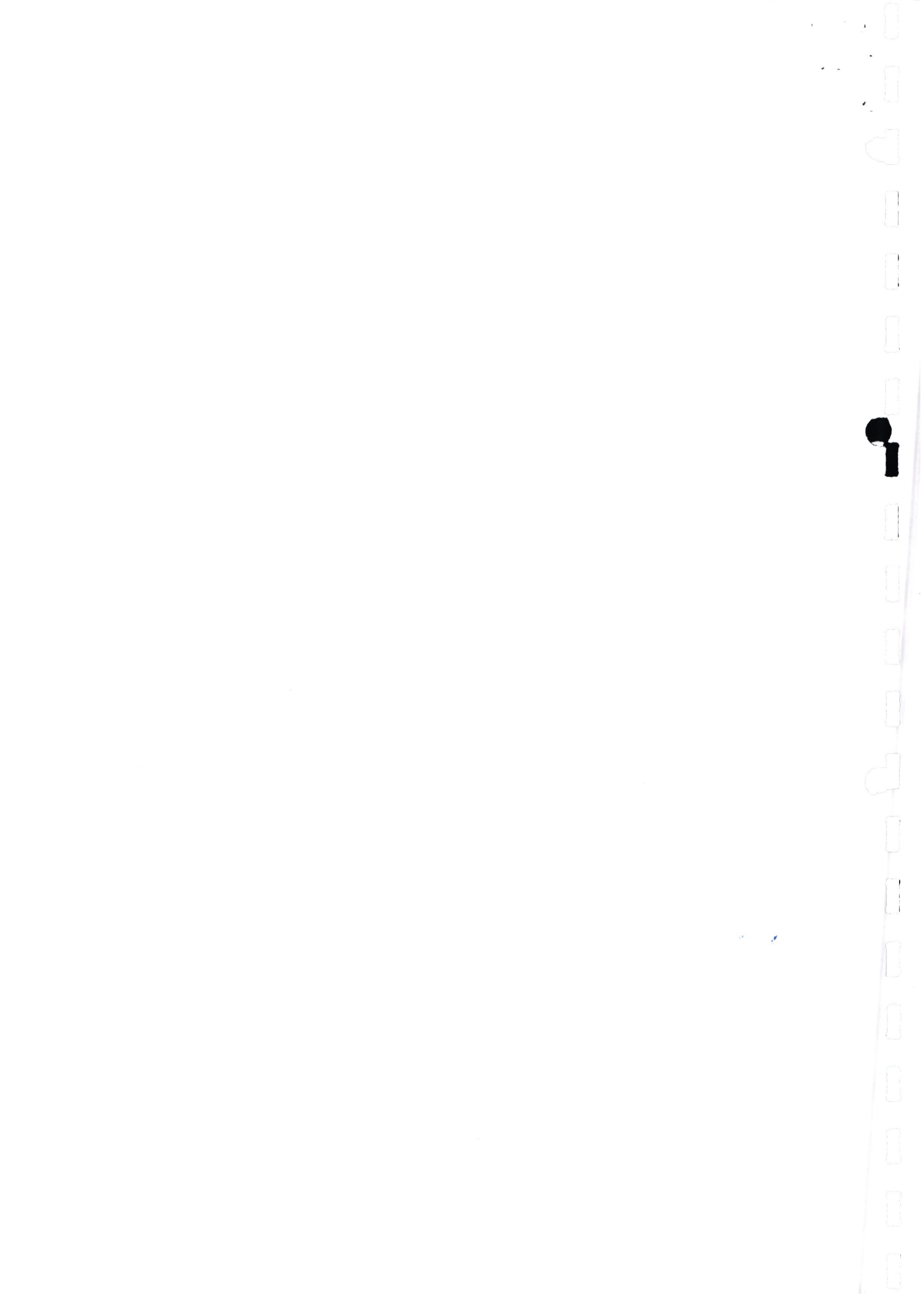


Chairman – NG-CDFC

**CHAIRMAN
NG-CDF LAFEY**



**Fund Account Manager
FUND ACCOUNT MANAGER
LAFEY NG – CDF
P. O. Box 12 – 70300,
MANDERA**



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

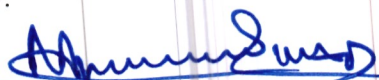
Reports and Financial Statements

For the year ended June 30, 2017

VI. STATEMENT OF CASHFLOW

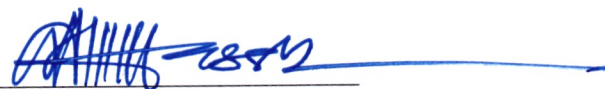
Receipts for operating Activities		2016-2017	2015-2016
Transfers from the CDF Board	1	125,911,246.00	145,283,146.00
Other Revenues	3	-	-
Payments for operating expenses			
Compensation of Employees	4	2,770,560.00	1,274,721.00
Use of goods and services	5	6,985,200.00	3,809,644.00
Transfers to Other Government Units	6	50,360,000.00	19,903,231.00
Other grants and transfers	7	99,421,500.00	73,800,328.00
Other Payments	9	7,698,310.00	-
Adjusted for:			
Adjustments during the year	14	-	-
		167,235,570.00	98,787,924.00
Net cash flow from operating activities		(41,324,324.00)	46,495,222.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	400,000.00	
Net cash flows from Investing Activities		(400,000.00)	
CASHFLOW FROM FINANCING ACTIVITIES			
Net cash flow from financing activities		-	-
NET INCREASE/ IN CASH AND CASH EQUIVALENT		(41,724,324.00)	46,495,222.00
Cash and cash equivalent at BEGINNING of the year	10A	58,158,776.00	11,663,554.00
Cash and cash equivalent at END of the year		16,434,452.00	58,158,776.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Lafey NG-CDF financial statements were approved on 3rd August, 2017 and signed by:



Chairman NG-CDFC

**CHAIRMAN
NG-CDF LAFEY**



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



Reports and Financial Statements
For the year ended June 30, 2017

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,552.00	133,121,747.00	215,018,299.00	184,070,023.00	30,948,276.00	86
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
TOTALS						
PAYMENTS						
Compensation of Employees	2,238,440.00	2,265,880.00	4,504,320.00	2,770,560.00	1,733,760.00	62
Use of goods and services	4,132,250.00	6,578,323.00	10,710,573.00	6,985,200.00	3,725,373.00	65
Transfers to Other Government Units	18,200,000.00	50,417,759.00	68,617,759.00	50,360,000.00	18,257,759.00	73
Other grants and transfers	57,325,862.00	65,281,489.00	122,607,351.00	99,421,500.00	23,185,850.00	81
Acquisition of Assets	-	800,050.00	800,050.00	400,000.00	400,050.00	50
Other Payments	-	7,778,246.00	7,778,246.00	7,698,310.00	79,936.00	99
TOTALS	81,896,552.00	133,121,747.00	215,018,299.00	167,635,570.00	47,382,728.00	78

The budgets utilization has really improved in comparison to the previous year. In fact last year it was 68% but this year it's 86%. The overall absorption rate of development projects and recurrent expenditures improved from 43% for last year to 78% this year.

The adjustments is composed of funds not disbursed from ND-CDF Board and closing balances for the financial year ended 30th June, 2016

The Lafey NG-CDF financial statements were approved on **3rd August, 2017** and signed by:

Chairman NGCDF




Fund Account Manager



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

VIII. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NG-CDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the NG-CDF.

