

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 11 FEB 2026 DAY: Wednesday

BY: Hon. Dr. Robert Pukose
on behalf of leader of Majority

CLERK AT TABLE: Wanjale

REPORT

OF

THE AUDITOR-GENERAL

ON

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

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



OFFICE OF THE AUDITOR GENERAL
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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

GALOLE CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30th JUNE 2025**

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the Galole NG-CDF.

Comparative Year- Means the prior period.

2. Key Constituency Information and Management

(a) Background information

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

Mandate

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

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

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

Vision

Equitable Socio-economic development countrywide.

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

(b) Key Management

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

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

Fiduciary Management

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

No	Designation	Name
1.	AIE holder	Mr. Hussein Abdullahi
2.	National Sub-County Accountant	CPA Amon Thananga
3.	Chairman NGCDFC	Mr. Barakatu Guyo
4.	Member NGCDFC	Mrs. Ubah Mohamed

(c) Fiduciary Oversight Arrangements

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

(d) NGCDF Galole Constituency Headquarters

P.O. Box 129-70101
Behind DCC Office
Hola Kenya.

(e) NGCDF Galole Constituency Contacts

Telephone: (254) 0720020647
E-mail: cdfGalole@ngcdf.go.ke
Website: www.ngcdf.go.ke

(f) NGCDF Galole Constituency Bankers

1. Kenya Commercial Bank Ltd
Hola Branch
P.O. Box 129-70101, Hola
Operations Account Number: 1108807879
2. KCB Bank Limited (Deposit Bank Account)
Account Number: 1208346764
P.O. Box 43258-70100
Hola Branch
Hola- Kenya
3. KCB Bank and Equity Bank Limited (Various Accounts PMC accounts)
Account Number: Various
Hola Branch
P.O. Box 43258-70105
HOLA- Kenya




(g) Independent Auditor

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

(h) Principal Legal Adviser

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

3. NGCDF Committee

Name	Details
 <p data-bbox="204 891 459 927">Hussein Abdullahi</p>	<p data-bbox="603 376 1241 412">Born on 15th January, 1990, Id No. 28815547</p> <p data-bbox="612 416 1193 452">Highest Academic Qualification: DEGREE</p> <p data-bbox="612 456 1321 492">Professional Qualification: Fund Account Manager</p> <p data-bbox="612 497 1203 533">Work Experience: Fund Account Manager</p> <p data-bbox="603 537 1011 573">Position: NG- CDFC Member</p>
 <p data-bbox="188 1308 402 1344">Barakatu Guyo</p>	<p data-bbox="603 958 995 994">Born 1966, Id No. 5954824</p> <p data-bbox="612 999 1197 1034">Highest Academic Qualification: Diploma</p> <p data-bbox="612 1039 1104 1075">Professional Qualification: Business</p> <p data-bbox="612 1079 1046 1115">Work Experience: Businessman</p> <p data-bbox="603 1120 1031 1155">Position: NG- CDFC Chairman</p>
 <p data-bbox="188 1845 421 1881">Ubah Mohamed</p>	<p data-bbox="603 1375 1228 1411">Born on 30th April, 1983, Id. No. 22619574</p> <p data-bbox="612 1415 1149 1451">Highest Academic Qualification: KCSE</p> <p data-bbox="612 1456 1212 1491">Professional Qualification: Businesswoman</p> <p data-bbox="612 1496 989 1532">Work Experience: Business</p> <p data-bbox="603 1536 1005 1572">Position: NG- CDFC Member</p>
	<p data-bbox="603 1953 1276 1989">Born on 25th December, 1997, Id No. 37451551</p>



Samson Deye

Highest Academic Qualification: KCSE
Professional Qualification: Businessman
Work Experience: Businessman
Position: NG- CDFC Member



Asha Bodole

Born on 12th April, 2000, Id No. 37347918
Highest Academic Qualification: KCSE
Professional Qualification: Businesswoman
Work Experience: BUSINESS
Position: NG- CDFC Member



Habibo Rahma Salat

Born 1974, Id No. 11891989
Highest Academic Qualification: KCSE
Professional Qualification: Businesswoman
Work Experience: Business
Position: NG- CDFC Member

*National Government Constituencies Development Fund (NGCDF)
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Said Mohamed

Born 1987, Id No. 25279125
Highest Academic Qualification: KCSE
Professional Qualification: Business
Work Experience: BUSINESS
Position: NG- CDFC Member



Godhana Nathan Oddo

Born 1981, Id No. 24303132
Highest Academic Qualification: KCSE
Professional Qualification: Business
Work Experience: BUSINESS
Position: NG- CDFC Member



Ali Guyo

Born on 3rd August, 1992, Id No. 32031261
Highest Academic Qualification: KCSE
Professional Qualification: Business
Work Experience: BUSINESS
Position: NG- CDFC Member

4. NG-CDFC Chairman's Report



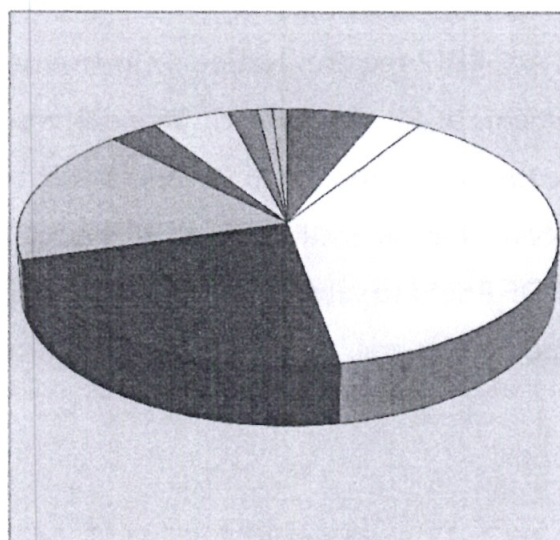
Barakatu Guyo

Galole national government constituency development funds as mandated by NG-CDF Act, prioritized on projects for funding during the financial year 2024/2025.

