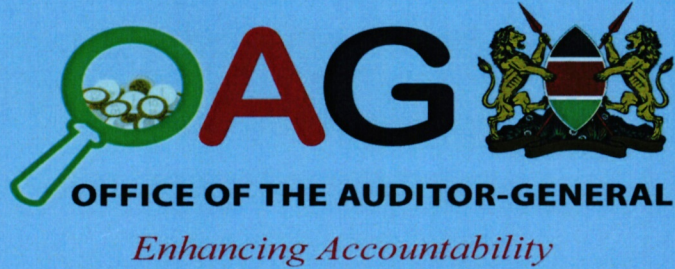


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REPORT

THE NATIONAL ASSEMBLY
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BY:

Majority Whip
Hon. Wanjau

CLERK-AT
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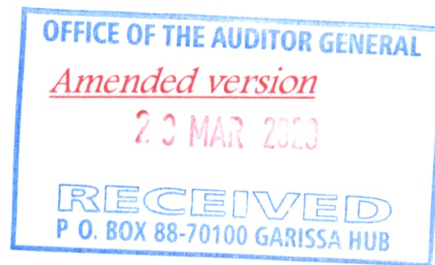
THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2019**



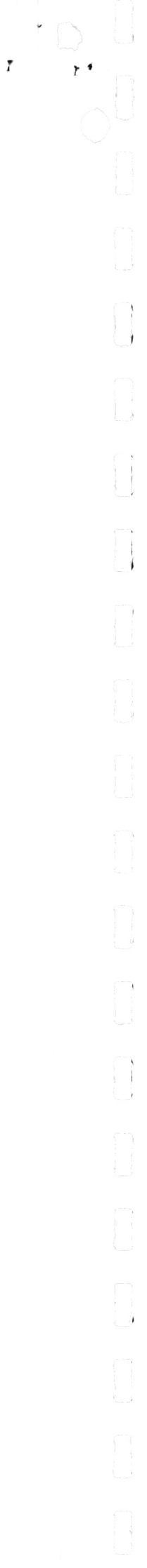


LAFEY CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LAFEY CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LAFEY CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

- a) Recognize the constituency as a platform for 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 deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) 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;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LAFEY CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

Core Values

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

(b) Key Management

The NGCDF LAFEY Constituency 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)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	A.I.E holder	Abdikarim Ibrahim
2.	Sub-County Accountant	John Munyao Mutonya
3.	Chairman NGCDFC	Mohamed Madey
4.	Member NGCDFC	Amal Osman Haji

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF LAFEY Constituency Headquarters

P.O. Box 12-70300,
Opposite Lafey Sub-County Headquarters,
Mandera, KENYA

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LAFEY CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2019**

(f) NGCDF LAFEY Constituency Contacts

Telephone: (254) 720409988
E-mail: cdflafey@cdf.go.ke
Website: www.go.ke

(g) NGCDF LAFEY Constituency Bankers

1. Equity Bank,
Mandera Branch,
P.O Box 536-70300,
Mandera.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LAFEY CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

**II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE
BUDGET PERFORMANCE**

The percentage of budget utilisation for LAFEY NG-CDF for the year is 67.6%. This is however, above 50% but it's not pleasing. Almost 32.4% of the budget was not utilised. Out of the funds ksh. 114,908,953 received and the balances from the previous year.it was fully utilised and by the end of the financial year only Ksh. 9,348.806 was the balance which was not utilised. The non-utilization was a result of funds not disbursed from the NG-CDF Board. By the end of the financial year Ksh.55, 040,875 was not disbursed to the fund and could not be utilised. The Budget performance on the Payments also increased from 58.2% of last year to 62.1%.

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 NG-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

During the year Lafey NG- CDF had achieved a lot in the implementation of projects in different sectors. The fund has developed schools, 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. Lafey Technical& Vocational Training institute was also started this year in collaboration with the National Government through the ministry of Education

EMERGING ISSUES

This year the release of funds from the board was a major problem since treasury was not releasing funds to the board. In fact the monies were released in small portions .This hampered the implementation of projects since the funds released by the board were not adequate. Compared to the previous year the funds increased from 98,189,655 to 109,040,875. Lafey Constituency is only six 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

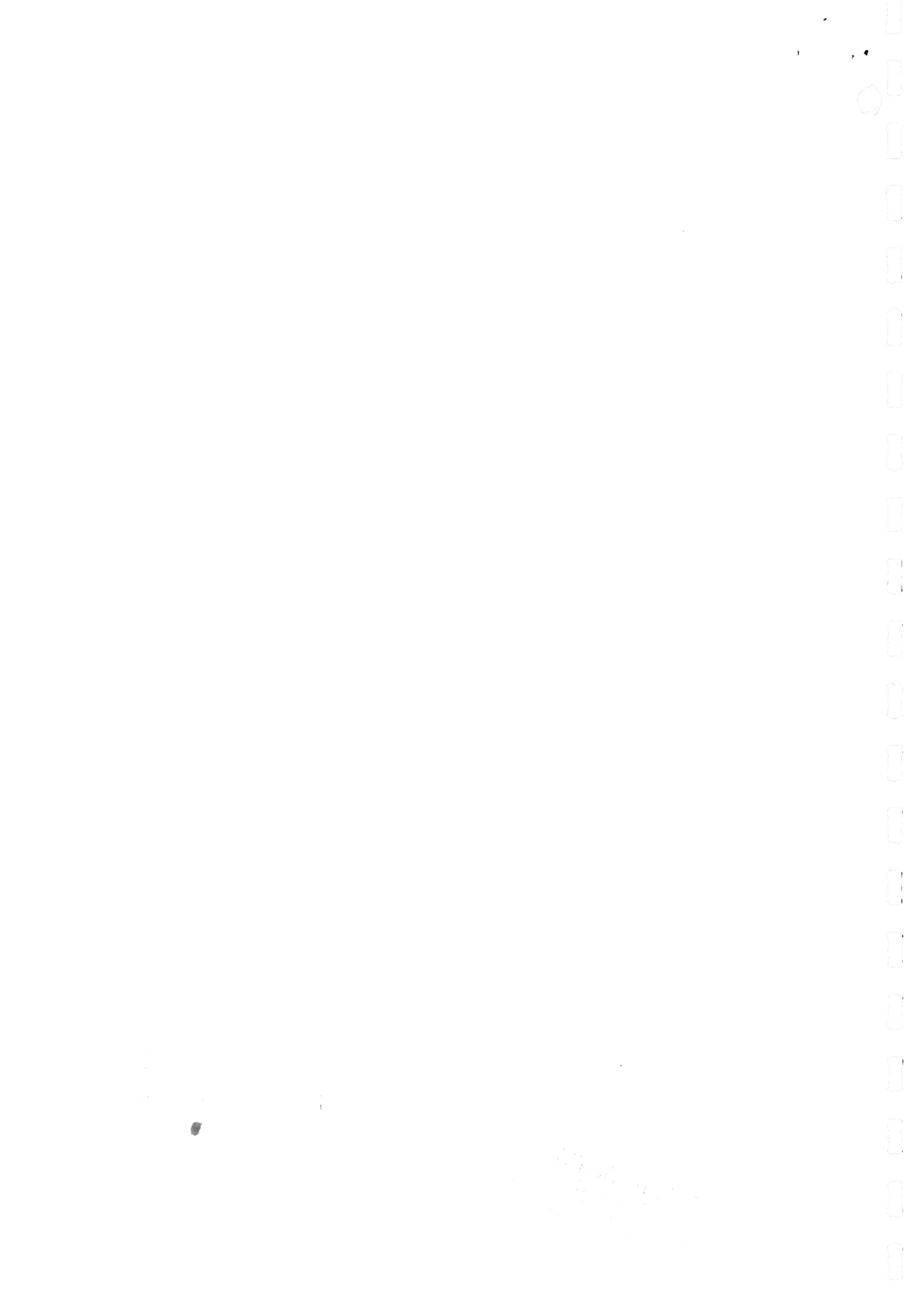
The insurgency of terror groups in the constituency was very rampant. Since the constituency is bordering Somalia which has a porous border. The peaceful movement of goods, services,people and Monitoring of projects was a big challenge because of insecurity The Project management committee do not have the capacity in implementing the projects as perthe required regulations. Funds not being released on time from the board was also a challenge. Projects cannot be implemented within the financial year because of lack of funding. Lack of procurement personnel at the sub-county level to guide the committee on procurement procedures. Lack of electricity in the whole Constituency was also a predicament to smooth implementation of projects. 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 Honourable Member of Parliament to follow up with Kenya Power and Lightening Company to provide electricity in the whole Constituency.