2. Recognition of revenue and expenses

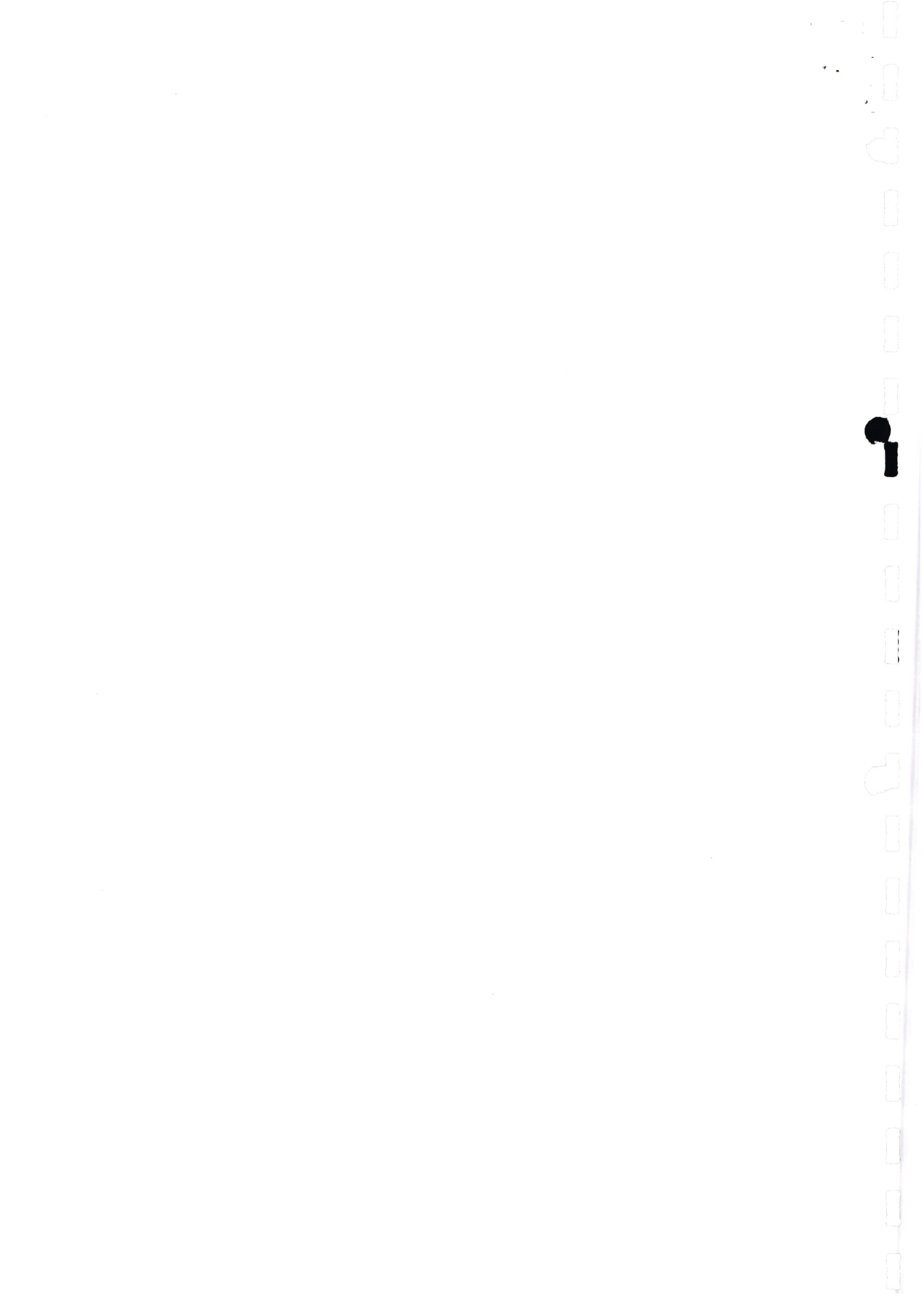
The NG-CDF recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NG-CDF. In addition, the NG-CDF recognises all expenses when the event occurs and the related cash has actually been paid out by the NG-CDF.

3. In-kind contributions

In-kind contributions are donations that are made to the NG-CDF in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the NG-CDF includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.



SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the NG-CDF at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

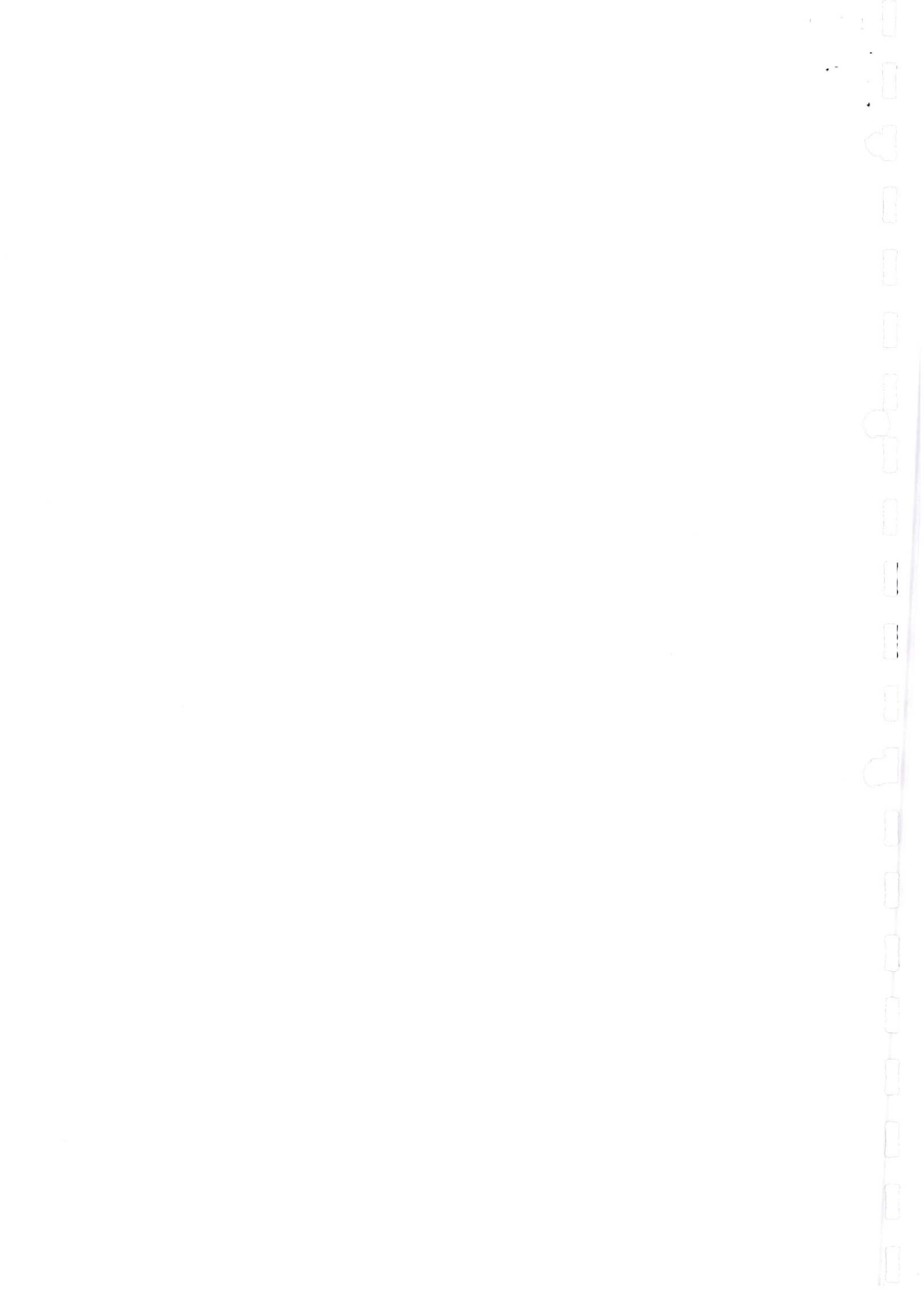
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NG-CDF's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NG-CDF's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.



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

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

IX .NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2016-2017	2015-2016
Normal Allocation	Ksh.	Kshs
AIE NO.A825933	67,462,971.00	70,515,499.00
AIE NO.A829634	4,094,827.60	30,767,647.00
AIE NO.A855516	25,663,793.00	44,000,000.00
AIE NO.A855526	7,500,000	-
AIE NO.A839657	21,189,655.00	
Conditional Grants	-	-
AIE NO...	-	-
Receipts from other Constituency	-	-
AIE NO...	-	-
TOTAL	125,911,246.60	145,283,146.00

2. PROCEEDS FROM SALE OF ASSETS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
	-	-
Total	-	-

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

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2016 - 2017	2015- 2016
	<u>Kshs</u>	<u>Kshs</u>
Interest Received	-	-
Rents	-	-
Receipts from Sales of Tender Documents	-	-
Other Receipts Not Classified Elsewhere	-	-
	-	-
Total 2,336,341.00	434,219.00	-

4. COMPENSATION OF EMPLOYEES

	2016-2017	2015- 2016
	<u>Kshs</u>	<u>Kshs</u>
Basic wages of contractual employees	2,336,341.00	1,148,721.00
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance		
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Gratuity	-	
Employer Contribution to Statutory bodies	434,219.00	126,000.00
Total	2,770,560.00	1,274,721.00