The committee after carrying out the needed assessments and in consultation with other stake holders came up with projects for funding and forwarded to the board for approval.

The following is the summary breakdown of proposed projects for funding during the financial year 2024/2025.

S/NO	PROPOSED NAME	AMOUNT ALLOCATED (KSHS)	%ALLOCATION
1	Office administration	10,228,191.00	6%
2	M&E, Capacity Building	5,043,914.00	3%
3	Bursary	65,141,000.00	39%
4	Primary projects	39,425,000.00	23%
5	Secondary school projects	29,487,734.00	17%
6	Security projects	5,750,000.00	3%
7	Emergency reserve	8,972,098.00	5%
8	Environmental projects	3,200,000.00	2%
9	Others (Galole resource centre)	1,721,920.00	1%
10	Tertiary projects	1,500,000.00	1%
	TOTAL	170,469,857.00	100%



- ADMIN
- OFFICE ADMINISTRATION
- MONITORING & EVALUATION
- BURSARY
- PRIMARY PROJECTS
- SECONDARY PROJECTS
- SECURITY PROJECTS
- EMERGENCY
- ENVIRONMENTAL PROJECTS
- Others
- TERTIARY PROJECTS

SUMMARY FINAL BUDGET FOR APPROPRIATION STATEMENT 2024/2025

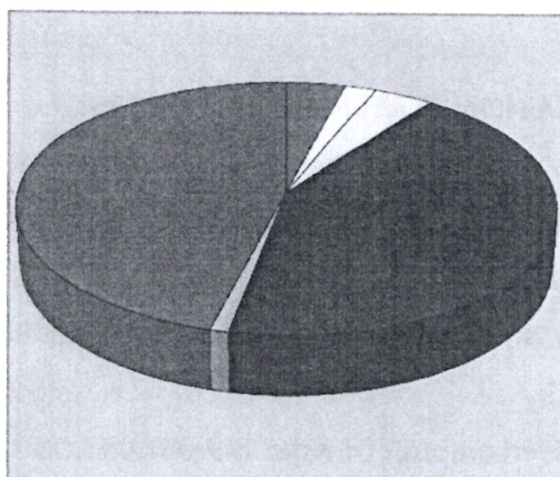
Total actual expenditure for the period was Kshs. 164,103,366. The unutilized funds of Kshs. 68,153,311 include a PMC balance of Kshs. 10,020,276. The slow utilization of the PMC funds resulted from delayed funding and the sluggishness in meeting some approval conditions by the PMC members. All the projects proposed by the committee for approval by the Board have been approved.

During the financial year the committee received amount of Kshs. 179,081,453.00 from the board. The committee further managed to disburse funds and the expenditure as follows:

ITEM	AMOUNT SPENT	% EXPENDITURE
Compensation of employees	5,715,747	4%
Committee Expenses	3,310,000	2%
Use of goods and services	6,985,908	4%
Transfers to Other Government Units	70,235,778	43%
Digital Hubs Expenses	2,228,680	1%
Other grants and transfers	75,627,253	46%
TOTAL PAYMENTS	164,103,366	100%

ACTUAL UTILIZATION SUMMARY FOR 2024/2025

Section 81 of the Public Finance Management Act, 2012 requires National Government entities to prepare annual reports and financial statements at the end of each financial year. Further, section 81(3) mandates the entities to prepare the annual reports in formats prescribed by the Public Sector Accounting Standards (PSAS) Board, further section 39(4) of the NG- CDF Act 2015 as amended in 2023 mandates the NG- CDF Board to submit separate financial statements for the secretariat and constituencies to the Auditor General. The constituency is in compliance with the above legal requirements.



Further, the National Treasury vide Press statement released on 3rd October, 2024 announced migration from cash-based reporting. The effective date for the accrual basis was set for 1st July, 2024, with the first accrual-based financial statement expected for the financial year ending 30th June, 2025. This financial statement is a transition from cash-based to accrual based financial reporting.

PERENIAL ISSUES

Galole Constituency suffers from pre-independence challenges of;

- i) Diseases, illiteracy and poverty
- ii) Lack of roads hampers free transport in the constituency.
- iii) Insecurity.

As a result, the fund has continuously endeavored to lead in the fight against illiteracy by supporting education 100% through infrastructure development and students' bursary sponsorship, construction of security facilities notable chief's offices and police posts in every village of the constituency and more so insecurity hot spots.

EMERGING ISSUES

- i. Climatic changes causing droughts, unpredictable heavy rainfall causing floods.
- ii. High rural-urban migration by youth due to joblessness thus stripping the constituency of much needed man-power for development

Despite a few challenges here and there, NGCDF continues to be one of the most preferred devolved funds at the grassroots by the society due to its broadened and inclusive management style and the visible tangible results that have brought hope to many villages that not so long ago were living in despair and ravaging poverty.

During the financial year there were several emergencies that occurred but the committee through its discretion managed to solve.

Emerging Issues, Challenges and way forward

The main emerging issue during the year under review was a delay in the release of funds by the NGCDF Board. This slowed down the wheels of development to the constituents. Twenty-Four million out of one hundred and seventy million was not received as at 30th June 2025. This constituted 14% of the budget. In addition, sixty-Eight million shillings was received in the sunset days of the financial year and could not be utilized. That is why the absorption of funds stood at 71%. As a way forward, the National Constituencies Development Fund Board should ensure that funds allocated in the approved budgets of the Constituencies are released in time.

