

REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY



OFFICE OF THE AUDITOR-GENERAL

*Paper laid by the
Majority Party Whip
Hon. Benjamin Wachiari
MP, on 14.2.18
Bm*

REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**



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

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

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, 2016

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	1
II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NGCDFC).....	3
III. STATEMENT OF NG CDF MANAGEMENT RESPONSIBILITIES.....	4
IV. STATEMENT OF RECEIPTS AND PAYMENTS.....	5
V. STATEMENT OF ASSETS	6
VI. STATEMENT OF CASHFLOW.....	7
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	8
VIII. SIGNIFICANT ACCOUNTING POLICIES.....	9
IX. NOTES TO THE FINANCIAL STATEMENTS.....	11

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- LAFEY
CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016**

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (NGCDF) was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2015. The Constituencies Development Fund is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty 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 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.LE 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, 2016

(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

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 its final budget and the actual performance are not pleasing. All the budget utilisation for the current financial year is below fifty percent (50%) and stands at 43%. Transfer to other government unit that is educational institutional, health centres and bursaries being the highest with only 56%. All the others are below 50%. The budget performance was really affected by the weakening Kenyan currency to the dollar creating high inflation rates and price fluctuation of materials and labour force in the implementation of projects.

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 improved the lives of many in the constituency.

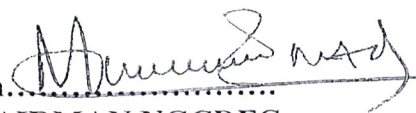
EMERGING ISSUES

The implementation of the new CDF Act 2015, on 19th February 2016, really affected the normal operations of the fund. The term of the previous committee expired and it affected the committee and the community as a whole. Most of the stakeholders especially the community, supplies and contractors were worried on the continuity of CDF. The new regulation on how to constitute the committee was also among the emerging issues. The new Act which strictly stipulated funding of only national government projects, especially education and security was not also expected. Most of the community were willing CDF to fund even devolved departments such as water. Since the County government does not fund these projects effectively.

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.

Constituting of new CDFC and gazettelement was a big challenge since it the process has taken a lot of time and affected the implementation of CDF projects before the end of the financial year, hence the poor performance of the budget. There was no CDFC in place for almost six months. National government to provide proper security for easy implementation of CDF project.

Sign. 
CHAIRMAN NGCDFC

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

**Reports and Financial Statements
For the year ended June 30, 2016**

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, 2016. 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, 2016, 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 **5th September, 2016.**



Fund Account Manager



Chairman: NG-CDFC

**N.G CDF LAFEY
FUND ACCOUNT MANAGER
P. O. Box 20 - 70304, LAFEY**

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
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 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Lafey Constituency set out on pages 5 to 29, which comprise statement of financial assets as at 30 June 2016, and the statement of receipt and payments, statement of cash flows and summary statement of appropriation 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.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Lafey Constituency for the year ended 30 June 2016

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NG-CDF- Lafey internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1.0 Bank Accounts For Project Management Committee (PMC's)

National Government Constituency Development Fund Regulations, 2016 Section 15(10)(a) (b) requires the Fund to maintain records of Bank accounts opened by Project Management Committees (PMC) and to prepare and table quarterly reports. However, contrary to the regulations, no records of the bank accounts operated by the various Project Management Committees for NG-CDF Lafey office were maintained. Further, no PMC's Bank Statements and cash books were maintained. In addition, the bank reconciliation statements for the PMCs accounts were not prepared for the year under review.

In view of the foregoing, it has not been possible to ascertain whether the funds or grants disbursed to the PMCs were properly accounted for.

2.0 Constituency Oversight Committee

The NG-CDF Act, 2015 Section 53(1) requires a Constituency oversight committee to be appointed for every NG-CDF. However, no oversight committee was appointed for National Government Constituency Development Fund Lafey and Constituency as required.

The Fund therefore did not comply with the Law.

3.0 Irregular Award Of Capital Projects

During the year under review, NG-CDF Lafey spent Kshs.68,153,559 on capital projects. However, audit scrutiny of the Bills of Quantities, project files and request for quotations for the projects revealed that projects worth Kshs.20,247,200 had the following anomalies:-

- a) Tender notices for various projects did not set the criteria for tender evaluation making tenders award arbitrary.

- b) No notification was given to the unsuccessful bidders in various projects.
- c) No certificates of practical completion of the projects were awarded for year under review. Projects fully paid for during the year. It was difficult to ascertain projects completed during the year under review.
- d) Some of the confidential businesses Questionnaires were partly filled and others completely not filled. Hence proper analysis of the bidders was not done before the tenders were awarded.

Physical verification of some of the projects carried on 4 April, 2017 revealed that the projects were completed and in use. However, the procedure used to identify the winning bidders was not clear.

Under the circumstances, the propriety of the expenditure of Kshs.20,247,200 could not be confirmed.

4.0 Unsupported Emergency Expenses

During the year under review, NG-CDF Lafey spent Ksh.4,750,000 on emergency supply of clean water to villages in Fino and Lafey Locations. However, the tender notice did not set the criteria for tender evaluation hence there was no proper guideline of the specific requirement needed in awarding the tender. Further, no copies of the logbooks for the hired vehicles, insurance covers and drivers' driving licenses were provided for audit review. In view of the foregoing, it has not been possible to confirm the propriety and value for money of the Kshs.4,750,000 incurred on emergency water supply as at 30 June 2016.

5.0 Unaccounted For Administration/ Monitoring And Evaluation Expenses

The NG-CDF Lafey used Kshs.2,484,800 during the year ended 30 June, 2016 on administration, monitoring and evaluation and other related expenses. However, the following anomalies were noted:

- (i) Lists of Projects visited for monitoring and evaluation and the progress reports were not produced for audit scrutiny.
- (ii) The stores acquired were neither received vide counter receipt or taken on charge in their respective stores ledgers.
- (iii) Temporary work tickets, contract agreements, copies of the logbooks, insurance covers and drivers' driving licenses for the vehicles purported to have been hired for the exercise were not made available for the year under review.