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

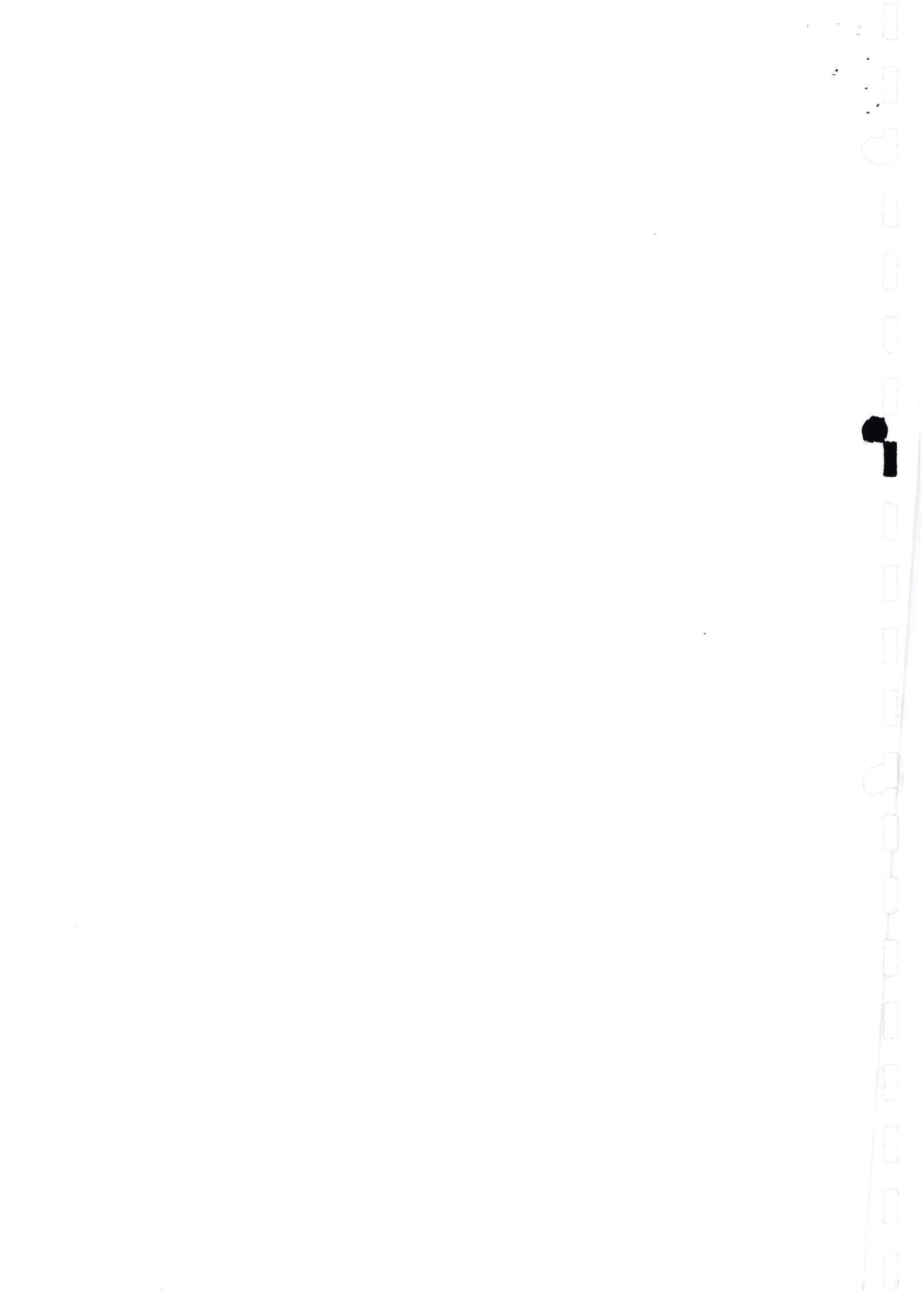
Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017-2016	2015 - 2016
	Kshs	Kshs
Committee Expenses	4,076,200.00	2,734,930.00
Utilities, supplies and services	-	-
Communication, supplies and services	-	100,000.00
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	400,000.00	120,000.00
Rentals of produced assets	-	-
Training expenses	990,000.00	-
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	421,254.00
Office and general supplies and services	1,153,000.00	424,000.00
Other operating expenses	366,000.00	9,460.00
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	-	-
Total	6,985,200.00	3,809,644.00



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

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017 Kshs	2015 - 2016 Kshs
Transfers to primary schools (see attached list)	37,000,000.00	12,263,231.00
Transfers to secondary schools (see attached list)	13,360,000.00	5,900,000.00
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	1,740,000.00
TOTAL	50,360,000.00	19,903,231.00

7. OTHER GRANTS AND OTHER TRANSFERS

Description	2016 - 2017 Kshs	2015 - 2016 Kshs
Bursary – secondary schools (see attached list)	5,100,000.00	5,000,000.00
Bursary – tertiary institutions (see attached list)	22,670,000.00	19,500,000.00
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Water projects & Sanitation (see attached list)	-	2,740,000.00
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	-	-
Security projects (see attached list)	66,542,500.00	21,432,268.00
Roads projects (see attached list)	-	19,328,060.00
Sports projects (see attached list)	-	-
Environment projects & Social Works (see attached list)	-	1,050,000.00
Other Projects (see attached list)	-	-
Emergency Projects (specify)	5,109,000.00	4,750,000.00
Total	99,421,500.00	73,800,328.00



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

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non-Financial Assets

	2016 - 2017	2015- 2016
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	400,000.00	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	400,000.00
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	400,000.00	400,000.00



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

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
CDF Offices	7,698,310.00	-
	7,698,310.00	-

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017	2015 - 2016
	Kshs(30/6/2017)	Kshs(30/6/2016)
Equity Bank-Mandera Branch A/C NO. 1000261220622	16,434,452.00	58,158,776.00
Total	16,434,452.00	58,158,776.00
10B: CASH IN HAND		
	2016 - 2017	2015 - 2016
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (specify)	-	-
Total	-	-



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

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

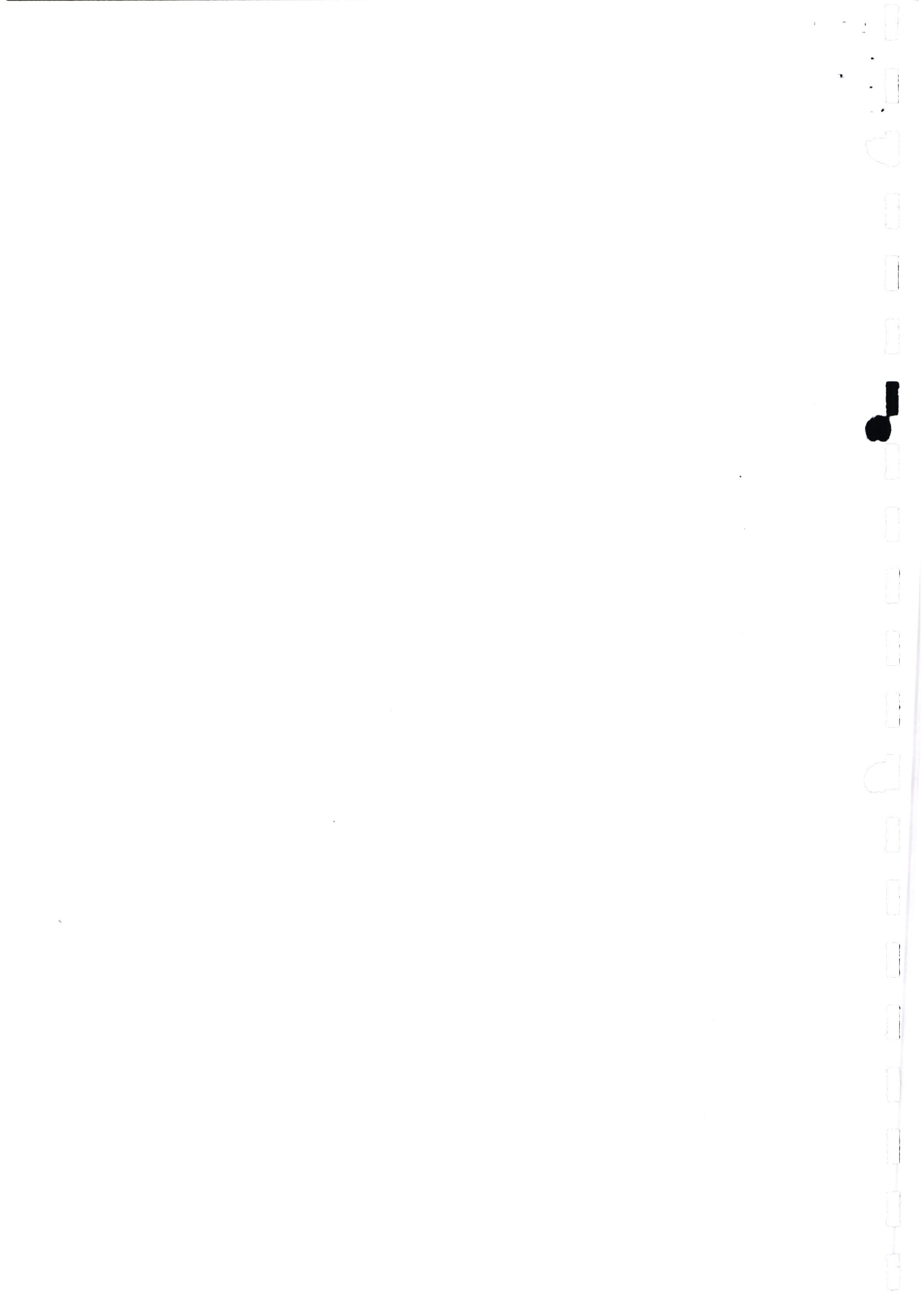
11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
	N/A	N/A	N/A	N/A

0

[Include an annex of the list is longer than 1 page.]