In conclusion, let me take this opportunity to sincerely register my appreciation to all those who have worked relentlessly in the entire financial statements' preparation process. In particular, I would thank the Fund Account Manager, Galole who has taken a lead role in the process and the support provided by the Sub-County Treasury, Galole.

Achievements during the financial year

- NGCDFC Galole managed to curb drought through distribution of water.

- NGCDF Galole managed to improve transition of students from both primary and secondary schools by issuing bursary to 3,500 students from Galole.

KEY ACHIEVEMENTS

- In terms of bursaries, 90% of the allocation was disbursed to approximately 3,500 beneficiaries. This resulted to increased retention rates of the school going children within the year hence posting improved performance index among the beneficiaries. In the financial year 2024-25 quite a number of infrastructures were developed by the aid of the Constituency Development Fund.

Below are some of the projects implemented during the financial year 2024/2025




RAFIKI SECONDARY SCHOOL LABORATORY

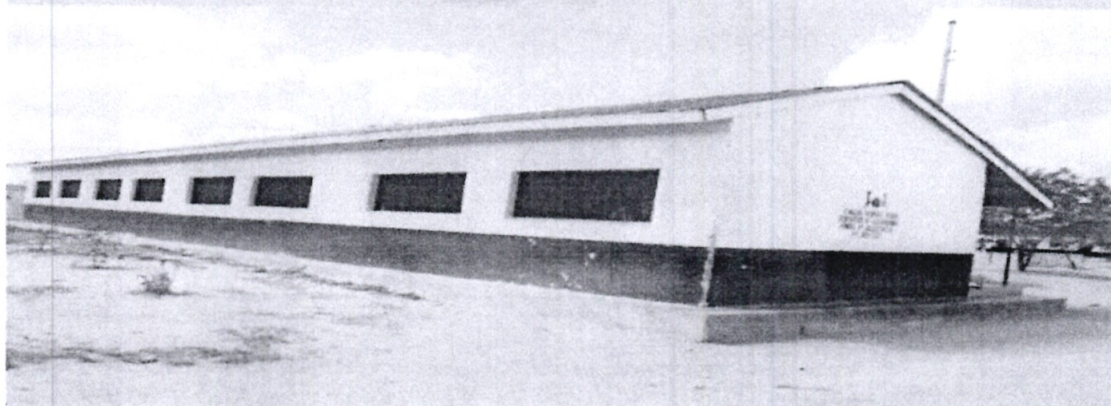
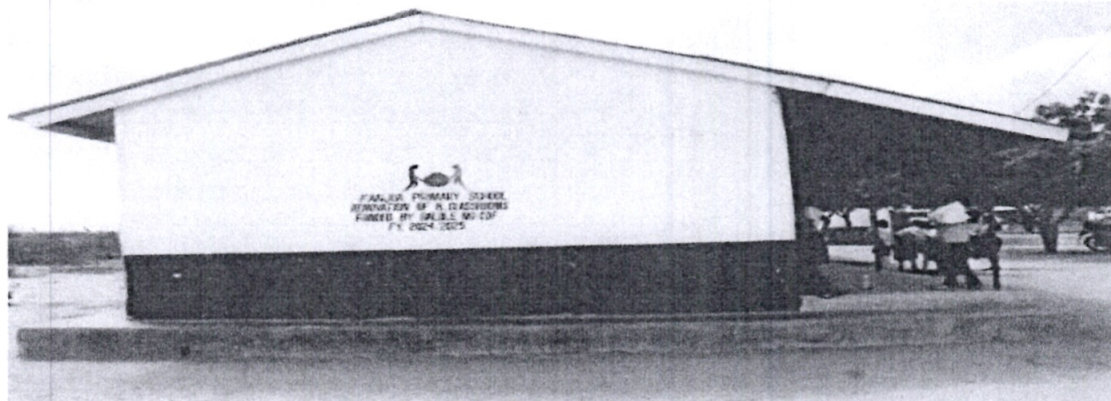