Under the circumstances, it has not been possible to confirm whether the NG-CDF Lafey undertook the exercise and the propriety of the expenditure of Kshs.2,484,800 as at 30 June 2016.

6.0 Bursary Funds Expenses

During the financial year 2015/2016, the NG-CDF Lafey Constituency spent Kshs.24,500,000 on Bursary to various needy students studying in various schools and universities. However, scrutiny of the records held by the management revealed that an amount of Kshs.2,975,000, paid had no NG-CDF committee approving minutes. Although the funds were disbursed as allocated, there were no fees payments receipts from the institutions where the money was paid. There were also no lists of students showing the year of study.

Under the circumstance, it has not been possible to confirm that the expenditure of Kshs.2,975,000 funds were used for the intended purpose and accounted for.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Lafey Constituency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standard (Cash Basis) and comply with National Government Constituencies Development Fund Act, 2015.

Other Matter

1.0 Budget Performance Analysis

During the year under review, Lafey National Government Constituency Development Fund had a final budget amounting to Kshs.231,909,671 with Kshs.218,408,537 or 94% allocated to development projects and Kshs.13,501,134 or 6 % allocated to recurrent expenditure. In order to finance the budget, the NG –CDF Lafey received Kshs.145,283,146 (63 per cent) as transfers from the NG-CDF Board and had Kshs.11,663,554 (5 per cent) cash balance brought forward from FY 2014/2015.

However, the fund was underfunded to the tune of Kshs.74,962,971(32 percent). The budget analysis on budgeted allocation and expenditure by items are reflected in the table below:-

1.1 Development Expenditure

Item	Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)	Under/Over Absorption (Kshs.)
Transfer to other Government Units	68,020,990	19,903,231	48,117,759
Other grants & Transfers	132,086,817	73,800,328	58,286,489

Acquisition of Assets	800,050	-	800,050
Other Payments	17,500,680	-	17,500,680
Total	218,408,537	93,703,559	124,704,978

1.2 Recurrent Expenditure

Item	Budget Allocation	Actual Expenditure	Under/Over Absorption
Use of Goods & Services	9,961,213	3,809,644	6,151,569
Compensation to Employees	3,539,921	1,274,721	2,265,200
Total	13,501,134	5,084,365	8,416,769

The following anomalies were noted:

- i. The National Government Constituency Development Fund Lafey Constituency under spent in the budget 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 Kshs.133,121,747.
- ii. The NG-CDF board did not fully fund the budget drawn by NG-CDF Lafey to the tune of Kshs.74,962,971 representing 32 % of the approved budget.
- iii. A total of Kshs.218,408,537 was allocated during the year to finance 74 (Seventy Four) projects. However, by 30 June, 2016 only 5 projects had been implemented with the remaining 69 projects not implemented.

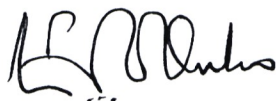
Consequently, the Lafey constituents did not obtain the provided and budgeted services as at 30 June 2016.

2.0 Outstanding Prior Years Audit Issues 2014/2015

The management of NG – CDF Lafey Constituency did not respond to the issues raised in the report for 2014/2015 financial year and therefore the following issues remained unresolved:

- 2.1 Award of contracts for capital projects – Due process was not followed in award of contracts to various contractors amounting to Kshs.24,982,734.
- 2.2 Payment for emergency water supply - Kshs.4,660,000 was spent on supply of clean water to centers within the constituency. However, the relevant documentations was neither supported with the expenditure nor produced for audit verification.
- 2.3 Unaccounted for stores – Stores procured worth Kshs.2,000,000 for various schools and health centre were not accounted for using stores ledgers, S13 and S11 respectively.

- 2.4 Unaccounted for Monitoring and Evaluation Expenses – The fund spent Kshs.3,279,000 on monitoring and evaluation. However, it was noted that payment vouchers lacked supporting documentations such as attendance list complete with ID cards numbers/ Personal numbers, work ticket, copies of log books of vehicle hired and records of stores purchased as such stores ledger and S13.
- 2.5 Payment for administration Expenses- An amount of Kshs.1,370,000 spent on office administration expenses were not supported with stores accounting records such as stores ledger and S13 receipt voucher, further payment schedule for sitting allowances was not supported with the payment also.
- 2.6 Payment for supply and Delivery of liter bins – Payment for the supply of liter bins was not supported with such documents showing how the supplier was identified, quotation used, delivery notes and distribution list of the liter bins recipients was not provided for audit verification to confirm the propriety of the expenditure.



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

Nairobi

30 October 2017

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- LAFEY
CONSTITUENCY


Reports and Financial Statements

For the year ended June 30, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016	(Reclassified) 2014-2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	145,283,146.00	119,024,418.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		145,283,146.00	119,024,418.00
PAYMENTS			
Compensation of Employees	4	1,274,721.00	2,153,006.00
Use of goods and services	5	3,809,643.85	5,690,193.00
Transfers to Other Government Units	6	19,903,231.00	71,065,700.00
Other grants and transfers	7	73,800,328.00	59,056,275.00
Acquisition of Assets	8	-	400,000.00
Other Payments	9	-	3,385,753.00
TOTAL PAYMENTS		98,787,923.00	141,750,927.00
SURPLUS/DEFICIT		46,495,222.00	(22,726,509.00)

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 5th September, 2016 and signed by:



Chairman – NG-CDFC



Fund Account Manager

N.G CDF LAFEY
FUND ACCOUNT MANAGER
P. O. Box 20-70304, LAFEY

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- LAFEY
CONSTITUENCY

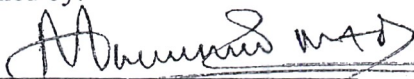
Reports and Financial Statements

For the year ended June 30, 2016

V. STATEMENT OF ASSETS

	Note	2015-2016	2014-2015
		Ksh	Ksh
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	58,158,776.00	11,663,554.00
Cash Balances (sale of tenders, hire of grader)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		58,158,776.00	11,663,554.00
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd 1st July 2015	13	11,663,554.00	34,390,063.00
Surplus/Deficit for the year (from stm of receipt & expenditure)		46,495,222.00	(22,726,509.00)
Prior year adjustments	14	-	-
NET FINANCIAL POSITION		58,158,776.00	11,663,554.00