12 Retention			
Supplier/Contractor	PV no	2016 - 2017	2015 - 2016
		Kshs	Kshs
		-	-
		-	-
		-	-
TOTAL		-	-



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

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2016 - 2017 Kshs(1/7/2016)	2015 - 2016 Kshs(1/7/2015)
Bank accounts	58,158,776.00	11,663,554.00
Cash in hand	-	-
Imprest	-	-
Total	58,158,776.00	11,663,554.00

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	-	-
Cash in hand	-	-
Imprest	-	-
Total	-	-



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

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016- 2017	2015 - 2016
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
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	-	-
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15.2: PENDING STAFF PAYABLES (See Annex 2)

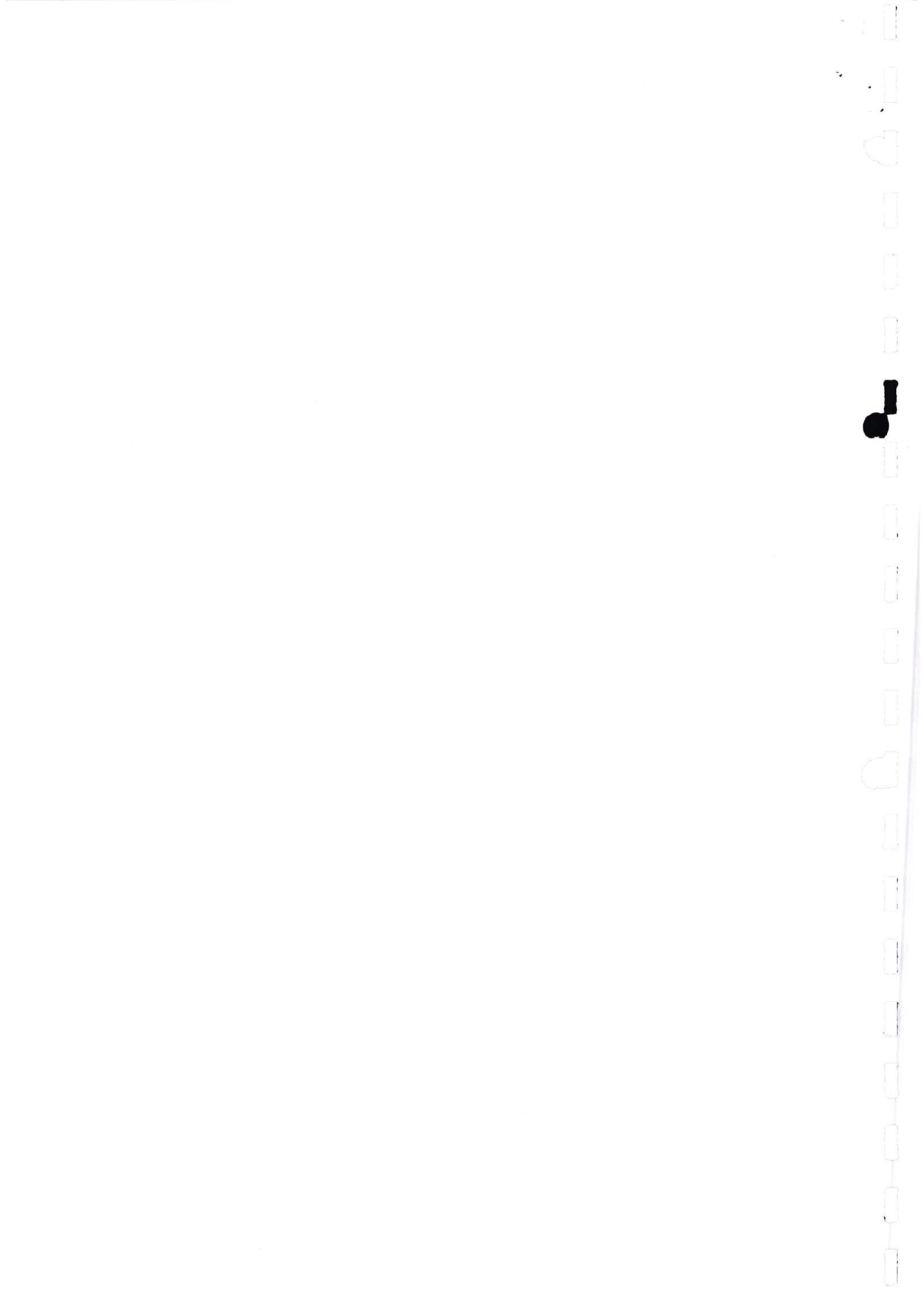
	Kshs	Kshs
Senior management	-	-
Middle management	-	876,000.00
Unionisable employees	-	-
Others (specify)	-	47,520.00
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	-	923,520.00
	<hr/> <hr/>	<hr/> <hr/>

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	18,257,759.00	48,117,759
Amounts due to other grants and other transfers (attached list)	23,185,850.00	58,286,489
Others (see attached list)	5,939,119.00	26,717,499.00
	<hr/>	<hr/>
	47,382,728.00	133,121,747.00
	<hr/> <hr/>	<hr/> <hr/>

15.4: PMC account balances (See Annex 5)

	Kshs	Kshs
PMC account balances(see attached list)	4,232,195.00	-
	<hr/>	<hr/>
	4,232,195.00	-
	<hr/> <hr/>	<hr/> <hr/>



Reports and Financial Statements
For the year ended June 30, 2017 (Kshs'000)

9ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total	0	0	0	0	0	

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group(Designation)	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Senior Management							
Middle Management							
1.Noor Dabit Adan	Office Assistant				-	180,000.00	Jan-June 2016
2.Sauda Yussuf Noor	Secretary				-	120,000.00	Jan-June 2016
3.Muhumed Adan Sheikh	Cleaner				-	72,000.00	Jan-June 2016
4.Yussuf Osman Ali	Watchman				-	72,000.00	Jan-June 2016
5.Ibrahim Adan Abdow	Office Messenger				-	72,000.00	Jan-June 2016
6.Mouldid Noor Mathey	Receptionist				-	72,000.00	Jan-June 2016
7.Mohamed Salat Adan	Watchman				-	72,000.00	Jan-June 2016
8.Mohamed Abdirahman Hassan	Watchman				-	72,000.00	Jan-June 2016
9.Mohamud Ahmed Hillow	Cleaner				-	72,000.00	Jan-June 2016
10..Abdi Sheikh Abdi	Watchman				-	72,000.00	Jan-June 2016
	Sub-Total					876,000.00	
Unionisable Employees							
1.							
2.							
3.							
	Sub-Total						
Others (specify)							
4.	NSSF Employer Contribution	-			-	47,520	Jan-June 2016
	Grand Total	-			-	923,520.00	



ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracte d	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
Amounts due to other Government entities		a	b	c	d=a-c		
Warankara Primary School	Construction of 2 NO. classrooms	2,000,000.00		-	2,000,000.00		
Warankara Primary School	Construction of staffhouses	1,700,000.00		-	1,700,000.00		
Bamboo Primary School	Construction of 2 NO. Classrooms	2,000,000.00		-	2,000,000.00		
Bamboo Primary School	Construction of bookstore	800,000.00		-	800,000.00		
Bambo primary School	Construction of 2 No. toilets	400,000.00		-	400,000.00		
Lafey West Primary School	Construction of 2 NO. Classrooms	2,000,000.00		-	2,000,000.00		
Lafey West Primary School	Construction of 2No. toilets	400,000.00		-	400,000.00		
Kabo Primary School	Construction of Administration Block.	3,000,000.00		-	3,000,000.00		
Kamor liban Primary School	Construction of 2 NO. staff houses	1,700,000.00		-	1,700,000.00		
Lafey Primary School	Completion of dinning hall	3,000,000.00		-	3,000,000.00		
Aresa Girls Sec. School	Construction of 2 No. toilets	400,000.00		-	400,000.00		
Lafey Girls Sec. School	Construction of 4 no. toilets	800,000.00		-	800,000.00		