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

Signature

CHAIRMAN NG-CDF COMMITTEE





III. STATEMENT OF NGCDF COMMITTEE MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 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 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, 2019. 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 entity; (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 entity; (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 NGCDF-LAFEY Constituency accepts responsibility for the entity'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 *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, 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 *entity*, 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 entity 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 entity'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-LAFEY Constituency financial statements were approved and signed by the Accounting Officer on **18th March, 2020**.



Fund Account Manager
Name: Abdikarim Ibrahim Hassan

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

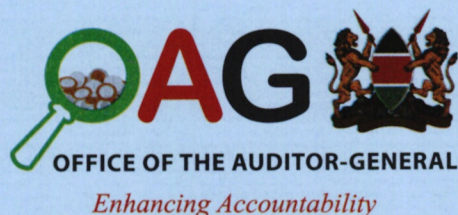


Sub-County Accountant
Name: John Munyao Mutonya

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

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LAFEY CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

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 6 to 45, which comprise the statement of assets and liabilities as at 30 June, 2019 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 effects 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, 2019 and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and complies with National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Transfer to Other Government Entities

1.1 Unsupported Transfers to Primary Schools

Included in transfer to other government entities balance of Kshs.52,671,235 reflected under Note 6 to the financial statements is an amount of Kshs.40,794,208 relating to grants to primary schools which in turn includes Kshs.8,600,000 in respect of construction of administration block, book store, renovation of classrooms and purchase of desk in various primary schools were procured. However, audit scrutiny of the project files revealed that there was no tender register, bills of quantities, inspection and acceptance reports, certificate of practical completion and project management committee bank statement. Further, 10% retention money was not deducted from the contract sum of the

final payments and the winning bidders did not submit the 5% performance security which was a requirement of the tender documents.

Under the circumstances, the validity of the expenditure for transfer to primary schools of Kshs.8,600,000 as at 30 June, 2019 could not be ascertained.

1.2 Unsupported Transfer to Secondary Schools

Included in transfer to other government entities balance of Kshs.52,671,235 reflected under Note 6 to the financial statements is an amount of Kshs.7,200,000 relating to grants to secondary schools. However, scrutiny of tender documents revealed that vital procurement documents such as requisition, quotations, local service orders, completion certificate and inspection and acceptance reports were not availed for audit review.

Under the circumstances, the validity of the expenditure for transfer to secondary schools of Kshs.7,200,000 as at 30 June, 2019 could not be ascertained.

2. Un-Acknowledged Other Grants and Other Payments

Included in other grants and other payments of Kshs.38,363,252 is Kshs.33,164,000 disbursed as bursaries to various tertiary institutions and secondary schools for the benefit of needy students. However, examination of payment vouchers and their supporting documents revealed that an amount of Kshs.7,084,250 had not been acknowledged through official receipts or acknowledgement letters by the beneficiary institutions.

In view of the foregoing, the validity and value for money of the expenditure on bursaries for Kshs.7,084,250 as at 30 June, 2019 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 the ISSAI 130 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. I have determined that there are no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.169,949,828 and Kshs.114,908,953 respectively resulting to an under-funding of Kshs.55,040,875 or 33% of the budget. Similarly, the Fund spent Kshs.105,560,437

against an approved budget of Kshs.169,949,828 resulting to an under-expenditure of Kshs.64,144,887 or 38% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Lafey Constituency.

2. Project Implementation and Management

During the financial year under review. The Fund allocated Kshs.73,916,020 to fifty three (53) projects in various sectors including education, security and emergency. The analysis of the Project Implementation Status (PIS) availed for audit review revealed that fifty (50) projects had not started and three (3) projects were on-going. However, the projects were not physically verified due to the insecurity in the region.

Consequently, the incomplete projects may have led to poor service delivery to the constituents.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 4000. The standard requires that I comply with ethical requirements and plan and perform the audit so as to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, 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 procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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 control, 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 those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective 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 and for its assessment of the effectiveness of internal control.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or 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 are in compliance with the authorities which govern them, and that public money is applied in an effective manner.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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.

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in

compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment 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.
- 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 applicable 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 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 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.



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

29 October, 2021

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LAFEY CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2019**

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018 - 2019	2017 - 2018
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	108,784,483.00	74,353,448.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		108,784,483.00	74,353,448.00
PAYMENTS			
Compensation of employees	4	2,802,700.00	2,438,680.00
Use of goods and services	5	7,723,160.00	4,745,960.00
Transfers to Other Government Units	6	52,671,235.00	29,716,136.00
Other grants and transfers	7	38,363,252.00	47,362,654.00
Acquisition of Assets	8	-	400,000.00
Other Payments	9	4,000,000.00	-
TOTAL PAYMENTS		105,560,347.00	84,663,430.00
SURPLUS/(DEFICIT)		3,224,136.00	(10,309,982)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LAFEY Constituency financial statements were approved on

18th March, 2020 and signed by:



**Fund Account Manager
Name: Abdikarim Ibrahim Hassan**

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



**Sub-County Accountant
Name: John Munyao Mutonya**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LAFEY CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2018 - 2019	2017 - 2018
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	9,348,806.00	6,124,470.00
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		9,348,806.00	6,124,470.00
Current Receivables-Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		9,348,806.00	6,124,470.00
FINANCIAL LIABILITIES			
Accounts payable-Retention	12	-	-
NET FINANCIAL ASSETS		9,348,806.00	6,124,470.00
REPRESENTED BY			
Fund balance b/fwd. 1st July, 2018	13	6,124,470.00	16,434,452.00
Surplus/Deficit for the year		3,224,136.00	(10,309,982.00)
Prior year adjustments	14	200.00	-
NET FINANCIAL POSITION		9,348,806.00	6,124,470.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LAFEY Constituency financial statements were approved on 18th March, 2020 and signed by:


Fund Account Manager
Name: Abdikarim Ibrahim Hassan


Sub-County Accountant
Name: John Munyao Mutonya



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

LAFEY CONSTITUENCY

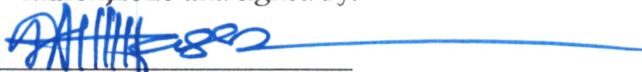
Reports and Financial Statements

For the year ended June 30, 2019

VI. STATEMENT OF CASHFLOW

CASH FLOWS FROM OPERATING ACTIVITIES		2018- 2019	2017 - 2018
Receipts			
Transfers from NGCDF Board	1	108,784,483.00	74,353,448.00
Other Receipts	3	-	-
Total receipts		108,784,483.00	74,353,448.00
Payments			
Compensation of Employees	4	2,802,700.00	2,438,680.00
Use of goods and services	5	7,723,160.00	4,745,960.00
Transfers to Other Government Units	6	52,671,235.00	29,716,136.00
Other grants and transfers	7	38,363,252.00	47,362,654.00
Other Payments	9	4,000,000.00	-
Total payments		105,560,347.00	84,263,430.00
Total Receipts Less Total Payments		3,224,136.00	(9,909,982.00)
Adjusted for:			
Outstanding imprest	11	-	-
Retention Payable	12A	-	-
Gratuity Payable	12B	-	-
Prior year adjustments	14	200.00	-
Net Adjustments		200.00	
Net cash flow from operating activities		3,224,336.00	
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)
Net Increase In Cash And Cash Equivalent		3,224,336.00	(10,309,982.00)
Cash and cash equivalent at BEGINNING of the year	13	6,124,470.00	16,434,452.00
Cash and cash equivalent at END of the year		9,348,806.00	6,124,470.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LAFEY Constituency financial statements were approved on 18th March, 2020 and signed by:


 Fund Account Manager

Name: Abdikarim Ibrahim Hassan

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


 Sub-County Accountant

Name: John Munyao Mutonya

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

Reports and Financial Statements

For the year ended June 30, 2019

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 NGCDF Board	109,040,875.00	60,908,953.00	169,949,828.00	114,908,953.00	55,040,875.00	67.6%
Proceeds from Sale of Assets		-	-	-	-	
Other Receipts		-	-	-	-	
	109,040,875.00	60,908,953.00	169,949,828.00	114,908,953.00	55,040,875.00	67.6%
PAYMENTS						
Compensation of Employees	3,600,000.00	1,715,080.00	5,315,080.00	2,802,700.00	2,512,380.00	52.7%
Use of goods and services	4,273,782.00	4,302,343.00	8,576,125.00	7,723,160.00	852,965.00	90.1%
Transfers to Other Government Units	48,000,000.00	30,828,995.00	78,828,995.00	52,671,235.00	26,157,760.00	66.8%
Other grants and transfers	48,403,299.00	11,246,343.00	59,649,642.00	38,363,252.00	21,286,390.00	64.3%
Acquisition of Assets	-	50.00	50.00	-	50.00	0.0%
Other Payments	4,763,794.00	12,816,142.00	17,579,936.00	4,000,000.00	13,579,936.00	22.8%
TOTALS	109,040,875.00	60,908,953.00	169,949,828.00	105,560,347.00	64,389,481.00	62.1%

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

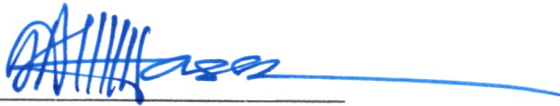
Reports and Financial Statements

For the year ended June 30, 2019

Explanations

- There was no AIA for the fund for the financial year 2018/2019
- There was underutilization in all the respective categories (i.e. below 90 %.) This happened due to the following reasons:-
- The NG-CDF board did not disburse funds on time for it to be utilized.
- It's only the category of use of goods and services which was within the required utilization of 90% and above
- Compared to the previous year 2017/2018 the overall percentage of utilization has slightly increased from 58.2% to 62.1%
- The adjustments are unutilized funds and is composed of funds not disbursed from NG-CDF Board to the constituency of **Ksh.54,784,483** and closing balances for the financial year ended 30th June, 2018 of **Ksh.6,124,470** which totals to **ksh. 60,908,953**

The NGCDF-LAFEY Constituency financial statements were approved on **18th March, 2020** and signed by:



Fund Account Manager
Name: Abdikarim Ibrahim Hassan



Sub-County Accountant
Name: John Munyao Mutonya

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

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

Reports and Financial Statements

For the year ended June 30, 2019

VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019		2018/2019	30/06/2019	
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	3,600,000.00	1,715,080.00	5,315,080.00	2,802,700.00	2,512,380.00
1.2 Committee allowances	802,556.00	1,412,940.00	2,312,940.00	2,312,300.00	640.00
1.3 Use of goods and services	900,000.00	738,844.00	1,541,400.00	1,541,400.00	-
Sub-total	5,302,556.00	3,866,864.00	9,169,420.00	6,656,400.00	2,513,020.00
2.0 Monitoring and evaluation					
2.1 Capacity building	800,000.00	957,322.00	1,757,548.00	1,719,460.00	38,088.00
2.2 Committee allowances	971,000.00	279,000.00	1,250,000.00	1,250,000.00	-
2.3 Use of goods and services	800,226.00	914,237.00	1,714,237.00	900,000.00	814,237.00
Sub-total	2,571,226.00	2,150,559.00	4,721,785.00	3,869,460.00	852,325.00
3.0 Emergency					
Emergency	5,738,993.00	586,131.00	6,325,124.00	568,965.00	5,756,159.00
Sub-total	5,738,993.00	586,131.00	6,325,124.00	568,965.00	5,756,159.00
4.0 Bursary and Social Security Programme					
4.1 Primary Schools	-				
4.2 Secondary Schools	6,000,000.00	5,500,000.00	11,500,000.00	11,500,000.00	-
4.3 Tertiary Institutions	-	-	-		-
4.4. Universities	21,164,306.00	500,000.00	21,664,306.00	21,664,000.00	306.00
Sub-total	27,164,306.00	6,000,000.00	33,164,306.00	33,164,000.00	306.00
5.0 Sports					
5.1 Lafey sports tournament	-	1,736,207.00	1,736,207.00	1,734,900.00	1,307.00
Sub-total	-	1,736,207.00	1,736,207.00	1,734,900.00	1,307.00
6.0 Environment					
6.1 Environment	-	702.00	702.00	-	702.00
Sub-Total	-	702.00	702.00	-	702.00



Reports and Financial Statements

For the year ended June 30, 2019

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019		2018/2019	30/06/2019	
7.0 Primary Schools Projects					
Lafey primary School	2,900,000.00	-	2,900,000.00	2,900,000.00	-
Kahare Primary School	6,400,000.00	1,000,000.00	7,400,000.00	1,000,000.00	6,400,000.00
Lafey West Primary School	600,000.00	1,000,000.00	1,600,000.00	1,600,000.00	-
Kabo Primary School	2,400,000.00	1,900,000.00	4,300,000.00	4,300,000.00	-
Damasa Primary School	4,000,000.00	1,000,000.00	5,000,000.00	5,000,000.00	-
Kamor Liban Pry School	2,600,000.00	1,000,000.00	3,600,000.00	1,600,000.00	2,000,000.00
Fino Primary School	2,200,000.00	883,864.00	3,083,864.00	883,864.00	2,200,000.00
Kheira Ali Primary School	2,400,000.00	2,016,000.00	4,416,000.00	2,600,000.00	1,816,000.00
Warankara Primary School	5,000,000.00	2,100,000.00	7,100,000.00	7,100,000.00	-
Bambo Primary School	2,200,000.00	1,000,000.00	3,200,000.00	1,000,000.00	2,200,000.00
Gari Primary School	2,200,000.00	4,000,000.00	6,200,000.00	4,600,000.00	1,600,000.00
Jabi East Primary School	2,600,000.00	-	2,600,000.00	600,000.00	2,000,000.00
Nurulyagin integrated primary School	3,000,000.00	-	3,000,000.00	600,000.00	2,400,000.00
Migag Primary School	3,000,000.00	-	3,000,000.00	600,000.00	2,400,000.00
Sala Primary School	-	6,410,345.00	6,410,345.00	6,410,344.00	1.00
Sub-Total	41,500,000.00	22,310,209.00	63,810,209.00	40,794,208.00	23,016,001.00
8.0 Secondary Schools Projects.					
Lafey Boys Secondary School	3,800,000.00	2,000,000.00	5,800,000.00	5,400,000.00	400,000.00
Lafey Girls Secondary School	2,700,000.00	1,800,000.00	4,500,000.00	1,800,000.00	2,700,000.00
Sub-Total	6,500,000.00	3,800,000.00	10,300,000.00	7,200,000.00	3,100,000.00
9.0 Tertiary institutions Project					
Lafey TIVET	-	4,677,027.00	4,677,027.00	4,677,027.00	-
Sub-Total	-	4,677,027.00	4,677,027.00	4,677,027.00	-
10.0 Security Projects					
Harertur Chief's Office	2,000,000.00	-	2,000,000.00	-	2,000,000.00
Alungu AP Camp		-	3,800,000.00	-	3,800,000.00