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 5th September, 2016 and signed by:



Chairman – NG-CDFC



Fund Account Manager

N.G CDF LAFEY
FUND ACCOUNT MANAGER
P. O. Box 20 - 70304, LAFEY

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- LAFEY
CONSTITUENCY

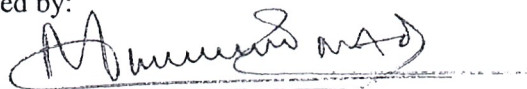
Reports and Financial Statements

For the year ended June 30, 2016

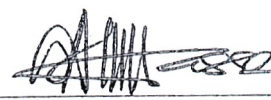
VI. STATEMENT OF CASHFLOW

Receipts for operating Activities		2015-2016	(Reclassified) 2014-2015
Transfers from the CDF Board	1	145,283,146.00	119,024,418.00
Other Revenues	3	-	-
Payments for operating expenses			
Compensation of Employees	4	1,274,721.00	2,153,006.00
Use of goods and services	5	3,809,643.85	5,690,193.00
Transfers to Other Government Units	6	19,903,231.00	71,065,700.00
Other grants and transfers	7	73,800,328.00	59,056,275.00
Other Payments	9	-	3,385,753.00
Adjusted for:			
Adjustments during the year	14	-	-
Total operating expenses		98,787,924.00	141,350,927.00
Net cash flow from operating activities		46,495,222.00	(22,326,509.00)
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		46,495,222.00	(22,726,509.00)
Cash and cash equivalent at BEGINNING of the year	10A	11,663,554.00	34,390,063.00
Cash and cash equivalent at END of the year		58,158,776.00	11,663,554.00

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 5th September, 2016 and signed by:



Chairman NG-CDFC



Fund Account Manager

N.G CDF LAFEY
FUND ACCOUNT MANAGER
P. O. Box 20-70304, LAFEY

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-LAFEY CONSTITUENCY

Reports and Financial Statements
For the year ended June 30, 2016

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	149,730,618.00	82,179,053.00	231,909,671.00	156,946,700.00	74,962,971.00	68
Proceeds from Sale of Assets	-	-	-	-	-	0
Other Receipts	-	-	-	-	-	0
TOTALS	149,730,618.00	82,179,053.00	231,909,671.00	156,946,700.00	74,962,971.00	
PAYMENTS						
Compensation of Employees	2,260,000.00	1,279,921.00	3,539,921.00	1,274,721.00	2,265,200.00	36
Use of goods and services	5,892,971.00	4,068,242.00	9,961,213.00	3,809,644.00	6,151,569.00	38
Transfers to Other Government Units	48,060,000.00	19,960,990.00	68,020,990.00	19,903,231.00	48,117,759.00	29
Other grants and transfers	77,917,647.00	54,169,170.00	132,086,817.00	73,800,328.00	58,286,489.00	56
Acquisition of Assets	400,000.00	400,050.00	800,050.00	-	800,050.00	0
Other Payments	15,200,000.00	2,300,680.00	17,500,680.00	-	17,500,680.00	0
TOTALS	149,730,618.00	82,179,053.00	231,909,671.00	98,787,924.00	133,121,747.00	43

The budgets of respective projects were underutilized because CDF Board had a court case and there was no NG-CDF Committee in place from 19th February, 2016 to 23rd June, 2016. This hampered the operations of the fund.

The LafeY NG-CDF financial statements were approved on 5th September, 2016 and signed by:

cccccccccccc

Chairman NGCDF




Fund Account Manager

NGCDF
FUND ACCOUNT MANAGER
D A 9 2 0 1 6

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.

Committee expenses of ksh.4,496,273.00. In the financial year 2014/2015 has been reclassified. The item is to be presented under use of goods and services. The comparative amount in financial year 2015/2016 is reclassified to comply with the requirement of IPSAS1, paragraph 55.

Social Security benefits (Ksh.47,900.00) and other payments of Ksh. 57,300(NHIF) In the financial year 2014/2015 has been reclassified. The item is to be presented under compensation to employees. The comparative amount in the financial year 2015/2016 is reclassified to comply with the requirement of IPSAS 1, paragraph 55.

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2016.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LAKEV
CONSTITUENCY

Reports and Financial Statements
For the year ended June 30, 2016

IX. NOTES TO THE FINANCIAL STATEMENTS

I TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015-2016	2014-2015
	Ksh.	Kshs
Normal Allocation		
AIE NO.A759736	70,515,499.00	48,508,918.00
AIE NO.A 820865	30,767,647.00	5,200,000.00
AIE NO.A 820973	44,000,000.00	30,057,750.00
AIE NO.A797017	-	35,257,750.00
Conditional Grants	-	-
AIE NO...	-	-
Receipts from other Constituency	-	-
AIE NO...	-	-
TOTAL	145,283,146.00	119,024,418.00

2. PROCEEDS FROM SALE OF ASSETS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
	-	-
Total	-	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAPEY
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2015 - 2016	2014- 2015
	<u>Kshs</u>	<u>Kshs</u>
Interest Received	-	-
Rents	-	-
Sales of Tender Documents	-	-
Other Receipts Not Classified Elsewhere	-	-
	-	-
Total	-	-

4. COMPENSATION OF EMPLOYEES

	2015-2016	(Reclassified) 2014- 2015
	Kshs	Kshs
Basic wages of contractual employees	1,148,721.00	2,047,806.00
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance		
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Employer Contribution to Statutory bodies	126,000.00	105,200.00
Gratuity		
Total	1,274,721.00	2,153,006.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAKEY
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2015 - 2016	(Reclassified) 2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	-	45,000.00
Office rent	150,000.00	455,000.00
Communication, supplies and services	100,000.00	14,920.00
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	120,000.00	-
Rentals of produced assets	-	-
Training expenses	-	145,000.00
Hospitality supplies and services	-	-
Other committee expenses	1,171,130.00	1,524,273.00
Committee allowance	1,563,800.00	2,972,000.00
Insurance costs	-	-
Specialized materials and services	421,254.00	-
Office and general supplies and services	274,000.00	534,000.00
Fuel ,oil & lubricants	-	-
Other operating expenses	9,460.00	-
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	-	-
Total	3,809,644.00	5,690,193.00