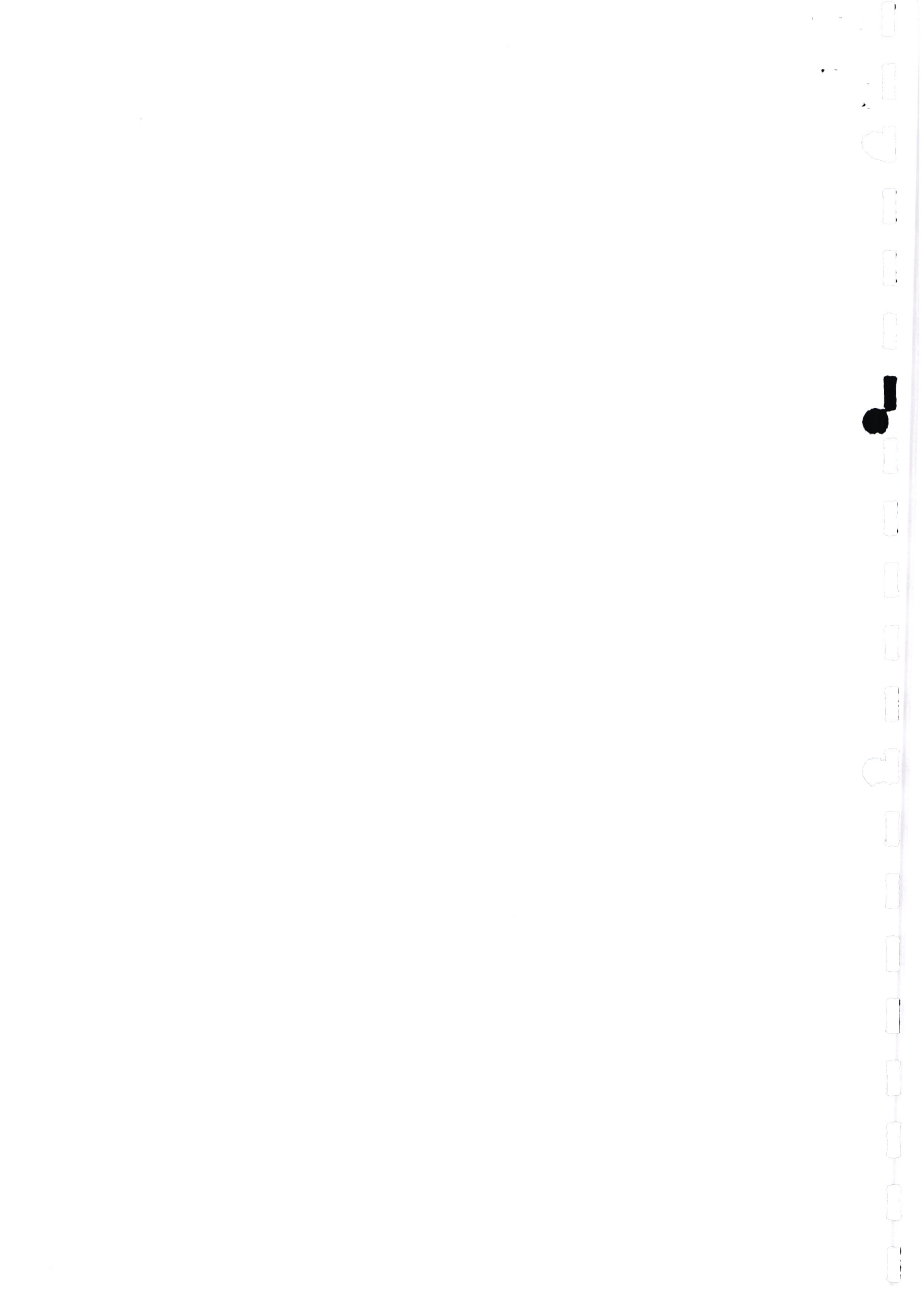


NATIONAL GOVERNMENT CONSTITUENTS DEVELOPMENT FUND – LAFEY COUNTY CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

Kheira Ali pry School	Construction of 2 No. toilets	16,000.00	-	16,000.00		
Damasa Dispensary	Construction of staff house	379.00	-	379.00		
Sala Dispensary	Construction of staff house	41,380.00	-	41,380.00		
Sub-Total		18,257,759.00	-	18,257,759.00		
Amounts due to other grants and other transfers						
Sala AP Camp	Fencing of compound	3,000,000.00	-	3,000,000.00		
Alungu AP Camp	Fencing of compound	5,067,241.00	-	5,067,241.00		
Fino AP Camp	Fencing of compound	3,000,000.00	-	3,000,000.00		
Fino Police Station	Construction of Armoury	2,000,000.00	-	2,000,000.00		
Fino Chief's office	Construction of 2 No. Toilets	400,000.00	-	400,000.00		
Sheikh barrow Chief's Office	Construction of 2 No. Toilets	400,000.00	-	400,000.00		
Alungu Chief's office	Construction of 2 NO. toilets	400,000.00	-	400,000.00		
Alungu Chief's office	Construction of Chief's office	1,500,000.00	-	1,500,000.00		
Aresa Chief's office	Construction of 2 No. toilets	400,000.00	-	400,000.00		
Libahiya Chief,s Office	Construction of 2 NO. toilets	400,000.00	-	400,000.00		

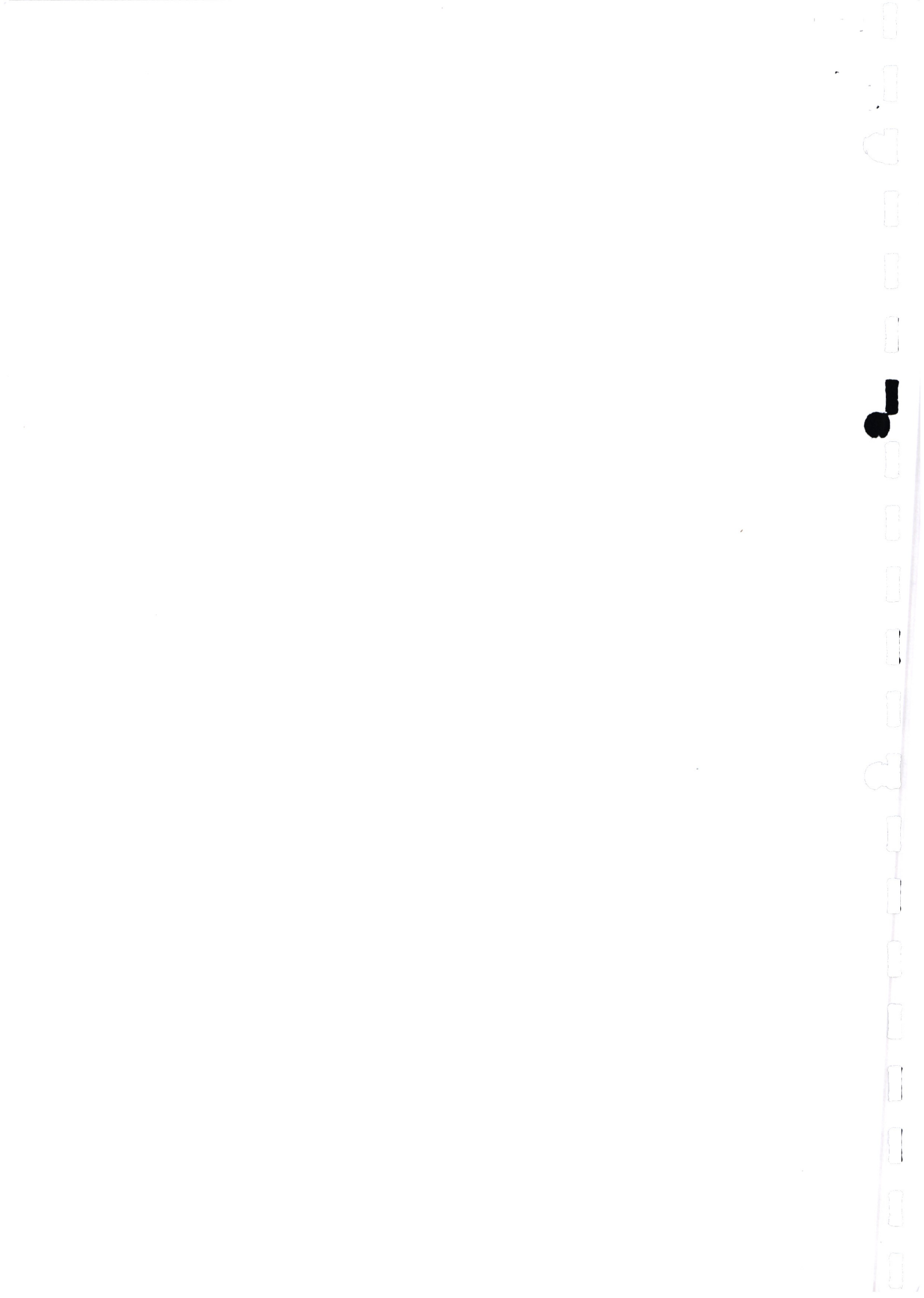


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Sala Chief's office	Construction of 2 NO. toilet	400,000.00	-	400,000.00
Bambo Chief's office	Construction of 2 NO. Toilets	400,000.00	-	400,000.00
Gari Chief's Office	Construction of 2 NO. Toilets	400,000.00	-	400,000.00
Alungu B/H	Construction of elevated tank	1,000.00	-	1,000.00
Damasa B/H	Construction of elevated tank	420.00	-	420.00
Kabo B/H	Construction of Trough	20.00	-	20.00
Fino B/H	Construction of Trough	35.00	-	35.00
Environment	Planting of Trees at Public Institutions	702.00	-	702.00
Emergency	Unallocated amount for emergencies	5,117,199.00	5,109,000.00	8,199.00
Warankara-Gari Road	Gravelling and grading(5km)	9,140.00	-	9,140.00
Fino -dawaduba Road	Bush clearing and grading(15km)	2,800.00	-	2,800.00
Warankara- Damasa Road	Bush clearing and grading(3km)	5,000,000.00	-	5,000,000.00
Bursaries-Secondary & Tertiary	Payment of bursary to needy students	28,163,793.00	27,770,000.00	393,793.00
Kamor liban Police Post	Fencing works of compound	7,000,000.00	6997,500.00	2,500.00
Sub-Total		63,062,350.00	39,876,500.00	23,185,850.00
Others (specify)				
Other payments(CDF Office and constituency Audit)	Constituency Audit and repairs, fencing, toilets, bathrooms,)	7,778,246.00	7,698,310.00	79,936.00
Acquisition of asstes(Purchase of Furniture/Equipment)	Purchase of photocopiers, staplers etc	800,050.00	400,000.00	400,050.00
Goods and services	Committee sitting allowances, transport, conferences. Trainings,office expenses	10,710,573.00	6,985,200.00	3,725,373.00
Compensation of Employees	Payment of salaries and gratuity	4,504,320.00	2,770,560.00	1,733,760.00