CHANANI SECONDARY SCHOOL LABORATORY

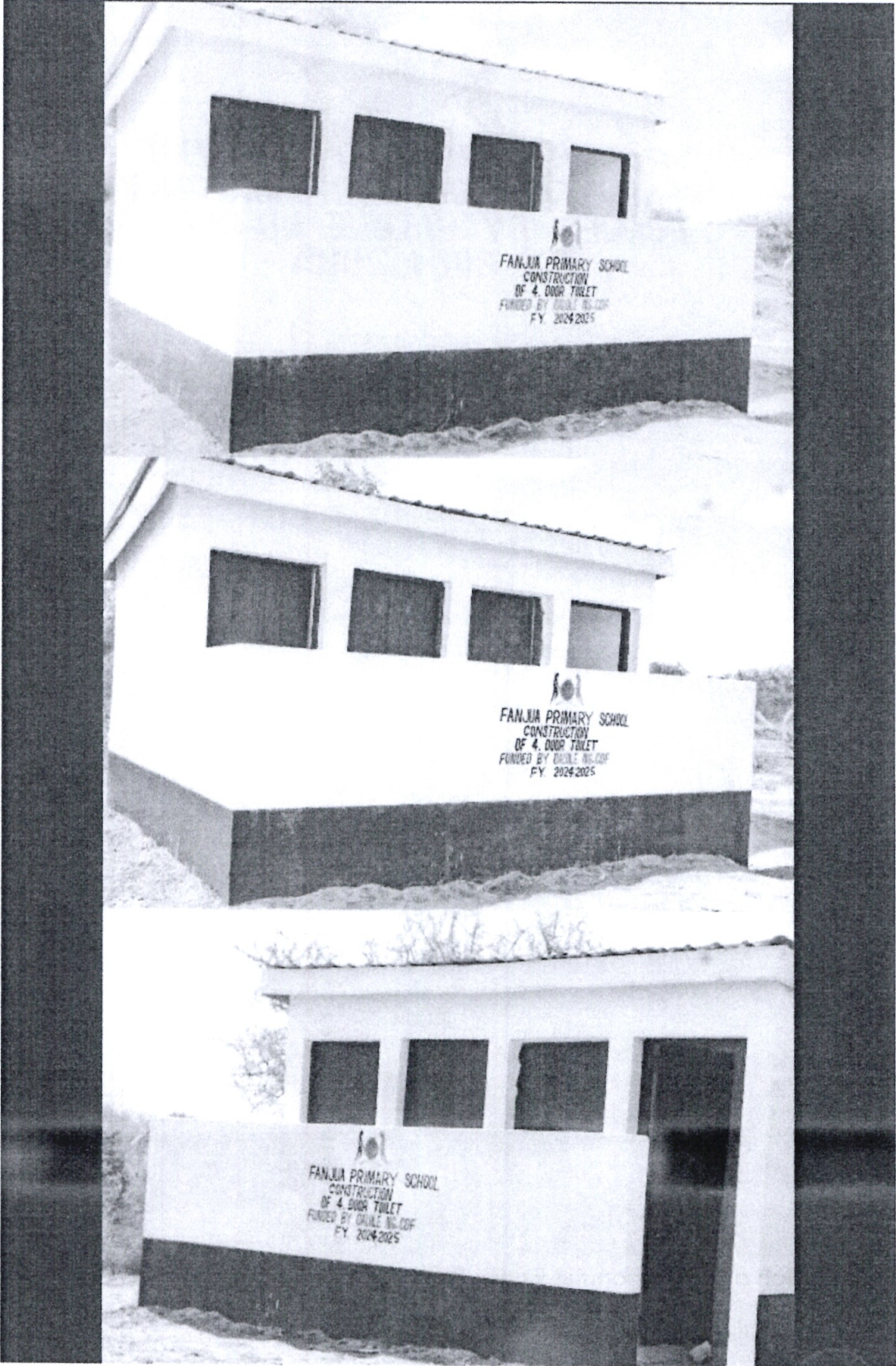


CHANANI SECONDARY SCHOOL CLASSROOM


**FANJUA PRIMARY SCHOOL
RENOVATION OF 8 CLASSROOMS
FUNDED BY GALOLE NG-CDF
FY. 2024/2025**



Renovation of 8 classrooms at Fanjua Primary School



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Construction of 4 door toilets at Fanjua Primary School



.....
Name: Barakatu Guyo
Chairman NGCDF Committee

5. Statement of Performance Against Predetermined Objectives for FY2024/25

Introduction

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

The key development objectives of the **NGCDF Galole Constituency 2023-2027** plan are to:

1. To improve access, affordability and availability of quality education.
2. To harness talent and empower youths.
3. To cater for any unforeseen occurrences in the constituency.
4. To promote environmental sustainability in the constituency.
5. To enhance security in the constituency.
6. To improve tracking of implementation of NG-CDF programmes
7. To promote performance management and smooth running of the NG-CDF office

Progress on the attainment of Strategic development objectives

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

Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary's beneficiaries at all levels	In FY 2024/25 -we increased number of classrooms in various schools as from 48 to 55 seen in the photos attached in the achievements. - Bursary beneficiaries at all levels were increased as per the attached schedules
Security	To enhance security in the constituency	Reduced number of insecurity cases in the constituency	Number of usable physical infrastructures built in NG-CDF offices, ACC offices and chiefs'	-we constructed Galadertu police camp

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			offices	
Climate change mitigation activities	To promote environmental sustainability	Increase in the number of trees and proper collection of garbage and disposal of sewerage waste	Conservation of soil by trees and usable pit latrines and solar systems.	We purchased and installed solar system at makere primary school
Emergency	To cater for unforeseen occurrences in the constituency	Catering for any unforeseen occurrences in the constituency	Prompt response in case of any occurrences	We set aside funds for any emergencies