Reports and Financial Statements

For the year ended June 30, 2019

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019		2018/2019	30/06/2019	
	3,800,000.00				
Lafey Police Station	2,700,000.00	1,095,388.00	3,795,388.00	1,095,387.00	2,700,001.00
Gari AP Camp	3,000,000.00	-	3,000,000.00	-	3,000,000.00
Warankara Assistant County Commissioner	1,000,000.00	-	1,000,000.00	-	1,000,000.00
Sala Assistant County Commissioner	3,000,000.00	-	3,000,000.00	-	3,000,000.00
Sala AP Camp	-	1,800,000.00	1,800,000.00	1,800,000.00	-
Kamorliban police post	-	2,500.00	2,500.00	-	2,500.00
Sub-total	15,500,000.00	2,897,888.00	18,397,888.00	2,895,387.00	15,502,501.00
11.0 Acquisition of assets	-	50.00	50.00	-	50.00
12.0 Others					
Strategic Plan	-	4,000,000.00	4,000,000.00	4,000,000.00	-
Lafey NG-CDF office	4,763,794.00	8,736,206.00	13,500,000.00	-	13,500,000.00
Health Projects:					
Damasa Dispensary	-	379.00	379.00	-	379.00
Sala Dispensary	-	41,380.00	41,380.00	-	41,380.00
Sub-total	-	41,759.00	41,759.00	-	41,759.00
Roads and Bridges:					
Warankara - Damasa Rd	-	12,000.00	12,000.00	-	12,000.00
Warankara - Gari Rd	-	9,140.00	9,140.00	-	9,140.00
Fino -Dawaduba Rd	-	2,800.00	2,800.00	-	2,800.00
Sub-total	-	23,940.00	23,940.00	-	23,940.00
Constituency Audit	-	79,936.00	79,936.00	-	79,936.00
Water & Sanitation:					

Reports and Financial Statements

For the year ended June 30, 2019

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019		2018/2019	30/06/2019	
Alungu Borehole	-	1,000.00	1,000.00	-	1,000.00
Damasa Borehole	-	420.00	420.00	-	420.00
Kabo Borehole	-	20.00	20.00	-	20.00
Fino Borehole	-	35.00	35.00	-	35.00
Sub-total	-	1,475.00	1,475.00	-	1,475.00
GRAND TOTAL	109,040,875.00	60,908,953.00	169,949,828.00	105,560,347.00	64,389,481.00

NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LAFEY CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2019**

IX. 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 Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF-LAFEY Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

a) Recognition of Receipts

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LAFEY CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2019**

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LAFEY CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2019**

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

In-kind contributions are donations that are made to the Entity 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 Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

6. 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 Constituency bank account(s) at the end of the financial year.

7. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

8. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

9. 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 Entity 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.

10. Unutilized Fund

Unutilized funds consist of bank balances in the constituency account and funds not yet disbursed by the Board to the constituency at the end of the financial year. These balances are available for use in the subsequent financial year to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(2) of NGCDF Act, 2015.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LAFEY CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2019**

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2018 for the period 1st July 2018 to 30th June 2019 as required by Law. Included in the adjustments are the unutilized funds.

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

12. Comparative Figures

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

13. 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 30th June 2019.

14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LAFEY CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2019**

X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2018-2019	2017-2018
		Kshs	Kshs
NG-CDF Board			
AIE NO. B 005112	2017/2018	1	54,784,483.00
AIE NO. B 030191	2018/2019	2	10,000,000.00
AIE NO. B 030468	2018/2019	3	10,000,000.00
AIE NO. B 006415	2018/2019	4	6,000,000.00
AIE NO. B 042784	2018/2019	5	14,000,000.00
AIE NO. B 042925	2018/2019	6	14,000,000.00
AIE NO. A 855892	2017/2018	1	5,500,000.00
AIE NO. A 892614	2016/2017	2	30,948,276.00
AIE NO. A 896761	2017/2018	3	37,905,172.00
TOTAL			108,784,483.00
			74,353,448.00

2. PROCEEDS FROM SALE OF ASSETS

	2018-2019	2017-2018
	Kshs	Kshs
Receipts from 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 (NGCDF) –
LAFEY CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2018- 2019	2017-2018
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
	-	-
Total	-	-

4. COMPENSATION OF EMPLOYEES

	2018-2019	2017-2018
	Kshs	Kshs
Basic wages of contractual employees	2,675,584.00	1,106,121.00
Basic wages of casual labour	-	-
Personal allowances paid as part of salary	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity – paid	-	1,274,239.00
- accrued	-	-
Other personnel payments	-	-
Employer Contribution to NSSF	127,116.00	58,320.00
Total	2,802,700.00	2,438,680.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LAFEY CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2018-2019	2017-2018
	Kshs	Kshs
Committee Expenses	2,791,400.00	2,635,660.00
Utilities, supplies and services	400,000.00	-
Communication, supplies and services	503,460.00	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	1,000,000.00	542,000.00
Rentals of produced assets	-	-
Training expenses	900,000.00	900,000.00
Hospitality supplies and services	600,000.00	-
Insurance costs	-	-
Specialized materials and services	300,000.00	-
Office and general supplies and services	900,000.00	507,340.00
Other operating expenses	250,000.00	106,000.00
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	-	-
Bank service commission and charges	78,300.00	54,960.00
Total	7,723,160.00	4,745,960.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LAFEY CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018-2019	2017-2018
	Kshs.	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	40,794,208.00	28,916,136.00
Transfers to secondary schools (see attached list)	7,200,000.00	800,000.00
Transfers to tertiary institutions (see attached list)	-	-
Transfers to TIVETS (see attached list)	4,677,027.00	-
TOTAL	52,671,235.00	29,716,136.00

7. OTHER GRANTS AND OTHER PAYMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Bursary – secondary schools (see attached list)	11,500,000.00	2,247,413.00
Bursary – tertiary institutions (see attached list)	21,664,000.00	18,600,000.00
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Security projects (see attached list)	2,895,387.00	16,967,241.00
Sports projects (see attached list)	1,734,900.00	-
Environment projects (see attached list)	-	-
Emergency projects (see attached list)	568,965.00	4,560,000.00
Roads and Bridges	-	4,988,000.00
Total	38,363,252.00	47,362,654.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LAFEY CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non-Financial Assets	2018-2019	2017-2018
	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 Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
	-	-
Total	-	400,000.00

9. OTHER PAYMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Strategic plan	4,000,000.00	-
ICT Hub	-	-
Total	4,000,000.00	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LAFEY CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (Cash book bank balance)

Name of Bank, Account No. & currency	2018-2019	2017-2018
	Kshs (30/6/2019)	Kshs (30/6/2018)
<i>Equity Bank-Mandera Branch Account No. 1000261220622</i>	9,348,806.00	6,124,470.00
	-	-
Total	9,348,806.00	6,124,470.00
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		
	-	-

11. OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>				
N/A	N/A	N/A	N/A	N/A
Total	0	0	0	0

There was no outstanding imprests by the end of the financial year.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LAFEY CONSTITUENCY**
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. RETENTION

	2018 - 2019	2017-2018
	Kshs	Kshs
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
Total	-	-

There was no retention monies by the end of the financial year.