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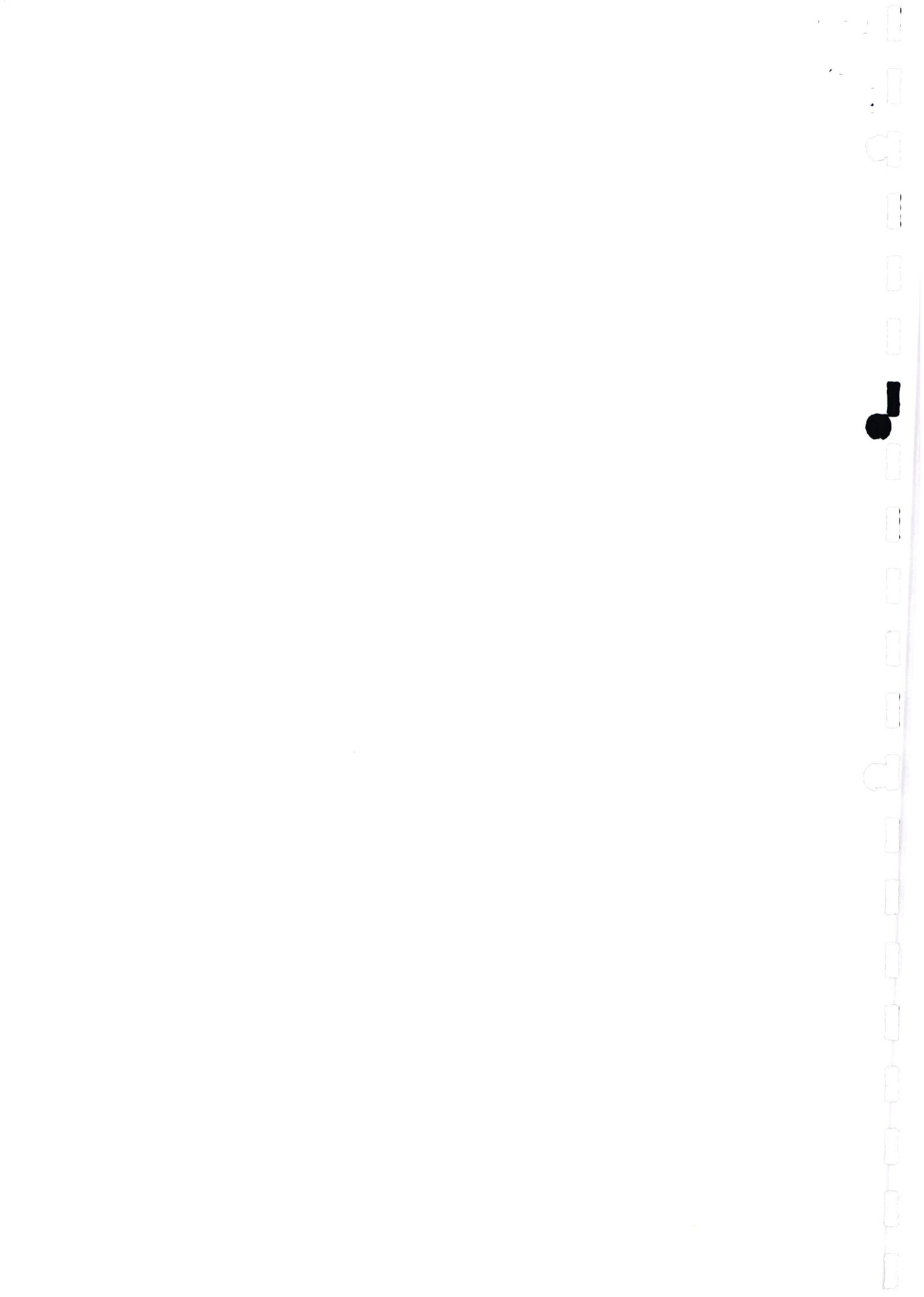
Sub-Total	23,793,189.00	17,854,070.00	5,939,119.00
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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	N/A	N/A
Buildings and structures	-	-
Transport equipment	-	-
Office equipment, furniture and fittings	1,999,950.00	1,599,950.00
ICT Equipment, Software and Other ICT Assets	-	
Other Machinery and Equipment	400,000.00	400,000.00
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	2,399,950.00	1,999,950.00

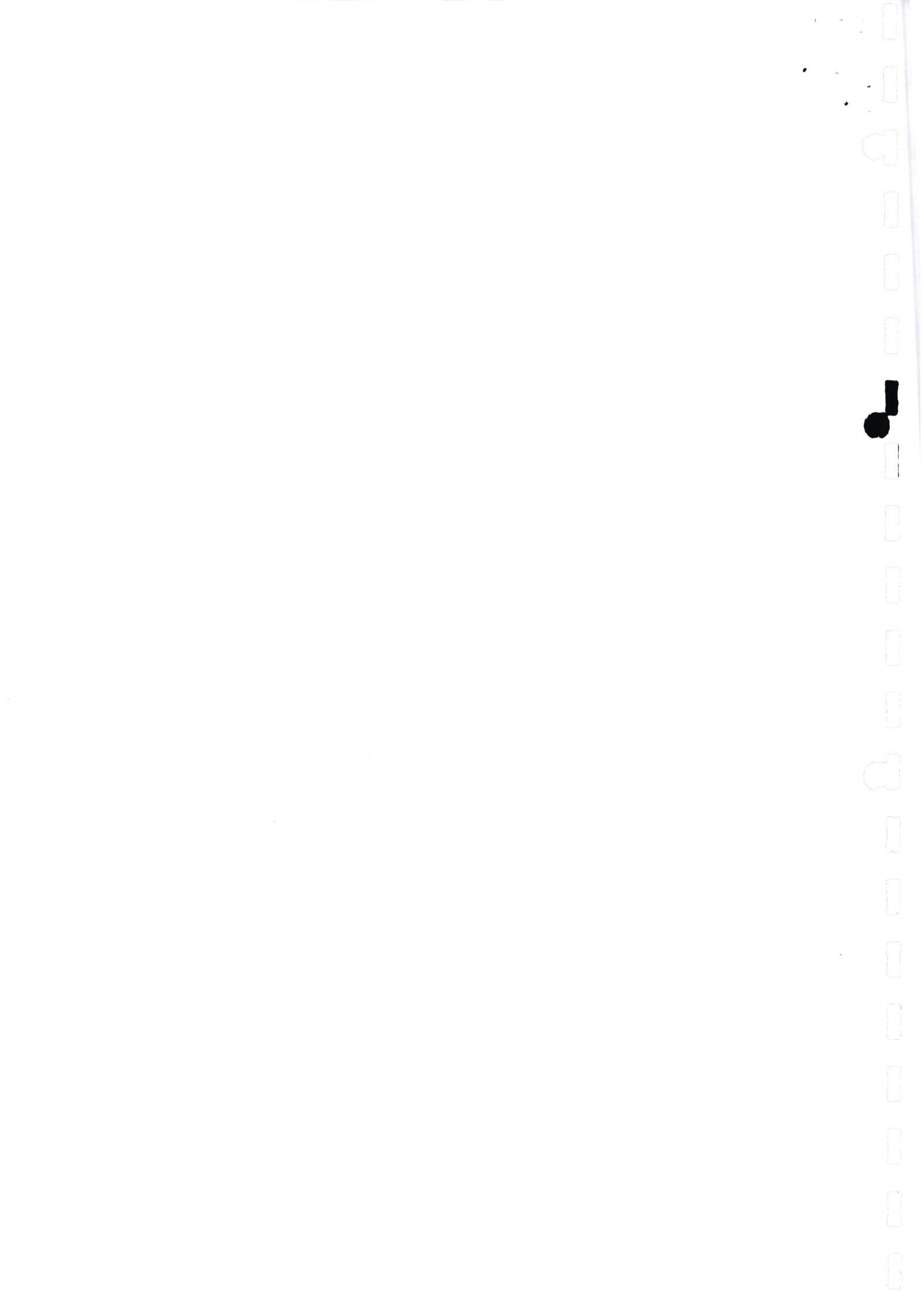
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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Fino Primary School	Equity	1000264394249	1,235.00	
Sala Primary School Pmc	Equity	1000264391985	150.00	
Kahare Primary School Pmc	Equity	1000264380640	602,305.00	
Alungu Primary School Pmc	Equity	1000264393327	365.00	
Kabo Primary School Pmc	Equity	1000264381552	3,350.00	
Damasa Primary School Pmc	Equity	1000264386660	565.00	
Libahiya Primary School Pmc	Equity	1000264471095	270.00	
Qumbiso Primary School Pmc	Equity	1000264460369	1,769.00	
Hareri Primary School Pmc	Equity	1000264391720	1,945.00	
Lafey Primary School Pmc	Equity	1000264387057	3,001,275.00	
Kamorliban Primary School	Equity	1000264521931	995.00	
Aresa Primary School	Equity	1000264381077	1,495.00	
Warankara Primary School	Equity	1000264392933	1,040.00	
Gari Primary School	Equity	1000264381746	2,251.00	
Bambo Primary School	Equity	1000264394783	1,190.00	
Gari Secondary School	Equity	1000264393942	145.00	
Lafey Boys Secondary School	Equity	1000264420854	1,445.00	
Harerei Mixed Sec. School	Equity	1000264392547	20.00	



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PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Aresa Girls Secondary School	Equity	1000269472145	25.00	
Sala Community Dev Pmc	Equity	1000266002899	420.00	
Gari Community Pmc	Equity	1000264392161	1,700.00	
Damasa Ap Camp Pmc	Equity	1000171614147	1,140.00	
Fino Police Station Pmc	Equity	1000265968469	375.00	
Fino AP PMC	Equity	1000265030109	695.00	
Lafey Police Station Pmc	Equity	1000171749007	80.00	
Alungu AP PMC	Equity	1000265951429	710.00	
Kamorliban Chiefs Office	KCB	1205665293	780.00	
Damasa Chiefs Office	Equity	1000171520624	280.00	
Fino Chiefs Office	Equity	1000171522053	1,280.00	
Kabo Chiefs Office	Equity	1000171718368	780.00	
Sheikh Barrow Chiefs Office	Equity	1000170911954	1,280.00	
Lafey Chiefs Office	Equity	1000171845551	170.00	
Lafey South Chiefs Office	Equity	1000171896539	600,390.00	
Bulla Alungu Chiefs Office	Equity	1000171679530	280.00	
	TOTAL		4,232,195.00	