6. Governance Statement

Appointment of NGCDF Members

- i. The formation of the NG-CDFC Members is guided by the NG-CDF Act Section 43(1) (2) (3) & (4).
 - a. This procedure shall start upon receipt of the guidelines on formation of NG CDFC from the NG CDF Board,
 - b. The FAM shall write a letter to the DCC and Constituency Office Manager requesting for the nomination of members of the selection panel as per the guidelines and maintain a record confirming receipt
 - c. The DCC shall nominate in writing an officer or his/her representative who will be the chairperson to the NG CDFC selection panel.
 - d. The Constituency Office Manager shall nominate in writing two persons of either gender to be members of the selection panel.
 - e. The chair shall then convene the first selection panel meeting to document criteria for selection of the four members to the NG-CDFC (Male and female adults, male and female youth) and advertise (the applicants shall be given two weeks to submit their applications).
 - f. The FAM shall then write to the Constituency Office Manager requesting for the nomination of two persons of either gender as per the guidelines issued by the NG-CDF Board to be members of the NG-CDFC maintain a record confirming receipt
 - g. The Constituency Office Manager shall then nominate in writing the two members to the NG-CDFC.
 - h. The FAM shall write to a registered group representing people with disabilities in the constituency as per the guidelines as issued by the NG-CDF Board requesting for nomination of one person with disability to sit in the NG-CDF committee and maintain a record confirming receipt
 - i. The PWD organization shall nominate in writing a member to the NG-CDFC.
 - j. Applications are received at the NG-CDF office and recorded in the application register.
 - k. Within one week after the closure of the advertisement, the Selection panel shall convene to shortlist the suitable candidates as per the criteria in the advert. The successful candidates shall then be called for interviews within seven days.
 - l. The Selection panel shall hold the interviews of the invited candidates and come up with the final list of qualified nominees to the NG-CDFC.
 - m. The FAM shall then submit to the NG-CDF Board the report of the selection panel which includes seven nominees and the Nominee of the Board to the NG-CDFC as per the guidelines within seven days.
 - n. The FAM shall ensure that the timelines set out in the regulations are adhered to during the process of selection and appointment of NGCDF Committees
- ii. The selected members are forwarded to parliament through CEO of the board for purpose of gazettelement
- iii. Upon gazettelement the DCC or the FAM shall for the first meeting where the chairperson and secretary are elected

NG-CDFC Handing Over Processes

Paragraph 24(1) of the NG-CDF Regulations 2016 states that the officer of the board seconded to the constituency shall preside over the handover from one Constituency committee to another and shall submit a report on the hand over within fourteen days from the date of the hand over.

Removal of members is as in the act 2015 section 13, a,b,c,d,e f and g

'A member of the Constituency Committee may be removed from office on any one or more of the following grounds-

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

Roles and function of the committee

- Build the capacity of PMCs and sensitise the community on operations of the fund
- Consider project proposals from all wards in the constituency
- Ensure that all proposed projects that are approved for funding meet the sec 24 of the Act
- Consult with relevant line ministries in the implementing the projects
- Ensure adequate funding of the proposed projects
- Ensure project reports are prepared and forwarded to the board
- Submit financial reports to the board within stipulated time

Induction and Training

The committee on being inaugurated are taken for induction by the Board and subsequent training are done the constituency as per there training plan

Meetings

The committee is to have a maximum of 24 meetings and a minimum of 12 in a financial year as per the 2015 Act

The committee members declare conflict of interest in any matter as the procurement and disposal Act by a standard form at the time of the matter

The committee members are remunerated from the fund at Kshs 5,000 for members and 7000 for the chairman.

NO	NAME	CATEGORY	WARD	NO. OF MEETINGS HELD	NO. OF SUB-COMMITTEES HELD
1	Godhana oddo	Male Adult	Kinakomba	20	0
2	Samson deye	Male Youth	mikinduni	20	0
3	Said mohamed	Co-opted Member	chewani	20	0
4	Asha bodole	Female Youth	wayu	20	2
5	Barakatu Guyo	Member	chewani	20	2
6	Ubah mohamed	Female Adult	chewani	20	0
7	Habibo salat	Female Adult	kinakomba	20	0
8	Ali guyo	PWD	chewani	20	0

Conflict of Interest, Ethics and Conduct of NGCDFC

The Anticorruption sub committee was formed on the first meeting and members have been trained on the same, the conduct of members is also the act as some of the reasons for removing a member from the committee.

The NGCDFCs are required to provide evidence of compliance with Chapter Six of the Constitution on Leadership and Integrity. Non-compliance translates to rejection of the person to be a member of the NGCDFC. Each member of Galole NGCDFC was vetted through Chapter six before appointment. They are also trained on other statutes including the Leadership and Integrity Act 2012 and the Public Officer Ethics Act 2003. They are also guided by the code of conduct of the NGCDF Board. There were no case of misconduct and conflict of interest from Galole NGCDFC during the period under review.

Risk Management

Risk management has been integrated in the constituency operations through the following; training of the NGCDF staff in their respective technical areas of service to ensure they

carry out their roles efficiently, training of the NGCDFCs and the PMCs to equip them with additional knowledge to carry out their duties efficiently within their mandates and regulations, the Fund account manager avails himself with all the support and required resources to ensure that the identified risk does not hamper with the delivery of service.

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

7. Management Discussion and Analysis

Establishment and Management of the Fund

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 Galole NG-CDF shall prepare financial statements in respect of that Galole NG-CDF. 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 Galole Constituency is responsible for the preparation and presentation of the Galole NG-CDF's financial statements, which give a true and fair view of the state of affairs of the Galole NG-CDF for and as at the end of the financial year (period) ended on June 30, 2024. 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 Galole NG-CDF; (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 Galole NG-CDF; (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-Galole Constituency accepts responsibility for the Galole NG-CDF'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 *constituency*'s financial statements give a true and fair view of the state of Galole NG-CDF's transactions during the financial year ended June 30, 2025, and of the Galole NG-CDF's financial position as at that date. The Accounting Officer charge of the NGCDF- Galole Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the Galole NG-CDF's financial statements as well as the adequacy of the systems of internal financial control.