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

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Transfers to primary schools (see attached list)	12,263,231.00	42,884,700.00
Transfers to secondary schools (see attached list)	5,900,000.00	12,500,000.00
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	1,740,000.00	15,681,000.00
TOTAL	19,903,231.00	71,065,700.00

7. OTHER GRANTS AND OTHER TRANSFERS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bursary – secondary schools (see attached list)	5,000,000.00	3,000,000.00
Bursary – tertiary institutions (see attached list)	19,500,000.00	15,257,750.00
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Water projects & Sanitation (see attached list)	2,740,000.00	22,798,525.00
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	-	-
Security projects (see attached list)	21,432,268.00	8,240,000.00
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	800,000.00
Other Projects (see attached list)	-	-
Emergency Projects (specify)	4,750,000.00	8,960,000.00
Total	73,800,328.00	59,056,275.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAFEY
 CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2015 - 2016	(Reclassified) 2014 - 2015
	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	-	-
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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAFEY
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

	2015 - 2016 Kshs	(Reclassified) 2014 - 2015 Kshs
Social Hall	-	1,000,000.00
Hygiene & Sanitation	-	385,753.00
Fire fighting Equipment	-	2,000,000.00
	-	3,385,753.00

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016 Kshs(30/6/2016)	2014 - 2015 Kshs(30/6/2015)
Equity Bank-Mandera Branch A/C NO. 1000261220622	58,158,776.00	11,663,554.00
Total	58,158,776.00	11,663,554.00
10B: CASH IN HAND		
	2015 - 2016	2014 - 2015
	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, 2016

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	N/A

0

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

12 Retention			
Supplier/Contractor	PV no	2015 - 2016	2014 - 2015
		Kshs	Kshs
		-	-
		-	-
		-	-
TOTAL		-	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAFEY
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2015 - 2016 Kshs(1/7/2015)	2014 - 2015 Kshs(1/7/2014)
Bank accounts	11,663,554.00	34,390,063.50
Cash in hand	-	-
Imprest	-	-
Total	11,663,554.00	34,390,063.50

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2015 - 2016 Kshs	2014 - 2015 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, 2016

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015- 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	<u>-</u>	<u>-</u>

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	876,000.00	166,000.00
Unionisable employees	-	-
Others (specify)	47,520.00	-
	<u>923,520.00</u>	<u>166,000.00</u>

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	48,117,759	19,960,990.00
Amounts due to other grants and other transfers (see attached list)	58,286,489	54,169,170.00
Others (see attached list)	26,717,499.00	2,300,680.00
	<u>133,121,747.00</u>	<u>76,430,840.00</u>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-LAFEY CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs)

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	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-LAFEY CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs)

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group(Designation)	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
		a	b	c	d=a-c		
Senior Management							
Sub-Total							
Middle Management							
1.Noor Dabit Adan	Office Assistant	180,000.00	30 th June 2016	Nil	180,000.00	Nil	Jan-June Salary
2.Sauda Yussuf Noor	Secretary	120,000.00	30 th June 2016	Nil	120,000.00	Nil	Jan-June Salary
3.Muhumed Adan Sheikh	Cleaner	72,000.00	30 th June 2016	Nil	72,000.00	Nil	Jan-June Salary
4.Yussuf Osman Ali	Watchman	72,000.00	30 th June 2016	Nil	72,000.00	Nil	Jan-June Salary
5.Ibrahim Adan Abdow	Office Messenger	72,000.00	30 th June 2016	Nil	72,000.00	Nil	Jan-June Salary
6.Mouldid Noor Mathey	Receptionist	72,000.00	30 th June 2016	Nil	72,000.00	Nil	Jan-June Salary
7.Mohamed Salat Adan	Watchman	72,000.00	30 th June 2016	Nil	72,000.00	Nil	Jan-June Salary
8.Mohamed Abdirahman Hassan	Watchman	72,000.00	30 th June 2016	Nil	72,000.00	Nil	Jan-June Salary
9.Mohamud Ahmed Hillow	Cleaner	72,000.00	30 th June 2016	Nil	72,000.00	Nil	Jan-June Salary
10..Abdi Sheikh Abdi	Watchman	72,000.00	30 th June 2016	Nil	72,000.00	Nil	Jan-June Salary
Sub-Total							
Unionisable Employees							
1.							
2.							
3.							
Sub-Total							
Others (specify)							
4. NSSF Employer Contribution	All staffs Contributions	47,520	30 th June 2016		47,520	Nil	Jan-June Dues
Grand Total							
		923,520.00			923,520.00		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-LAFEY CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs)

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
Amounts due to other Government entities		a	b	c	d=a-c		
Warankara Primary School	Construction of 4 NO. toilets	800,000.00	-	-	800,000.00		
Warankara Primary School	Construction of staffroom	900,000.00	-	-	900,000.00		
Gari Primary School	Fencing of compound	4,000,000.00	-	-	4,000,000.00		
Bamboo Primary School	Purchase and Supply of 100 NO.desks	600,000.00	-	-	600,000.00		
Bamboo Primary School	Construction Masonry Water tank	800,000.00	-	-	800,000.00		
Sala Primary School	Construction of 2 NO. Classrooms	1,600,000.00	-	-	1,600,000.00		
Sala Primary School	Construction of Kitchen and Store	1,200,000.00	-	-	1,200,000.00		
Qumbiso Primary School	Construction of 2 No. Toilets	400,000.00	-	-	400,000.00		
Qumbiso Primary School	Purchase and Supply of 100 NO.desks	600,000.00	-	-	600,000.00		
Hareri Primary School	Construction of kitchen	600,000.00	-	-	600,000.00		
Aresa Primary School	Construction of 2 NO. Classrooms	1,600,000.00	-	-	1,600,000.00		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAFEY CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs)