13. BALANCES BROUGHT FORWARD

	2018 - 2019	2017-2018
	Kshs (1/7/2018)	Kshs (1/7/2017)
Bank Accounts	6,124,470,00	16,434,452.00
Cash in hand	-	-
Imprest	-	-
	-	-
Total	6,124,470.00	16,434,452.00

The balances brought forward only comprised of bank account balances of the fund as there was no cash in hand and imprests.

14. PRIOR YEAR ADJUSTMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	200.00	-
Cash in hand	-	-
Imprest	-	-
	-	-
Total	200.00	-

This prior year adjustment was brought about by an under cast in the bank statement for cheque no.000613 dated 25.08.2016.This was however adjusted in the cash book for this financial year by adding it back. The amount of the cheque was ksh.310,200 but the bank only debited ksh. 310,000 hence the under cast of Ksh.200.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LAFEY CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2018-2019	2017-2018
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
TOTAL	-	-

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Ksh(2018-2019)	Ksh(2017-2018)
NGCDFC Staff(Gratuity)	665,017.00	215,425.00
Others (<i>specify</i>)	-	-
TOTAL	665,017.00	215,425.00

- pending staff payables was outstanding gratuity accrued during the financial year for NGCDFC staffs.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LAFEY CONSTITUENCY**
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For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.3: UNUTILIZED FUND (See Annex 3)

	Ksh(2018-2019)	Ksh(2017-2018)
Compensation of employees	2,512,380.00	1,855,080.00
Use of goods and services	852,965.00	4,232,343.00
Amounts due to other Government entities (see attached list)	26,157,760.00	25,351,968.00
Amounts due to other grants and other transfers (see attached list)	21,286,390.00	11,976,343.00
Acquisition of assets	50.00	50.00
Others (<i>specify</i>)	13,579,936.00	17,493,169.00
TOTAL	64,389,481.00	60,908,953.00

15.4: PMC account balances (See Annex 5)

	2018-2019	2017-2018
	Kshs	Kshs
PMC account Balances (see attached list)	24,927,192.00	14,232,195.00
	24,927,192.00	14,943,688.00

The above balances comprises of bank account balances of respective project management committee as at 30th June, 2019.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

**Reports and Financial Statements
For the year ended June 30, 2019**

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	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	-			-	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group (Designation)	Original Amount	Date Payable Contracted	Amount Paid To- Date	Outstanding Balance 2019	Outstanding Balance 2018	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
	Sub-Total						
Middle Management							
4.	Abdikheir Said Adan	Accounts Assistant			113,172.00	42,904.00	Gratuity Outstanding
5.	Sauda Yussuf Noor	Office Secretary			68,879.00	21,849.00	Gratuity Outstanding
6.	Dahaba Mohamed M.	Office Clerk			51,776.00	16,752.00	Gratuity Outstanding
7.	Muhumed Adan Sheikh	Security Guard			45,430.00	14,880.00	Gratuity Outstanding
8.	Yussuf Osman Ali	Security Guard			45,430.00	14,880.00	Gratuity Outstanding
9.	Moulid Noor Mathey	Receptionist			45,430.00	14,880.00	Gratuity Outstanding
10.	Mohamed Salat Adan	Subordinate staff			45,430.00	14,880.00	Gratuity Outstanding
11.	Mohamed A. Hassan	Security Guard			45,430.00	14,880.00	Gratuity Outstanding
12.	Mohamud Ahmed Hillow	Subordinate Staff			45,430.00	14,880.00	Gratuity Outstanding
13.	Fatuma Sheikh Abdi	Subordinate Staff			45,430.00	14,880.00	Gratuity Outstanding
14.	Kiman Issack Billow	Subordinate staff			45,430.00	14,880.00	Gratuity Outstanding
15.	Ibrahim Adan Abdow	Office messenger			45,430.00	14,880.00	Gratuity Outstanding
16.	Hassan Mohamed	Subordinate staff			22,320.00	-	Gratuity Outstanding
	Sub-total				665,017.00	215,425.00	

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs'000)

Name of Staff	Job Group (Designation)	Original Amount	Date Payable Contracted	Amount Paid To- Date	Outstanding Balance 2019	Outstanding Balance 2018	Comments
Unionisable Employees	-	-	-	-	-	-	
Sub-Total					-		
Others (<i>specify</i>)	-	-	-	-	-	-	
Sub-Total							
Grand Total							

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

ANNEX 3 –UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
Compensation of employees	Payment of salaries and gratuity	2,512,380.00	1,855,080.00	
Use of goods & services	Committee sitting allowances, transport, conferences. Trainings, office expenses	852,965.00	4,232,343.00	
Amounts due to other Government entities				
Kahare Primary School	Renovation of 2NO.classrooms to (plastering of walls, flooring and painting	800,000.00		
Kahare Primary School	Purchase and supply of 100 No. desks	600,000.00		
Kahare Primary School	Fencing of compound with chain link with concrete poles(1,200m) to completion	5,000,000.00		
Kamor Liban Pry School	Construction of underground water tank(25,000m2)	800,000.00		
Kamor Liban Pry School	Construction of Food store to completion	1,200,000.00		
Fino Primary School	Construction of 2doors. Toilets to completion.	400,000.00		
Fino Primary School	Construction of 2 No. staff house	1,800,000.00		
Kheira Ali Primary School	Construction of 2rooms. Staff house to completion.	1,800,000.00		
Kheira Ali Primary School	Construction of 2 No. toilets	16,000.00		
Bambo Primary School	Construction of 2 rooms. Staff houses to completion.	1,800,000.00		
Bambo Primary School	Construction of 2 doors. Toilets to completion.	400,000.00		
Gari Primary School	Construction of Bookstore to completion	1,200,000.00		
Gari Primary School	Construction of 2 doors. toilets to completion	400,000.00		
Jabi East Primary School	Construction of 2 NO. Classrooms to completion	2,000,000.00		
Nurulyagin integrated primary School	Construction of 2 NO. Classrooms to completion	2,000,000.00		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