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Galole Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025

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

However, the administration of the fund is done through the Constituency Committee. For the past five years Galole NGCDF was allocated total sum of Kshs.749,456,368.05 from 2020/2021 to 2024/2025:

FINANCIAL YEAR	ALLOCATION (KSHS)
2020/2021	137,088,879
2021/2022	137,088,879
2022/2023	138,215,033
2023/2024	166,593,720
2024/2025	170,469,8567

SECTOR	ALLOCATION (KSHS)	PERCENTAGE ALLOCATION
Administration	44,967,382	6%
Monitoring and Evaluation	22,483,691	3%
Bursary	299,782,547	40%
Emergency	37,742,818.4	5%
Capital Grants to Primary Schools	269,804,292	36%
Capital Grants to Secondary Schools	29,620,000	15%
Climate Change Mitigation Activities	2,868,562	3.6%
Security	9,351,927	11.8%
Constituency Innovation and Digital Hubs	1,129,954	1.4%

The constituency Strategic Plan clearly identifies a number of strategies and their implementation matrix. For the last 3 financial years, the implementation matrix has had a funding with sectoral allocations with approved code list for funding under Section 24 of the Act and the highest beneficiary being education sector through bursary and schools infrastructural development.

Bursary Sector

The committee over the last 3 years managed to allocate bursary over 2,500 learners every financial year. The ever-increasing population in the Constituency largely affects the awarding of bursaries. However, the committee has endeavoured to provide scholarship depending on school's performance and level of need for individual learners. This is vetted on case by case.

Grants to Primary and Secondary Schools

The committee has tried over the years to construct new classrooms across all Wards. Over 20 Classrooms have been built, and renovations to a number of schools which were constructed many years ago by the fund.

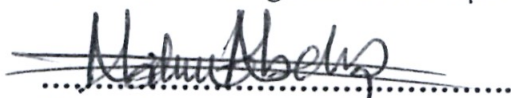
Security

The committee has ensured completion of Galadertu police camp at Wayu ward. The station is earmarked to reduce security cases and help reduce the poverty level of people in Wayu Ward who will feel secure in starting up businesses.

Future Development

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

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



Name: Hussein Abdullahi
Fund Account Manager

8. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

To ensure the sustainability of Galole Constituency, the committee funds the following key sectors with the following sustainable priorities.

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

2. Environmental performance

- a. The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.

The committee is waiting for guidelines from the Board in line with the changes in the NG-CDF Act 2015 as amended in 2023. These will guide the in coming up with future strategies in handling climate change mitigation matters.

Despite that, the committee has allocated sufficient funds for environmental activities such as green energy initiatives such as installation of solar systems in various institutions in the constituency.

3. Employee welfare

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

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

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

4. Marketplace practices-

Galole Constituency is committed to fair and ethical market practices.

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

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

Galole Constituency has endeavored to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through community projects.

Public Participation in Project Identification, Implementation, and Monitoring

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

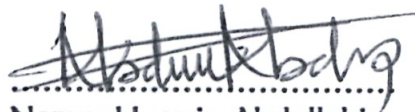
6. **Public participation** is a process that directly engages the concerned stakeholders in decision-making and fully considers public input.

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

7. Public Awareness

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

Galole Constituency has continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.



Name: Hussein Abdullahi
Fund Account Manager.

9. Statement Of Management Responsibilities

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

The Accounting Officer in charge of the NGCDF-Galole Constituency is responsible for the preparation and presentation of the Galole NG-CDF's financial statements, which give a true and fair view of the state of affairs of the Galole NG-CDF for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Galole NG-CDF; Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; Safeguarding the assets of the Galole NG-CDF; Selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Galole Constituency accepts responsibility for the Galole NG-CDF's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the constituency's financial statements give a true and fair view of the state of Galole NG-CDF's transactions during the financial year ended June 30, 2025, and of the Galole NG-CDF's financial position as at that date. The Accounting Officer charge of the NGCDF- Galole Constituency further confirms the completeness of the accounting records maintained for the constituency, which have been relied upon in the preparation of the Galole NG-CDF's financial statements as well as the adequacy of the systems of internal financial control.

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

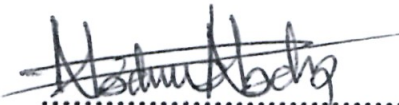
In preparing the financial statements, the Committee has assessed the Fund's ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Committee that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The NGCDF- Galole Constituency financial statements were approved and signed by the Accounting Officer on 22/11 2025.


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Name: Barakatu Guyo
Chairman – NGCDF Committee


.....

Name: Hussein Abdullahi
Fund Account Manager

REPUBLIC OF KENYA

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of National Government Constituencies Development Fund - Galole Constituency set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in

net assets, statement of cash flows and statement of comparison of budget and actual amounts, for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund (NGCDF) - Galole Constituency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the National Government Constituencies Development Fund Act, 2015 (Amended 2022), the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Unsupported Expenditure

The statement of financial performance reflects expenditure totalling Kshs.164,844,094 out of which Kshs.8,300,656 was incurred under four (4) items that were inappropriately and insufficiently supported as detailed below:

Particulars	Amount (Kshs)	Missing Information
Committee Expenses	3,310,000	List of committee members and detailed schedule indicating name of member, date of sitting, allowance rate and amount paid to each member
Domestic travel and subsistence	1,897,300	List of persons, rate, destination, activity done and results obtained
Hospitality Supplies and services	1,285,401	List of persons, venue and cost of service
Other operating expenses	<u>1,807,955</u>	Code list, vendor invoices, activity and amount
Total	<u>8,300,356</u>	

In the circumstances, the accuracy and completeness of the expenditure totalling to Kshs.164,844,094 could not be confirmed.

2. Inaccurate Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.43,683,454 as disclosed in Note 13 to the financial statements. However, the balance includes thirty-three (33) Project Management Committee bank balances

totalling Kshs.10,020,276 which was not supported by certificate of bank balances and expenditure returns.