Aresa Primary School	Construction of 2 NO. Staff houses	1,500,000.00				1,500,000.00	
Libahiya Primary School	Construction of 2 NO. classrooms	1,800,000.00				1,800,000.00	
Libahiya Primary School	Construction of 2 No. Staff houses.	1,600,000.00				1,600,000.00	
Fino Primary School	Completion of fencing	2,800,000.00				2,800,000.00	
Fino Primary School	Construction of 2NO.toilets	400,000.00				400,000.00	
Kabo Primary School	Construction of 1NO. Classroom	900,000.00				900,000.00	
Kamor liban Primary School	Construction of 2 NO. toilets	400,000.00				400,000.00	
Kamor liban Primary School	Construction of 1NO. Classroom	900,000.00				900,000.00	
Damasa Primary School	Purchase of 100 NO. desks	600,000.00				600,000.00	
Kahare Primary School	Purchase and Supply of 50 NO.desks	300,000.00				300,000.00	
Kahare Primary School	Construction of 2 NO. Classrooms	1,800,000.00				1,800,000.00	
Kahare Primary School	Construction of kitchen	600,000.00				600,000.00	
Lafey Primary School	Construction of 2 NO. Staff houses.	1,600,000.00				1,600,000.00	
Lafey Primary School	Completion of Dining hall	3,000,000.00				3,000,000.00	
Alungu Primary School	Construction of Administration Block	3,000,000.00				3,000,000.00	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAFEY CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs)

Alungu Primary School	Construction of 2 NO. toilets	400,000.00	-	-	400,000.00
Gari Boys Secondary school	Construction of 1 NO. Laboratory	6,000,000.00	-	-	6,000,000.00
Hareri Mixed Sec. School	Construction of 1No. Staffroom	900,000.00	-	-	900,000.00
Hareri Mixed Sec. School	Construction of 2 NO. Classroom	1,800,000.00	-	-	1,800,000.00
Aresa Girls Sec. School	Construction of 2 No. Classes	1,600,000.00	-	-	1,600,000.00
Aresa Girls Sec.School	Purchase of 80 NO. Chambers and Chairs	560,000.00	-	-	560,000.00
Lafey Boys Sec. School	Completion of Laboratory	1,500,000.00	-	-	1,500,000.00
Gari Boys Secondary school	Completion of Dormitory	1,000,000.00	-	-	1,000,000.00
Kheira Ali pry School	Construction of 2 No. toilets	256,000.00	240,000.00	-	16,000.00
Damasa Dispensary	Construction of staff house	2,241,379.00	2,241,000.00	-	379.00
Sala Dispensary	Construction of staff house	2,241,380.00	2,200,000.00	-	41,380.00
Sub-Total		52,798,759.00	4,681,000.00	-	48,117,759.00
Amounts due to other grants and other transfers					
Sala AP Camp	Construction of 2NO. Housing units	1,600,000.00	-	-	1,600,000.00
Sala AP Camp	Construction of 2NO. toilets	400,000.00	-	-	400,000.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAFEY CONSTITUENCY

**Reports and Financial Statements
For the year ended June 30, 2016 (Kshs)**

Sala AP Camp	Construction of 2NO. Bathrooms	300,000.00	-	300,000.00	
Fino Police Station	Construction of 2 No. Housing Units	1,600,000.00	-	1,600,000.00	
Fino Police Station	Construction of 2 No. Toilets	400,000.00	-	400,000.00	
Fino Police Station	Construction of 2 No. Bathrooms	300,000.00	-	300,000.00	
Alungu AP Camp	Construction of 4 NO. Housing units	3,200,000.00	-	3,200,000.00	
Alungu AP Camp	Construction of 2 NO. toilets	400,000.00	-	400,000.00	
Alungu AP Camp	Construction of 2 NO. bathrooms	300,000.00	-	300,000.00	
Alungu AP Camp	Water piping System	400,000.00	-	400,000.00	
Fino AP camp	Construction of 2 NO. Housing units	1,600,000.00	-	1,600,000.00	
Fino AP camp	Construction of 2 NO. toilets	400,000.00	-	400,000.00	
Fino AP camp	Construction of 2 NO. bathrooms	300,000.00	-	300,000.00	
Fino AP camp	Construction of Masonry water tank	800,000.00	-	800,000.00	
Gari AP Camp	Construction of 2 NO. housing units	1,600,000.00	-	1,600,000.00	
Gari AP Camp	Construction of 2 NO. toilets	400,000.00	-	400,000.00	
Gari AP Camp	Construction of 2 NO. Bathrooms	300,000.00	-	300,000.00	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAFEY CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs)

Damasa AP Camp	Construction of 10 NO. Housing units.	8,000,000.00			-	8,000,000.00	
Damasa AP Camp	Construction of 5 NO. toilets	1,000,000.00			-	1,000,000.00	
Damasa AP Camp	Construction of 5NO.Bathrooms	750,000.00			-	750,000.00	
Damasa AP Camp	Masonry water tank and piping system	1,500,000.00			-	1,500,000.00	
Lafey Police Station	Construction of 2NO. Office block	4,800,000.00			-	4,800,000.00	
Lafey Police Station	Construction of 4 NO. Housing units	3,200,000.00			-	3,200,000.00	
Lafey Sub County Headquarters	Fencing of Sub-County Headquarters' With Perimeter Fence Wall.	14,000,000.00			-	14,000,000.00	
KamorLiban Chief's office	Construction of Chief's Office	900,000.00			-	900,000.00	
Damasa Chief's office	Construction of Chief's office	900,000.00			-	900,000.00	
Kabo Chief's office	Construction of Chief's office	900,000.00			-	900,000.00	
Lafey Chief's Offices	Construction of 3NO. Chief's office	2,700,000.00			-	2,700,000.00	
Fino Chief's Office	Construction of Chief's office	900,000.00			-	900,000.00	
Sheikh Barrow Chief's Office	Construction of Chief's office	900,000.00			-	900,000.00	
Bursary-Secondary	Payment of bursary for needy students.	5,000,000.00			4,000,000.00	1,000,000.00	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAFEY CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs)