For the year ended June 30, 2019

Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
Nurulyagin integrated primary School	Construction of 2 doors. toilets to completion	400,000.00		
Migag Primary School	Construction of 2 No. Classrooms to completion	2,000,000.00		
Migag Primary School	Construction of 2 doors toilets to completion	400,000.00		
Lafey Boys Secondary School	Construction of 2 doors toilets to completion	400,000.00		
Lafey Girls Secondary School	Construction of 2No. classrooms to completion	2,000,000.00		
Lafey Girls Secondary School	Purchase and supply of 100 no. Lockers and chairs	700,000.00		
Damasa Dispensary	Construction of staff house	379.00		
Sala Dispensary	Construction of staff house	41,380.00		
Sala Primary School	Fencing of compound with chain link with Concrete poles to completion.(1,000m)	1.00	4,810,345.00	
Sub-Total		26,157,760.00	4,810,345.00	
Amounts due to other grants and other transfers				
Harertur Chief's Office	Construction of Chief's office to completion	1,500,000.00		
Harertur Chief's Office	Construction of 2doors toilets to completion	500,000.00		
Alungu AP Camp	Construction of Armoury to completion	2,000,000.00		
Alungu AP Camp	Construction of 2 rooms Staff houses to completion	1,800,000.00		
Lafey Police Station	Construction of 2 doors. bathrooms to completion	300,000.00		
Lafey Police Station	Construction of 2 doors toilets to completion	400,000.00		
Lafey Police station	Construction of Armoury to completion	2,000,000.00		
Lafey Police station	Purchase and supply of office furniture	1.00	1,095,388.00	
Gari AP Camp	Fencing of compound with chain link with concrete poles(800m)	3,000,000.00		
Warankara Assistant County Commissioner	Renovation of 2 No. residential	1,000,000.00		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

For the year ended June 30, 2019

Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
	house(replacing of roof, plastering, replacing of windows, doors, flooring and painting)			
Sala Assistant County Commissioner	Purchase and supply office furniture	300,000.00		
Sala Assistant County Commissioner	Construction of 3rooms. office block to completion	2,700,000.00		
Sports	Purchase of sports kits i.e. balls, uniforms, nets and trophies for teams in the constituency:-Lafey town, Gari town, Sala town and Fino town.	1,307.00	1,736,207.00	
Emergency	To cater for any unforeseen occurrences in the constituency during the financial year	5,756,159.00	586,131.00	
Bursaries-Secondary & Tertiary	Payment of bursary to needy students	306.00	5,930,000.00	
Warankara –Damasa Road	Bush Clearing and grading?(3KM)	12,000.00	12,000.00	
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	
Kamor liban Police Post	Fencing works of compound	2,500.00	2,500.00	
Alungu B/H	Construction of Elevated Water Tank	1,000.00	1,000.00	
Damasa B/H	Construction of Elevated Water 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	
Sub-Total		21,286,390.00	11,976,343.00	
Sub-Total				
Acquisition of assets	Purchase of office furniture/ Equipment	50.00	50.00	
Others (specify)				
Lafey NG-CDF Office	Construction of Lafey NG-CDF Office	13,500,000.00	8,736,206.00	
Constituency Audit	Constituency Audit fees	79,936.00	79,936.00	
Sub-Total		13,579,936.00		
Grand Total				

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY
For the year ended June 30, 2019

Asset class	Historical Cost b/f (Kshs) 2017/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2018/19
Land	-	-	-	-
Buildings and structures	3,000,000.00	-	-	3,000,000.00
Transport equipment				
Office equipment, furniture and fittings	2,399,950.00	-	-	2,399,950.00
ICT Equipment, Software and Other ICT Assets	-	-	-	-
Other Machinery and Equipment	400,000.00	-	-	400,000.00
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	5,799,950.00			5,799,950.00

Explanation:

The Fixed assets increased from ksh.2,799,950.00 to Ksh. 5,799,950.00. This is an increase of Ksh. 3,000,000.00 .Although there was no additions during the year. After auditing the financial statements of last year 2017/2018, the Office of the Auditor General queried the difference in the copy of fixed Asset register provided and the summary of fixed Assets register in the financial statements. The summary of the fixed Assets Register was adjusted this year 2018/2019 to reflect the correct copy of fixed Asset Register in the office. This is as a result of Lafey NG-CDF old office building inherited from Mandera East CDF when Lafey CDF was curved from Mandera East. The cost of the Building was Ksh.3,000,000.00 and we based it on its historical cost without any depreciation provided



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY
Reports and Financial Statements
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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2019

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Fino Primary School Pmc	Equity	1000264394249	490.00	917,371.00
Sala Primary School Pmc	Equity	1000264391985	9,274.00	150.00
Kahare Primary School Pmc	Equity	1000264380640	2,605.00	2,030.00
Kabo Primary School Pmc	Equity	1000264381552	2,403,575.00	3,075.00
Damasa Primary School Pmc	Equity	1000264386660	4,000,410.00	565.00
Lafey West Primary School pmc	Equity	1000176430601	600,610.00	780.00
Lafey Girls Sec. School pmc	Equity	1000176431066	370.00	390.00
Lafey Primary School Pmc	Equity	1000264387057	5,901,405.00	9,001,500.00
Kamorliban Primary School	Equity	1000264521931	600,775.00	320.00
Warankara Primary School	Equity	1000264392933	5,001,160.00	710.00
Gari Primary School	Equity	1000264381746	602,056.00	2,251.00
Bambo Primary School	Equity	1000264394783	910.00	805.00
Kheira Ali Primary School	Equity	1000166032087	600,355.00	-
Lafey Boys Secondary School	Equity	1000264420854	3,401,590.00	1,445.00
Jabi East Primary School PMC	Equity	1000279002353	600,000.00	-
Nurulyaqin Intergrated Primary School PMC	Equity	1000278998060	600,000.00	-
Megag Primary School PMC	Equity	1000279004031	600,000.00	-
Lafey Police Station PMC	Equity	1000171749007	227.00	-



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

For the year ended June 30, 2019

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Sala Community Dev Pmc	Equity	1000266002899	1,380.00	1,200.00
Gari Secondary School	Equity	1000264393942	-	145.00
Gari Community Pmc	Equity	1000264392161	-	1,925.00
Damasa Ap Camp Pmc	Equity	1000171614147	-	1,140.00
Alungu Chief's office pmc	Equity	1000173717540	-	10.00
Fino Police Station Pmc	Equity	1000265968469	-	105.00
Fino AP PMC	Equity	1000265930109	-	975.00
Lafey Police Station Pmc	Equity	1000171749007	-	80.00
Alungu AP PMC	Equity	1000265951429	-	1,181.00
Kamorliban Chiefs Office	KCB	1205665293	-	780.00
Damasa Chiefs Office	Equity	1000171520624	-	280.00
Fino Chiefs Office	Equity	1000171522053	-	950.00
Kabo Chiefs Office	Equity	1000171718368	-	780.00
Sheikh Barrow Chiefs Office	Equity	1000170911954	-	1,450.00
Lafey Chiefs Office	Equity	1000171845551	-	170.00
Lafey South Chiefs Office	Equity	1000171896539	-	280.00
Bulla Alungu Chiefs Office	Equity	1000171679530	-	280.00
Bamboo Community Dev. PMC	Equity	1000166069795	-	200.00
Alungu Primary School Pmc	Equity	1000264393327	-	5,000,365.00
TOTAL			24,927,192.00	14,943,688.00



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY
For the year ended June 30, 2019

ANNEX 5-PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS (FY 2017/2018)