In the circumstances, the accuracy, completeness and existence of the cash and cash equivalents balance of Kshs.43,683.454 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 (NGCDF) - Galole Constituency in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.232,256,677 and of Kshs.207,786,820 resulting in under-funding Kshs.24,469,857 or 11 % of the budget. Similarly, the Fund spent Kshs.164,103,366 against an actual receipt of Kshs.207,786,320 resulting to under-utilization of Kshs.43,682,954 or 21% of the receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Fund in 2024/2025 revealed that the following six (6) matters remained unresolved:

No	Financial Year	Audit Issue
1	2023/2024	Unsupported payments on sports projects
2	2023/2024	Unsupported payments on fuel, oil and lubricants
3	2022/2023	Regularity of procurement practices

No	Financial Year	Audit Issue
4	2023/2024	Irregular procurement of car hire services
5	2023/2024	Incomplete fixed assets register
6	2023/2024	Lack of IT policy and disaster recovery plan

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else 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

1. Failure to Submit Emergency Reserves Utilization Reports

The statement of financial performance reflects expenditure totalling Kshs.75,127,253 in respect of other grants and transfers as disclosed in Note 11 to the financial statements. The expenditure includes Kshs.2,607,000 incurred on emergency expenses. However, no evidence was provided for audit confirmation to ascertain that the Fund filed reports on the utilization of the emergency reserves to the NG-CDF Board within thirty (30) days. This was contrary to Section 20(2) of the National Government Constituencies Development Fund Regulations, 2016 which provides that the utilization of the emergency reserve shall be reported to the Board within thirty (30) days of the occurrence of the emergency, in the format prescribed by the Board.

In the circumstances, Management was in breach of the law.

2. Failure to Prepare Project Implementation Status Report

The statements of financial performance reflect expenditure totalling to Kshs.70,735,778 in respect of other Government units as disclosed in Note 10 to the financial statements. The expenditure includes transfers to Primary, Secondary Schools and Tertiary Institutions of Kshs.27,692,161, Kshs.41,619,752 and Kshs.1,423,865 respectively. However, no project implementation status report was prepared as at 30 June, 2025. This was contrary to Regulation, 11(1)(t) of the National Government Constituencies Development Fund Regulations, 2016, which states that the Constituency Committee shall submit to the Board the report stipulated in Section 5(5) of the Act, containing a list of all the new projects commenced during the financial year and their completion status and a list of all projects approved, funded and commenced during previous financial years and their completion status.

In the circumstances, Management was in breach of the law.

3. Irregularities in Project Implementation

Project inspections undertaken on 4 June, 2025 revealed the following:

No	Particulars	Funding (Kshs)	Comments
1	Construction of Laboratory in Rafiki Secondary School	4,500,000	-No project status report, certificate of certified works -Ongoing
2	Construction of Laboratory at Chanani Secondary School	5,000,000	-Ceiling valued at Kshs.1,000,000 paid but not done. -Project complete but not in use.
3	Renovation of Eight class Rooms in Fanjua Primary School	4,750,000	-Floors and walls had visible cracks and metal doors detached -Complete and in use
4	Construction of Galedyertu Sub-County Police Station offices	<u>1,800,115</u>	-No approved plans and certificate of certified works -Ongoing
Total		<u>16,050,115</u>	

In the circumstances, the expenditure on the projects may not give value for money and may lead to avoidable cost escalation.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

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

Responsibilities of the 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 Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

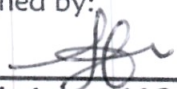
08 December, 2025

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


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

	Note	2024-2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	6	170,469,857
Total revenue		170,469,857
Expenses		
Employee costs	7	6,456,475
Committee expenses	8	3,310,000
Use of Goods and Services	9	6,985,908
Other Government Units Actual expenditure	10	70,735,778
Other Grants and Transfers Actual expenditure	11	75,127,253
Digital Hubs Actual expenditure	12	2,228,680
Total expenses		164,844,094
Surplus/(Deficit) for the year		5,625,763

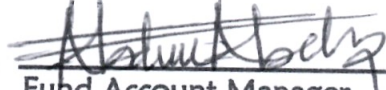
The Constituency financial statements were approved by the NGCDFC on 22/6/25 2025 and signed by:



 Chairman NG-CDF
 Committee
 Name: Barakatu Guyo



 National Sub-County
 Accountant
 Name: Amon Thananga
 ICPAK M/No: 12499



 Fund Account Manager
 Name: Hussein Abdullahi


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


12. Statement Of Financial Position As At 30th June, 2025

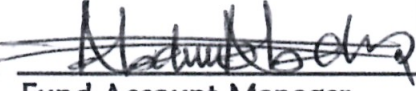
	Note	2024-2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	13	43,683,454	28,705,367
Receivables from Non-Exchange Transactions	14	24,469,857	33,081,453
Total Current Assets		68,153,311	61,786,820
Total Assets (A)		68,153,311	61,786,820
Liabilities			
Current Liabilities			
Trade and Other Payables	15	411,636	-
Gratuity Provision	16	329,092	-
Total Current Liabilities		740,728	-
Total Liabilities (B)		740,728	-
Net Assets (A-B)		67,412,583	61,786,820
Represented by:			
Accumulated Surplus		67,412,583	61,786,820
Total Net Assets		67,412,583	61,786,820

Note: Opening balance of Kshs.28,705,367 includes opening balance from operations account of Kshs. 33,334,086, Gratuity amount in deposit account of Kshs. 329,092 and PMC opening balance of Kshs. 10,020,276.