Bursary- Tertiary	Payment of bursary for needy students.	20,000,000.00		18,500,000.00	1,500,000.00
Alungu B/H	Construction of elevated tank	9,600,000.00		9,599,000.00	1,000.00
Damasa B/H	Construction of elevated tank	9,600,000.00		9,599,580.00	420.00
Kabo B/H	Construction of Trough	300,000.00		299,980.00	20.00
Fino B/H	Construction of Trough	300,000.00		299,965.00	35.00
Environment	Planting of Trees at Public Institutions	1,050,702.00		1,050,000.00	702.00
Emergency	Unallocated amount for emergencies	5,767,647.00		4,745,275.00	1,022,372.00
Warankara- Gari Road	Gravelling and grading(5km)	9,850,000.00		9,840,860.00	9,140.00
Fino -dawaduba Road	Bush clearing and grading(15km)	6,000,000.00		5,997,200.00	2,800.00
Sub-Total		122,218,349.00		63,931,860.00	58,286,489.00
Others (specify)					
Lafey CDF Office	Fencing of CDF Office with perimeter fence wall.	6,500,000.00		NIL	6,500,000.00
Lafey CDF Office	Renovation of office(fixing of windows, doors, General repairs, and painting)	500,000.00		NIL	500,000.00
Lafey CDF Office	Construction of 2 NO. toilets	400,000.00		NIL	400,000.00
Lafey CDF Office	Construction of 2 NO. Bathroom	300,000.00		NIL	300,000.00
Lafey CDF Office	Purchase of Landcruiser for CDF office	7,000,000.00		NIL	7,000,000.00
Constituency Audit	Payment of Audit Fee KENAO	578,746.00		NIL	578,746.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAFEY CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs)

Strategic Plan	Constituency Strategic Plan	1,800,000.00		NIL	1,800,000.00	NIL
Purchase of Furniture/Equipment	Purchase of photocopiers, staplers etc.	800,050.00		NIL	800,050.00	
Committee Expenses	Payment of Committee sitting allowances, transport, conferences.	3,591,250.00		NIL	3,591,250.00	
M & E Capacity Building	Undertake Training of the PMCs/CDFCs on CDF Related issues	992,849.00		NIL	992,849.00	
Goods and services	Purchase of fuel, repairs and maintenance, printing, stationery, telephone, travel and subsistence, office tea, etc.	1,988,724.00		NIL	1,988,724.00	
Compensation of Employees	Payment of staff salaries and gratuity	2,265,880.00		NIL	2,265,880.00	
Sub-Total		26,717,499.00			26,717,499.00	
Grand Total		201,734,607.00		68,612,860.00	133,121,747.00	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAFEY CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	N/A	N/A
Buildings and structures	-	-
Transport equipment	-	-
Office equipment, furniture and fittings	-	-
ICT Equipment, Software and Other ICT Assets	1,599,950.00	1,599,950.00
Other Machinery and Equipment	-	-
Heritage and cultural assets	400,000.00	400,000.00
Intangible assets	-	-
Total	1,999,950.00	1,999,950.00

Prepared by:



FUND ACCOUNT MANAGER

LAFEY CONSTITUENCY

N.G CDF LAFEY
FUND ACCOUNT MANAGER
P.O. Box 20 - 70304, LAFEY

ANNEX 5- 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)
2.1 Budget Performance Analysis	<p>-During the year under review, the Budget for Constituency Development Fund of Lafey was Ksh.223,929,980. With Ksh.18,877,795 (8 per cent) allocated to recurrent expenditure and Ksh.205,052,185(92 per cent) to development activities as shown in the table below. In order to finance the budget, the CDF Lafey received Ksh.119,024,417.50(53 per cent) as transfers from the CDF Board and had Ksh.34,390,063.50(15 per cent) cash balance brought forward from financial year 2013/2014.</p> <p>It was noted that:-</p> <p>i. During the reporting period the CDF Lafey received Ksh.119,024,417.50 which was 53 percent of their budget and</p>	<p>-As per your observations the Budget Allocation for CDF Lafey Constituency for the financial year 2014/2015 was Ksh. 223,929,980 and the Actual Expenditure was Ksh. 141,750,927 which translates to 63% of the Budget Allocation. In this scenario the unutilized amount is Ksh. 82,179,053 which is exactly 37% of the total budget. This was brought about by CDF Board not releasing funds on time hence projects were not financed on time before the end of the financial year. Out of the unspent amount Ksh.70, 515,499 were not released from CDF Board by the end of the financial year 2014/2015. The remaining balance Ksh. 11,663,554 was Cash Book Bank balances as at 30th June, 2015. This amount were vote</p>	FAM	Resolved	

	<p>had Ksh.34,390,063.50(15 per cent) cash balance brought forward from financial year 2013/2014. With remaining Ksh.70,515,499 representing 32 percent not financed as at 30/6/2015. The fund could only absorb 63% of their budget.</p> <p>ii. The CDF Lafey spent Ksh.130,521,975 to finance development activities in Education, Health, Roads, and Water projects within the Constituency which represents 92 per cent of total expenditure.</p> <p>Please explain the anomalies noted above and account for the same.</p>	<p>book balances of various projects which were carried forward to the next financial year for utilization. (CDF Act 2015 section 7(2))</p>		
<p>2.2 Under/Over Expenditure</p>	<p>i. the Constituency Development Fund –Lafey under spent on Compensation of employees, use of goods and services, committee expenses, transfers to other Government units & Other Grants amongst other items totaling to Ksh.82,179,053 thus the fund could not utilize 37 % of its budget</p> <p>Explain why the Management of CDF -</p>	<p>-On the issue of the unspent funds of Ksh. 82,179,053. Infact in this regard Lafey CDFC was within its budget and by the end of the financial year 2014/2015 there was no over expenditure. Out of this unspent funds Ksh. 70,515,499 was not released from CDF Board headquarters and the remaining balance of Ksh. 11,663,554 was the cash book bank balance as at 30th June</p>	<p>FAM</p>	<p>Resolved</p>