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)
1.0 Cash and Cash Equivalent	<p>The Statement of financial assets reflect cash and cash equivalents balance of Kshs. 6,124,470as at 30thJune 2018.</p> <p>However, the bank reconciliation statement prepared on 30 June 2018 reflects payment in cash book not yet recorded in bank statement (unpresented cheques) amounting to Kshs. 2,864,394.85 which in turn includes stale cheques amounting to Kshs.275,200 with some dating back to May 2014. No reason had been given for failing to replace the stale cheques.</p> <p>Consequently, it was not possible to confirm the cash and cash equivalents balance of Kshs. 6,124,470.55 as at 30 June 2018 was</p>	<p>The stale cheque of Kshs.275,000 were bursary cheques released to beneficiary institutions that have not been banked by themselves hence outstanding. However, the cheques have since been reversed as per the Bank reconciliation Statement of September 2018. The anomaly is now corrected.</p> <p>-Lafey National Government Constituency Development Fund maintained one bank account No. A/C 1000261220622 with Equity Bank with a bank balance of Ksh.6,124,470.55as at 30 June, 2018.</p> <p>The balance was supported by certificate of bank balances, cash</p>	Abdikarim(FAM)	Resolved	



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

For the year ended June 30, 2019

	fairly stated.	<p>book, bank statement and bank reconciliation statement.</p> <p>Annex 1.0</p> <ul style="list-style-type: none"> • Bank Reconciliation Statement Sept, 2018) • Bank balance certificate as at 30th June, 2018. • Cash book Extract as at 30th June, 2018 and • Bank statement as at 30th June, 2018. 			
<p>2.0 Award of Contracts for Primary School Projects – Kshs.8,000,000</p>	<p>-Included in Transfer to other government entities balance of kshs 29,716,136 reflected under note 6 to the financial statement is an amount of Kshs. 28,916,136 relating to grants to primary schools which in turn includes Kshs. 8,000,000 in respect of construction of dining hall and fencing works. However, a review of project files and payment vouchers among other tender documents availed for audit review revealed that tender notices as well as bid documents did not specify mandatory bid requirements which could form basis for preliminary and technical evaluations criteria. Further, tender registers, tender evaluation reports, inspection and acceptance reports and certificates of practical completion were not maintained.</p> <p>In addition, project management committees did not notified the losing bidders of their unsuccessful bids as required by section 87(3) of the public procurement and asset disposal act 2015. Further, there was no</p>	<p>-Tender analysis was done and that the evaluation minute with criteria was indeed used as the basis for awarding the contract. Practical completion certificates was prepared by the works officer and it's attached for verification. Inspection of the project was carried out during monitoring and evaluation and the project was verified to be complete and done as per specifications Inspection and acceptance certificate are also attached for verification.</p> <p>-Form of agreement is part of the tender document and can only be signed once the contract is awarded and the successful bidder is known. Duly signed contract agreement is filed in the PMC file. Notification to unsuccessful bidder was done but was not attached to the file and now is available for verification.</p> <p>Annex 2.0</p>	Abdikarim(FAM)	Not Resolved	Jan , 2020



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

For the year ended June 30, 2019

	<p>proof for submission of bid security of 5% of the contract sum by the successful tenderers. Under the circumstances, the propriety of the expenditure of Kshs.8,000,000 as at 30 June 2018 cannot be ascertained.</p>	<ul style="list-style-type: none"> • Evaluation minutes • Practical completion certificate • Inspection and acceptance certificate • Duly signed contract agreement. • Notification letters to unsuccessful bidders. 			
<p>3.0 Unaccounted for Bursary Expenses- Ksh.7,174,231.00</p>	<p>- Included in other grants and other payments balance of Kshs.47,362,654 reflected under note 7 to the financial statements is bursary to tertiary institutions amounting to Kshs. 18,600,000 which in turn includes an amount of Kshs.7,174,231 which were not supported with fee payment receipts issued or acknowledgement letter from the beneficiary institutions that the monies were paid to. Further, Minutes of NG-CDF Committee awarding the bursary was not availed for audit review. In view of the foregoing, it had not been possible to confirm whether the funds were utilized for the intended purpose</p>	<p>-The applicants normally apply for the bursary by filling Lafey NGCDF application forms which indicates all the relevant details for the bursary. 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 distribution of the above bursary in a minuted resolution dated 9th May, 2018 of MIN / LAFEY NG-CDFC / 3/5/2018. Cheques are drawn in favour of the names of the institutions accompanied by the lists of beneficiaries and letter clearly requesting the institutions to acknowledge the bursary funds received. Institutions acknowledged the bursaries by official receipts but an amount of Ksh. 7,174,231 had no official receipts by the time you carried the audit. We followed up with the institutions and now the receipts and the NG CDFC minutes are</p>	<p>Abdikarim(FAM)</p>	<p>Resolved</p>	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

For the year ended June 30, 2019

		attached for verification. Annex 3.0 <ul style="list-style-type: none"> • NG-CDFC minutes • Sample application form • Acknowledgement letters /official fees receipts. 			
4.0 Irregular Implementation of Roads Projects- Ksh.4,988,000	-Included in other grants and other payment balance of Kshs.47,362,654 reflected under note 7 to the financial statement is an expenditure of kshs.4,988,000 in respect of roads. However, the road works under taken by the fund was not a function of national government constituency development fund thereby, contravening the 4 th schedule of the constitution of Kenya 2010 and section 11(e) of the national government constituency development fund regulations 2016. In view of the foregoing, the fund may be in breach of the constitution of Kenya 2010 and section 11(e) of the national government constituency development fund regulations 2016.	-The Proposal of the road was submitted to NG-CDF Board for approval and it was approved by the board. Once a project is approved. The constituency committee have no mandate and authority not to implement the project. However, the National Government Constituency Development fund- Lafey is not in breach of the Constitution of Kenya 2010, under the same note, the road falls under the category of Kenya Rural Roads Authority (KeRRA) Which is a National Government entity. We communicated to KeRRA and inquired whether the road (Warankara- Damasa) was in KeRRA’s annual work programme for the year. Annex 4.0 <ul style="list-style-type: none"> • Letter of Lafey NG-CDFC inquiring about the road. • Letter from KeRRA 	Abdikarim(FAM)	Not Resolved	Jan, 2020

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

For the year ended June 30, 2019

		Confirming that the road was not captured in their annual work programme.			
5.0 Summary of Fixed Asset Register	Annex 4 a summary of fixed asset register attached to the financial statement discloses the value of fixed assets as Kshs 2,799,950. However, the asset register availed for audit review disclosed a total asset value of Kshs.5,799,950 resulting in a variance of Kshs 3,000,000. In addition, the fixed asset register schedule availed for audit review was not prepared as per requirements of IPSAS 17 as it had some missing information such as the columns of serial numbers, depreciation and net book values. In view of the above, the asset register presented for audit review was not prepared as per IPSAS 17.	.The variance of Ksh. 3,000,000 was a result of Lafey NG-CDF office building which was inherited from Mandera East when the constituency was split during 2012.However, the historical cost of the building was captured in the fixed asset register availed for audit but was not reflected in the fixed asset register attached to the financial statement under review at the time of the audit. In real life situation the asset was not acquired from the start of Lafey CDF up to date but was handed over to the constituency from its mother constituency. This was an anomaly when capturing the assets in the fixed asset register in the financial statements. The same will not occur and all the assets of the constituency will be captured and as per the requirements of IPSAS 17.	Abdikarim(FAM)	Resolved	
6.0 Budget and Budgetary Control	The Budget of Lafey NG-CDF analysis reflects actual receipts of Kshs.74,353,448 against budgeted amount of Kshs.145,572,383 resulting in a shortfall of Kshs.71,353,935 representing 48.9% of undisbursed funds from the CDF Board. Further, the Fund incurred an expenditure amount of Kshs.84,663,430 against a budgeted	-By the time of audit, the constituency had not received the second tranche of its allocation for the F/Y 2017/2018 amounting to K.sh.54,784,483. The balance of Ksh. 6,124,470 was Cash book balances as at 30 th June, 2018 and	Abdikarim(FAM)	Resolved	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