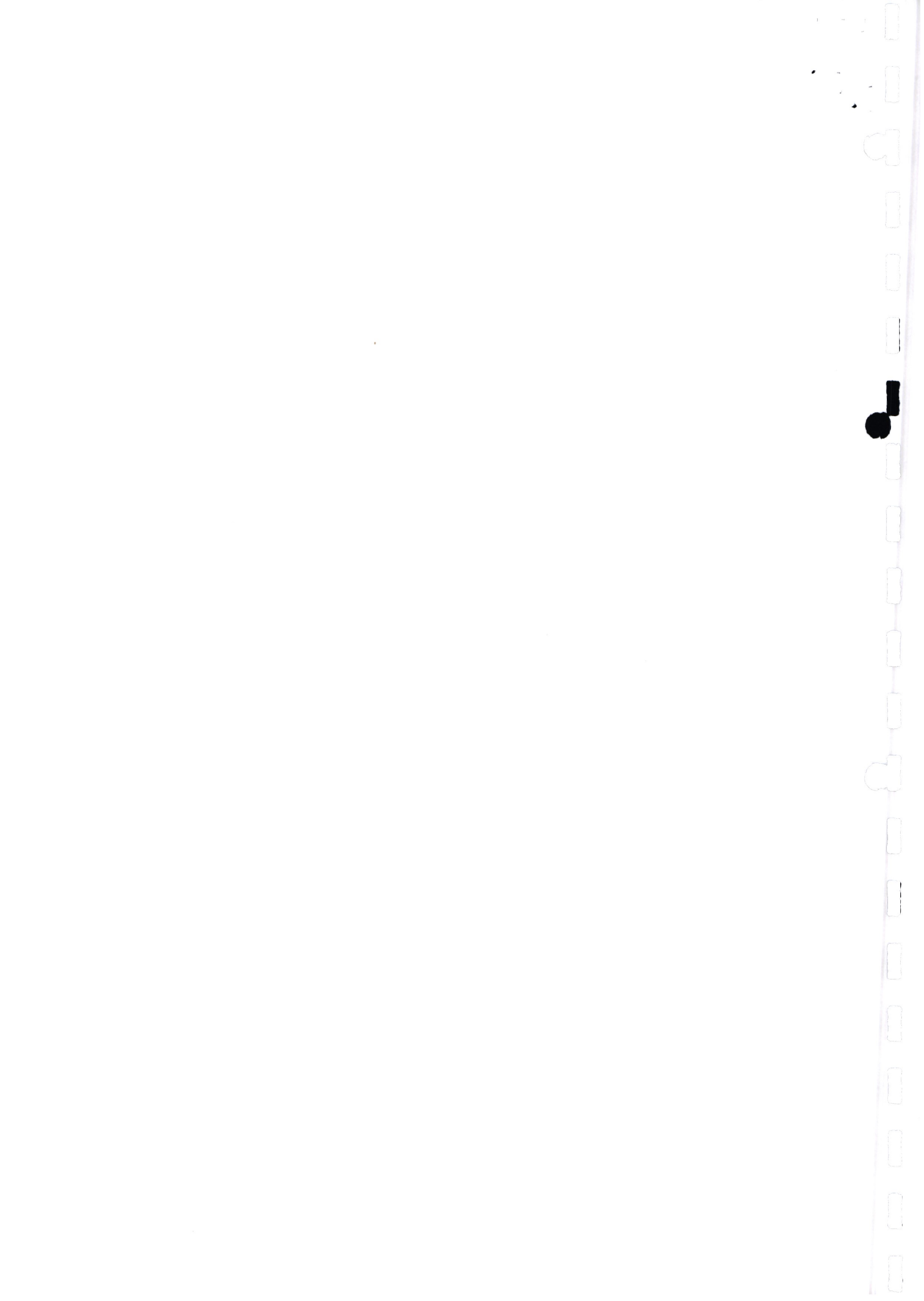


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ANNEX 6:- PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.0 Budget Performance Analysis	-During the year under review, Lafey National Government Constituency Development Fund had a final budget amounting to Ksh.231,909,671 with Ksh.218,408,537 or 94% allocated to development projects and Ksh.13,501,134 or 6% allocated to recurrent expenditure. In order to finance the budget, the NG-CDF Lafey received Ksh.145,283,146 (63 per cent) as transfers from the NG-CDF Board and had Ksh 11,663,554 (5 per cent) cash balance brought forward from 2014/2015. In addition the Fund was underfunded to the tune of 74,962,971 (32 per cent)	- Lafey NG-CDFC had a final budget of Ksh.231,909,671 which is composed of the budget for 2015/2016 of Ksh. 149,730,618 and previous year adjustments of Ksh. 82,179,053.00 respectively. During the year under review out of the budget the constituency received ksh.145,283,146 which is 63% of the budget. In addition to the disbursements from the NG-CDFB the constituency had an account balance of Ksh. 11,663,554 at the beginning of the financial year 2015/2016. Therefore, the constituency had a total amount of Ksh. 156,946,700 at its disposal at the close of the financial year ended 30 th June 2016. --- This amount was to fund and implement 47 projects which were not implemented in the last financial year 2014/2015 and another 74 projects for the financial year 2015/2016.	FAM	Resolved	