	Lafey could not spend budget to the tune of Ksh.82,179,053	<p>2016.This were vote book balances of various projects. Lafey CDFC was unable to utilize all the funds because; in the first place funds were received between January, 2016 and April 2016.</p> <p>As per the CDF Act 2015 Section 7 (2) (All funds allocated to a constituency shall be cumulative and shall be carried forward from one financial year to the next, including funds returned into the accounts in accordance with section 6(3) or funds which are not utilized for whatever reasons.)Therefore, the unspent funds were carried forward to the next financial year for it to be utilized.</p>	FAM	Resolved	
2.3projects Budgeted For	A total of Ksh.181,454,711 was allocated during the year to finance one hundred and thirty five (135) projects. However, Ksh.105,489,978 had been spent on 88 projects as shown in the funds development allocation. Please explain why the fund was not able to fully implement all the budgeted projects.	<p>-Lafey CDFC was unable to fully implement all the budgeted projects because of unavailability of budgeted funds. It was evident that Ksh.70,515,499 which was half of the allocation for the financial year 2014/2015 was not disbursed to the constituency to implement all the projects. Lafey CDFC had a bank balance of only</p>	FAM	Resolved	

<p>4.0 Award Of Contracts For Capital Projects- Ksh.24,982,734</p>	<p>During the period under review, examination of payment vouchers and project files held at CDF Lafey office revealed that Ksh.24,982,734.00 was spent on projects in Education, Security, Health and water sectors within the constituency. However, the following anomalies were noted:-</p> <ol style="list-style-type: none"> i. Form of agreements in the tender documents not dated and signed between the contractors and the PMC's ii. In some instances letter of acceptance were not signed by the contractor iii. Contractors were not signing the summary page of the bill of quantities and neither witnessed iv. Minutes of the formation of the PMC's as well as registration 	<p>Ksh.11,663,554.00 which was money for statutory votes and not for projects. This is a clear indication that there was no projects fund in the CDFC account which was not utilized by the end of the financial year 2014/2015.</p>	<p>FAM</p>	<p>Not resolved</p>	<p>May 2017</p>
---	---	--	------------	---------------------	-----------------

	<p>certificate with social services department not attached to payment vouchers</p> <p>v. The bill of quantities were not signed by the tender committees on one or more pages as required by section 60 (7) of the Public Procurement Disposal Act, 2005</p> <p>vi. In some instances practical completion certificate as well as notification to unsuccessful bidders were not attached to the payment voucher</p> <p>Payment for the purchase and delivery of computers were not supported by delivery note, inspection and acceptance minutes or goods received note, further stores ledger and issue notes were not made available for audit to confirm whether the items were taken on charge and issued as required by Government Financial Regulations</p>	<p>Procurement by Project Management Committee. Since it was within their mandate there was no way the CDFC could take over and implement the project. There was Contract Agreement between the PMC and the Contractors. Notification to unsuccessful bidders were also done but not attached to the voucher but were in the project file. In fact, the public works inspected the projects and provided payment certificates. The contract of Construction of 1 NO. Elevated storage tank at Alungu town was implemented by CDFC not PMC . The tender notice was advertised in all public notice boards in the constituency. But because of the security reasons and urgency of the needs of the constituencies the responsive bids were local contractors who were willing to execute the contract whatever the case. The local contractors were ready to sacrifice at whatever cost since they were well known and conversant with the area. Tender advertisement was done by the CDFC and is attached for verification.</p>		
--	--	---	--	--

<p>5.0 Unaccounted For Grants-Ksh. 8,765,000</p>	<p>During the year under review, Lafey Constituency CDF Committee allocated and issued grants totaling Ksh.8,765,000 to Education sectors for various projects as follows:-</p> <p>a) Lafey Boys Secondary School- Ks.2,750,000</p> <p>b) Gari Secondary School- Ksh.2,700,000</p> <p>c) Hareri Mixed Secondary School- Ksh. 2,040,000</p> <p>d) Gari Secondary School-Ksh. 850,000</p> <p>e) Hareri Mixed Secondary School- Ksh. 425,000</p> <p>Although the projects were physically verified in April 2016, project files and expenditure returns to support utilization of the grants were not made available for audit verification.</p> <p>-It is not possible to confirm whether the grants were utilized or not.</p>	<p>The invoice was also attached to the voucher and the same is available for verification. (Appendix 4.0 and detailed response schedule 1)</p>		<p>FAM</p>	<p>Resolved</p>
	<p>The grants were allocated to various projects in the respective schools as stated but since the time the audit was carried out the schools were closed and most of the respective principals of the institutions were on holiday and the auditors could not access all the project files as required. But after the audit exercise we followed up and now copies of the project documentation are attached for verification.(Appendix 5.0)</p>				

<p><u>6.0 Payment For</u> <u>Emergency</u> <u>Water</u> <u>Tanker-</u> <u>Ksh.4,660,000</u></p>	<p>During the period under review, examination of payment vouchers and its supporting documents held at CDF Office Lafey Constituency revealed grants amounting to Ksh.4,660,000 were paid to various water users association for the supply of clean water to centres within Lafey Constituency, however the following anomalies were noted:-</p> <ol style="list-style-type: none"> i. The minutes of the formation of the PMC as well as the certificate of registration <p>Was not supporting the expenditure.</p> <ol style="list-style-type: none"> ii. Contract agreements not witnessed iii. Schedules of supply and delivery of the water lacked Identity card numbers of the recipients. iv. Copies of the look books, insurance cover and drivers driving license not supporting the payments. 	<p>-The minutes of the formation of the PMC and the certificate of registration were not attached to the voucher at the time of the audit but were available in the project file. Although the contract was entered between the two parties but it was an oversight on the side of the PMC that it was not witnessed. On the issue of the identity cards lacking from the recipient of water, the PMC did not include the column for ID card and this was a weakness of documentation of the PMC. We shall issue the same will not occur and it will be rectified. Copies of the log books, insurance cover and drivers licenses are attached for verification.(Appendix 6.0 and detailed response schedule)</p>	<p>FAM</p>	<p>Resolved</p>
<p><u>7.0 Unaccounted</u> <u>For Bursary</u> <u>Expenses-</u> <u>Ksh. 3,448,000</u></p>	<p>-Examination of payment vouchers and the CDFC Minutes disclosed that in the financial year 2014/2015 the CDF committee disbursed bursaries</p>	<p>Lafey CDFC disbursed bursaries amounting to Ksh. 18,257,750 to various schools and universities to benefit needy students. During the</p>	<p>FAM</p>	<p>Resolved</p>