For the year ended June 30, 2019

	<p>expenditure of Kshs.145,572,383 resulting in under expenditure of Kshs.60,908,953 representing 41.8%.</p> <p>-Please explain why the Fund failed to utilize all the fund allocated for the year.</p>	<p>this was balances for compensation of employees and use of goods and services was not project funds. However, the constituency has since submitted requisition for second tranche, and the Board released funds after the audit was carried out, as per the attached AIE funding and bank statement.</p> <p>Annex 6.0</p> <ul style="list-style-type: none"> • Copies of AIE’s and bank statements • Bank reconciliation statement showing cash book balance. • Cash book Extract as at 30th June, 2018. 			
<p>7.0 Appointment of the Constituency Oversight Committee</p>	<p>National Government Constituency Development Fund for Lafey did not appoint Constituency Oversight Committee. The fund therefore, is in breach of the National Government Constituency Development Fund Act, 2015</p>	<p>- NG-CDF Act,2015, Section53(2) requires the Member of Parliament to appoint The Constituency Oversight Committee comprising of the constituency member of the National Assembly and not more than four other members in consultation with other stakeholders.</p> <p>The Committee was to be appointed by the Member of the National Assembly as required by the Act.</p>	<p>Abdikarim(FAM)</p>	<p>Resolved</p>	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

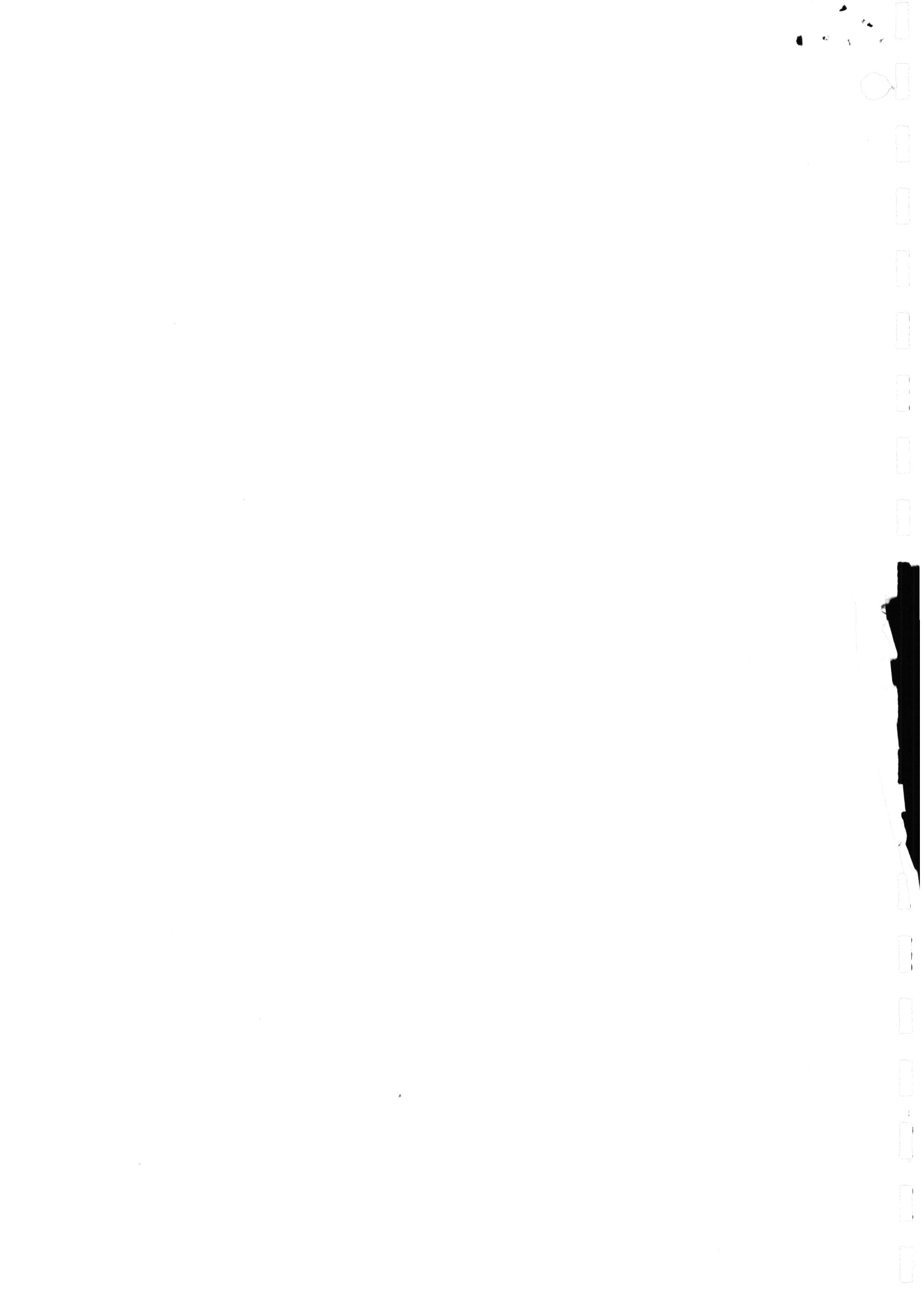
For the year ended June 30, 2019

		<p>The responsibility of the Fund Account Manager was to advise and remind the Member of National Assembly to appoint and constitute the committee for them to carry out their roles for the better implementation projects under the Act and to achieve fair distribution of the funds. Attached is communication to the newly elected Member of National Assembly for the constituency.</p> <p>Annex 7.0</p> <ul style="list-style-type: none"> • Letter to the Member of parliament 			
<p>8.0 Non-Maintenance of financial and accounting records for The Project Management Committee</p>	<p>-Records of the bank accounts held by the various project Management committees and quarterly reports to the constituency committee were not maintained by National Government Constituency Development Fund - Lafey. No PMC’s Bank Statements and cash books were maintained subsequently no reconciliations were carried out for the PMCs accounts.</p> <p>It was therefore, not possible to ascertain whether the funds or grants disbursed to the PMCs were properly managed.</p>	<p>-Funds or grants are disbursed to the PMCs by way of notification of grant and funds wired into their accounts for project implementation. The accounting books were not maintained due to lack of capacity by the PMCs in the Constituency.</p> <p>The PMC Cash books could not be either opened or maintained due to shortage of staff in the Sub county Treasury that handles all the departments in the constituency. Bank account records such as bank statement, cash book and bank reconciliation will now be updated and maintained in line with the recommendation of the audit. However, bank statements of the respective PMC accounts were filed by the PMC’s and copies are attached for verification. We also</p>	Abdikarim (FAM)	Resolved	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

For the year ended June 30, 2019

		<p>attached for verification. We also advised the project management committees to prepare the bank reconciliations and to keep all the records up to date.</p> <p>Annex 8.0</p> <ul style="list-style-type: none">• Letter advising PMC's on the requirement of the regulation.• Sample bank statements			
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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAFEY CONSTITUENCY

For the year ended June 30, 2019

Guideline Notes:

- (i) Use 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 IBRAHIM HASSAN
FUND ACCOUNT MANAGER
LAFEY NG-CDF**

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

SIGNED BY



**JOHN MUNYAO MUTONYA
SUB-COUNTY ACCOUNTANT
LAFEY SUB- COUNTY**

**SUB-COUNTY ACCOUNTANT
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