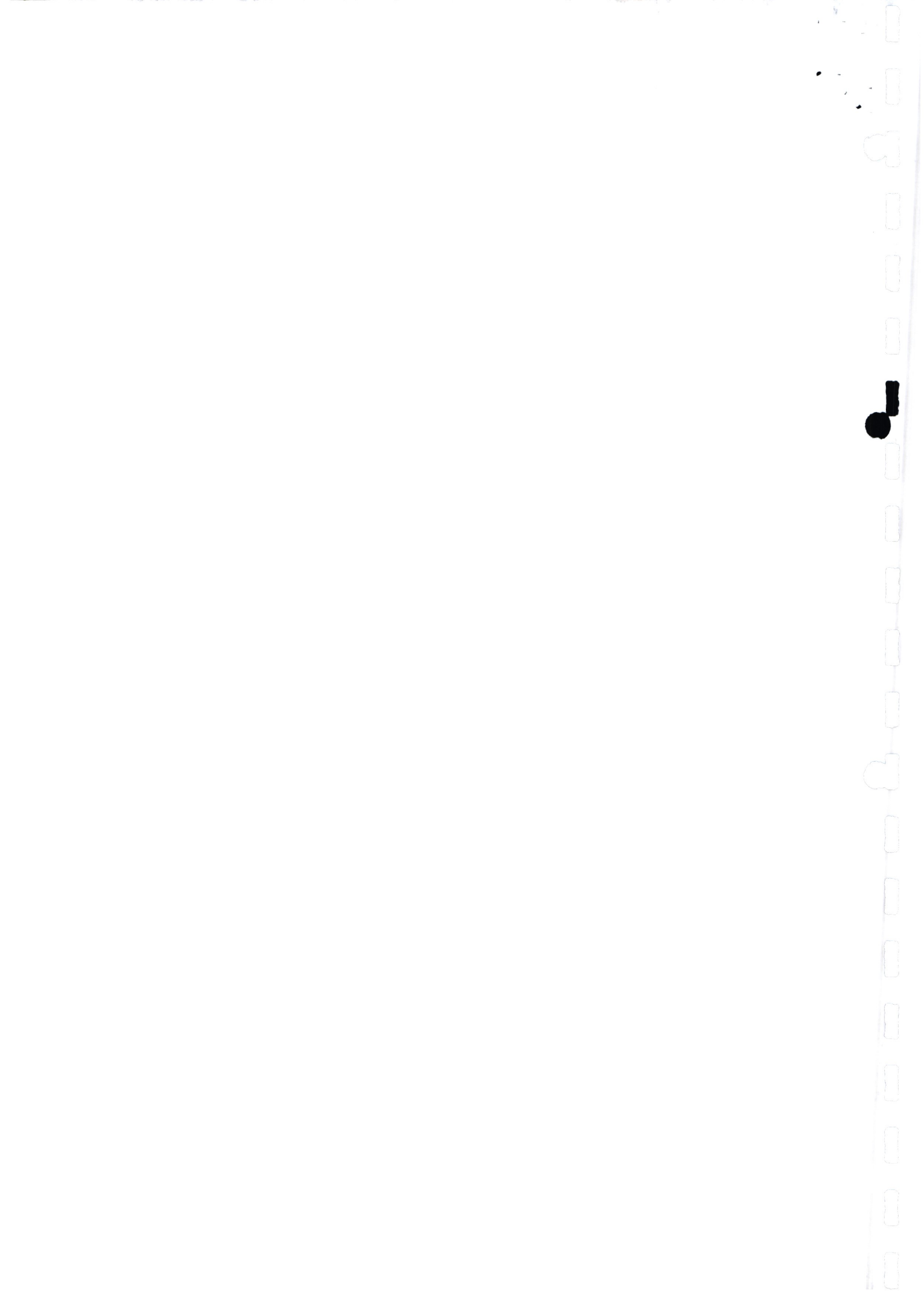


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	<p>However, from the analysis it is clear that the National Government Constituency Development Fund for Lafey under spent on transfers to other Government Units, Other grants and transfers, Use of goods and services, Compensation to employees, acquisition of assets and other payments to the tune of 133,121,747</p> <p>i. The constituency was underfunded to the tune of Ksh.74,962,971 representing 32% of their budget.</p> <p>ii. A total of Ksh. 218,408,537 was allocated during the finance 74 projects. However, by 30th June 2016 only 5 projects have been implemented with remaining projects not implemented. Please explain why all projects budgeted were not implemented.</p>	<p>- Lafey NG-CDFC in fact implemented the 47 projects of the previous year and another 6 projects for the 1 year 2015/2016. However, the constituency had not received ksh. 74,962,971 which translate to 50% of the budget for the 2015/2016. The implementation of the other projects were hindered by the expiry of the term of the CDFC on 19th february2016. There were no CDF operations from February 2016 to 23rd June 2016 when the new committee was officially gazetted. This is when the new NGCDF Act of 2015 came in to operation. The main reason was that the constituency was underfunded when the committee was operational and the funds were received after the expiry of their term hence projects could not be implemented.</p>			
<p>3.0_Audit Query: Non-Maintenance Of Bank Accounts Held By The Project Management Committee(PMC)</p>	<p>-Records of the bank accounts held by various project management committees were not maintained by NG-CDF Lafey office. No Bank statements and cash books were maintained subsequently no bank reconciliations were carried out for the PMC,s accounts.</p>	<p>-The records of the bank accounts of the various project management committees were maintained by NG-CDF lafey office but were not availed to the auditors. However, bank reconciliations were not prepared by the respective PMC,s. The bank account records and statement are now available for</p>	<p>FAM</p>	<p>Resolved</p>	



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	<p>-It was therefore not possible to ascertain whether the funds or grants disbursed to the PMC,s were properly managed. Please explain why the law is not followed in the management of the fund</p>	<p>verification. We also advised the project management committees to prepare the bank reconciliations and to keep all the records up to date.</p>		
<p>4.0 . Constituency Oversight Committee</p>	<p>-National Government Constituency Development Fund for Lafey did not appoint Constituency Oversight Committee. The fund is therefore, in breach of the National Government Constituency Development Fund Act, 2015. -Please explain why Constituency Oversight Committee was not appointed.</p>	<p>- As per the NG-CDF Act,2015, Section53(2) The Constituency Oversight Committee shall be comprised of the constituency member of the National Assembly and not more than four other members, appointed by the Member of National Assembly for the constituency in consultation with other stakeholders. - From the above section the Committee was supposed to be appointed by the Member of the National Assembly and it's at his discretion to appoint. The Mandate of the management was to remind the Member of National Assembly to appoint and to constitute the committee for them to carry out their roles for the smooth implementation of projects and to achieve the objectives of the fund. The same was communicated to the Member of National Assembly vide ref no. Lafey/NG-CDF/COC/VOL1(001) dated 2nd July,2016. Copy of the letter is available for verification.(Appendix 4.0)</p>	<p>FAM</p>	<p>Resolved</p>

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<p>5.0 Award Of Contracts For Capital Projects- Ksh.20,247,200</p>	<p>-Examination of payment vouchers, Bills of Quantities, Project files and request for quotations for projects worth Ks. 20,247,200 revealed the following observations:- a) Tender notices did not set the criteria for tender evaluation. There was no proper guidance of the specific requirements needed in awarding the tenders. b) Notification to unsuccessful bidders neither attached to the payment vouchers nor in the project files. c) There were no certificate of practical competition for the payments and therefore payments were made without advice of the technical departments and institutions. It is therefore difficult to ascertain if the projects were ready for use. d) Some of the confidential business Questionnaires was partly filled and other completely not filled. This indicates that proper analysis of the bidders was not done before the tenders were awarded. Physical verification was done on 4th April 2017 and revealed that the projects were completed and in use however, the procedure used to identify the winning bidders was not clear. Please explain why the procurement</p>	<p>-In your observations for the period under review, the tender documents had the criteria but in some instances it was not well elaborated. This was an anomaly on the project management committee side since they do not have the capacity of elaborating well all the specific requirements to be met by the contractors. Notifications to unsuccessful bidders were actually prepared and all the respective bidders were notified on time but it was not attached to the vouchers and now is available for verification. Practical completion certificates were actually prepared by the technical personnel and now it's available for verification. The confidential questionnaires were properly filled by the bidders but some instances some had scanty information or were not filled properly. These bidders were disqualified and were not awarded contracts. All the bidders who were contracted filled their confidential questionnaires properly. The documents are available for verification. (Appendix 5.0 and detailed response schedule)</p>	<p>FAM</p>	<p>Not resolved</p>	<p>Dec 2017</p>
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	laws were not followed.				
6.0 :Audit Query: Unsupported Emergency Expenses- Ksh.4,750,000	<p>-Examination of payment vouchers, supporting documents and other records maintained by the CDF Lafey revealed that Ksh. 4,750,000 was spent on emergency for supply and delivery of clean water (190 trips of 20,00 liters per trip) to villages in Fino and Lafey Locations.</p> <p>-However, tender notice did not set the criteria for tender evaluation hence there was no proper guidelines of the specific requirements needed in awarding the tender.it was noted that the payments were not supported with copies of the log books for hired vehicles, insurance covers and drivers licenses.</p> <p>Please correct the anomaly and account for the expenditure.</p>	<p>-In your observations for the period under review, Lafey NG-CDF spent Ksh. 4,750,000 on water trucking for provision and supply of clean water to the residents in fino and lafey during the drought season. All the relevant documentation pertaining to the procurement procedures were followed. The tender notice indicated the specific requirements for the tender but may be according to the auditors the required procedures were not fulfilled. However, this anomaly was rectified and now available for verification. As the management we shall take responsibility to ensure the specific requirements and criteria will be indicated in the tender notice from now henceforth to the satisfaction of the auditor Copies of log books, insurance covers and driving the license for the vehicles hired during the water trucking are attached for verification.(Appendix 6.0)</p>	FAM	Not Resolved	Dec 2017
7.0 Audit Query: Unaccounted	<p>-Examination of payment vouchers and their supporting documents revealed that the NG-CDF Lafey management spent Ksh. 2,484,800 on</p>	<p>The list of projects visited during the monitoring and evaluation and the progress report were not attached to the voucher but are now attached for</p>	FAM	Not resolved	Dec 2017

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<p>For Administration/ Monitoring And Evaluation Expenses- Ksh.2,484,800</p>	<p>administration/monitoring evaluation during the period under review. However, the following observations were made:; a) The payment vouchers were not supported with the list of projects visited during the monitoring and evaluation and progress reports of the same. b) The stores were neither received vide counter receipt nor taken on charge in their respective stores ledgers. c) For car payments, the payment vouchers were not supported with temporary work tickets, Contract agreements, Copies of Log books, insurance covers and driver's license. Please explain and account for the expenditure.</p>	<p>verification. The stores purchased were received vide S13 and normally taken to charge in the respective stores ledger and issues are also recorded. The same is available for verification. The temporary work tickets, Contract agreement, copies of Log books, insurance covers and driving license are attached and available for verification.(Appendix 7.0 for detailed response)</p>			
<p>8.0 Audit Query: Bursary Funds Expenses</p>	<p>Examination of payment vouchers for the bursary for the bursary awards and the NG-CDFC minutes disclosed that during the financial year 2015/2016 the CDFC committee disbursed bursaries amounting to Ksh. 24,500,000 to various schools and universities to benefit needy students. Although, the payments records showed that the funds were disbursed as allocated, there were no fees payments receipts from the institutions the money was paid, students list showing the year of</p>	<p>Lafey NG-CDF disbursed bursaries amounting to Ksh. 24,500,000 to various institutions to benefit needy students for the year under review. The students normally apply the bursary by filling Lafey NGCDF application forms which indicates all the relevant details for the bursary. After that the committee discuss the distribution of bursary to the needy students in accordance with the guidelines of the NG-CDF Board and the criterion set by the committee. Lafey NG-CDF committee discussed the</p>	<p>FAM</p>	<p>Resolved</p>	

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<p>9.0 Audit Query: Committee Expenses-Ksh 416,000.00</p>	<p>study for an amount of Ksh. 2,975,000. It was further noted that payments were not supported with CDFC sitting minutes on distribution of bursary. Explain and account for the expenditure.</p>	<p>distribution of the above bursary in a minuted resolution dated 10th February, 2016 of CDFMIN 2/2/2016. The institutions acknowledged the bursaries by official receipts but an amount of Ksh.2,975,000 had no official receipts by the time you carried the audit but had acknowledgment letters. We followed up with the institutions and now the receipts and the CDFC minutes are attached and available for verification.(Appendix 8.0)</p>	<p>FAM</p>	<p>Resolved</p>
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Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;

SIGNED BY


ABDIKARIM HASSAN

FUND ACCOUNT MANAGER
LAFEY NG-CDF

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

SIGNED BY



MOHAMED M .HASSAN
CHAIRMAN
LAFEY NG- CDF

CHAIRMAN
NG-CDF LAFEY