<p>8.0. Unaccounted for Stores - Ksh. 2,000,000</p>	<p>amounting to Ksh. 18,257,750.00 to various schools and universities to benefit needy students. Although the payment records showed that the funds were disbursed as allocated there were no fees payment receipts and acknowledgement letters from benefiting institutions for bursaries amounting to Ksh. 3,448,000. Under the circumstances it was not possible to ascertain whether total Ksh. 3,448,000 reached the intended institutions or that the fund benefited the deserving cases as intended.</p>	<p>disbursement the committee had put in to consideration all bursary guidelines of bursary distribution as per the CDF Board directives. However, cheques were dispatched to the respective institutions together with a cover letter from CDF Office for them to acknowledge the receipt of the bursary and send us the receipt. Most of the institutions adhered to our directive and only an amount totaling Ksh. 3,448,000 had not sent us the official receipts by the time the audit exercise was carried out. We had been following up the institutions to honor our plea. Some institutions sent us the acknowledgement documents but we are still awaiting the official receipts. According to our records all the cheques have matured and honored by our bank and the institutions have already received the bursaries only that they are yet to acknowledge by official receipts. Attached herein find the copies of the documents and the bank statements reflecting the cheque no. and the amounts. (Appendix 7.0)</p>	<p>FAM</p>	<p>Not resolved</p>	<p>May 2017</p>
---	--	---	------------	---------------------	-----------------

	<p>200 fire extinguishers at a cost of Ksh.2,000,000 to be distributed to various schools and health centres in the constituency. However, the following anomalies were observed:-</p> <ul style="list-style-type: none"> i. The CDF did not maintain stores ledger to record purchases made ii. The fire extinguishers were neither received vide S13 nor issued out vide S11 <p>Payment was made without inspection and acceptance minutes</p>	<p>procedures pertaining to the purchase were followed. The same was however received with Counter receipt voucher (S13).All the fire extinguishers were recorded in the stores ledger. The fire extinguishers the respective institutions were issued by (S11) Attached find copies of the documents for verification. Inspection and acceptance minutes are also attached for verification.(Appendix 7)</p>		
<p>9.0 Unaccounted For Monitoring And Evaluation Expenses -Ksh. 3,279,000</p>	<p>Examination of payment vouchers and its supporting documents revealed that expenditure amounting to Ksh.3,279,000 was incurred on monitoring. However, the following observations were noted:-</p> <ul style="list-style-type: none"> i. Some of the attendance list lacked ID Card /Personal numbers of the participants ii. Stationeries purchased received vide S13 but not taken on charge as required by Government Financial Regulations iii Work tickets, copies of log books, insurance cover and drivers driving license were neither attached to the payment voucher nor availed for audit. 	<p>-The attendance list had no column for ID numbers of the participants because it only indicated the names of members who attended and the name of the institution/ organization. This was an oversight when the printing of the documents. This discrepancy will not occur again and from now hence the ID numbers of the participants will be indicated. The stationaries bought during the workshop were received by Voucher (S13) and recorded in the ledgers. -Temporary work tickets, driver's license were not attached to the voucher during the time you carried out the audit but were in th file for Monitoring and Evaluation expense.</p>	<p>FAM</p>	<p>Not resolved</p>
				<p>May 2017</p>

<p>10.0 Payment For Administration Expenses- Ksh.1,370,000</p>	<p>-Examination of payment vouchers and its supporting documents revealed that CDF Lafey spent Ksh.1,370,000 on office administration expenses. However, the following observations were made:-</p> <ul style="list-style-type: none"> i. Stores purchased for office use received vides S13 were not taken on charge. ii. Payment schedule for sitting allowances not attached to payment voucher. 	<p>All the documents are attached for verification.(Appendix 9.0)</p>	<p>FAM</p>	<p>Not resolved</p>	<p>May 2017</p>
<p>11.0 Payment For Supply & Delivery Of Litre Pins – Ksh.800,000</p>	<p>Examination of cash book payment voucher no 75 of 10/11/2014 and its supporting documents revealed that contract for the supply of 800 No. of liter pins was awarded to M/s Amanata Construction Co Ltd at a cost of Ksh.800,000 on 28/7/2014. However the following observations were made:-</p> <ul style="list-style-type: none"> i. The minutes of the formation of the group and certificate of registration was not attached to the payment voucher 	<p>- The minutes of the formation of the group, Schedule distribution were not attached to the voucher but were available in the project file. The minutes, the schedules and the signed quotations and delivery note are now all attached for verification(Appendix 11.0)</p>	<p>FAM</p>	<p>Not resolved</p>	<p>May 2017</p>

	ii. Delivery note no. 10 of 15/8/2014 lacked receiving officer name and signature iii. The quotations were not signed one or more pages by the PMC iv. Schedule indication distribution of the liter pins and recipients not attached to the payment voucher			
--	--	--	--	--

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 I HASSAN
FUND ACCOUNT MANAGER
LAFEY NG-CDF

SIGNED BY



MOHAMED M. HASSAN
CHAIRMAN
LAFEY NG-CDF

N.G CDF LAFEY
 FUND ACCOUNT MANAGER
 P.O. Box 20 - 70304, LAFEY