The Constituency financial statements set out on pages 2 to 3 approved by NG CDFC on 22/1/25 2025 and signed by:


 Chairman NG-CDF
 Committee
 Name: Barakatu Guyo


 National Sub-County
 Accountant
 Name: Amon Thananga
 ICPAK M/No: 12499


 Fund Account Manager
 Name: Hussein Abdullahi

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

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

	Revaluation Reserves	Accumulated surplus/Deficit Kshs	Total Kshs
Fund Balance as at 30 th June 2024	-	27,599,120	27,599,120
Adjustments			
Recognition of Assets	-	34,187,700	34,187,700
As at July 1, 2024	-	61,786,820	61,786,820
Surplus/(Deficit) For the Period	-	5,625,763	5,625,763
Revaluation Gain/Loss	-	-	-
As at June 30, 2025	-	67,412,583	67,412,583

Note: The adjustment on recognition of assets of Kshs. 34,187,700 includes PMC opening balance of Ksh. 1,106,247 and disbursement owing from the NG-CDF Board for last year of Kshs. 33,081,453.

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

	Notes	2024-2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the NGCDF Board		179,081,453
Total Receipts		179,081,453
Payments		
Employee costs		5,715,747
Committee expenses		3,310,000
Use of Goods and Services		6,985,908
Other Government Units Certified Works		70,735,778
Other Grants and Transfers		75,127,253
Digital Hubs Expenses		2,228,680
Total Payments		164,103,366
Net Cash Flows from/ (used in) Operating Activities	17	14,978,087
Net increase/(decrease) in cash & Cash equivalents		14,978,087
Cash and cash equivalents at 1 July 2024	19	28,705,367
Cash and cash equivalents at 30 June 2025	19	43,683,454

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024/2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024/2025	2024/2025		
Revenue							
Transfers From the NGCDF Board	170,469,857	28,705,367	33,081,453	232,256,677	207,786,820	24,469,857	89%
Miscellaneous income							
Totals	170,469,857	28,705,367	33,081,453	232,256,677	207,786,820	24,469,857	89%
Expenses							
Employee costs	6,303,826	8,040	-	6,311,866	5,715,747	596,119	91%
Committee expenses	3,291,379	50,746	-	3,342,125	3,310,000	32,125	99%
Use of Goods and Services	5,676,900	1,525,716	-	7,202,616	6,985,908	216,708	97%
Other Government Units Certified Works	70,412,734	20,042,030	31,981,453	122,436,217	70,735,778	51,700,439	58%
Other Grants and Transfers	83,063,098	6,158,986	1,100,000	90,322,083	75,127,253	15,194,830	83%
Digital Hubs Expenses	1,721,920	919,849	-	2,641,769	2,228,680	413,089	84%
Funds Pending Approval**	-	-	-	-	-	-	
Total Expenditure	170,469,857	28,705,367	33,081,453	232,256,677	164,103,366	68,153,311	71%
Surplus for the period							

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Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	68,153,311
Less undisbursed funds receivable from the Board as at 30 th June 2025	24,469,857
Cash and Cash Equivalents at the end of the 30 th June 2025	43,683,454

The Constituency financial statements were approved by NG CDFC on 22/6/2025 and signed by:


Fund Account Manager

Name: Hussein Abdullahi


National Sub-County Accountant

Name: Amon Thananga
ICPAK M/No: 12499


Chairman NG-CDF Committee

Name: Barakatu Guyo

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16. Budget Execution by Sectors And Projects For The Year Ended 30th June 2025

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
Compensation of employees	6,303,826	8,040		6,311,866	5,715,747	596,119
Committee allowances	1,691,379	107		1,691,486	1,691,400	86
Use of goods and services	2,232,986	1,437,476		3,670,463	3,669,908	555
Sub-total	10,228,191	1,445,624	-	11,673,815	11,077,055	596,760
2.0 Monitoring and evaluation						
Capacity building	540,000	10,900		550,900	400,000	150,900
Committee allowances	1,600,000	50,640		1,650,640	1,618,600	32,040
Use of goods and services	2,903,914	77,340		2,981,253	2,916,000	65,253
Sub-total	5,043,914	138,879	-	5,182,793	4,934,600	248,193
4.0 Emergency						
unutilized	8,972,098	97,328		9,069,426	2,607,000	6,462,426
Sub-total	8,972,098	97,328	-	9,069,426	2,607,000	6,462,426
5.0 Bursary and Social Security						
Secondary Schools	62,141,000			62,141,000	60,329,293	1,811,707
Tertiary Institutions	3,000,000	155,000		3,155,000	2,722,000	433,000
Sub-total	65,141,000	155,000	-	65,296,000	63,051,293	2,244,707
7.0 Environment						

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Laini primary school	3,200,000	2,000		3,202,000	3,200,000	2,000
Maumau Secondary School			300,000	300,000	300,000	-
Milalulu Secondary School			800,000	800,000		800,000
Galole NG-CDF office		300,000		300,000		300,000
Sub-total	3,200,000	802,000	1,100,000	4,602,000	3,500,000	1,102,000
8.0 Primary Schools Projects						
Gururi primary school			950,000	950,000		950,000
Gafuru primary school		5,000		5,000		5,000
Makere primary school	1,500,000			1,500,000		1,500,000
Kumbi primary school	1,875,000			1,875,000		1,875,000
Makere primary school	6,000,000			6,000,000		6,000,000
Kilindini primary school	2,400,000			2,400,000		2,400,000
Koticha primary school	2,500,000			2,500,000		2,500,000
Hakoka junior primary school	1,500,000			1,500,000		1,500,000
Hadampia junior primary school	1,500,000			1,500,000		1,500,000
Ovo junior secondary		243,867		243,867		243,867
Koticha primary school pmc	2,400,000	11		2,400,011	898,115	1,501,896
Rhoka primary school pmc	5,000,000	600		5,000,600	1,800,200	3,200,400
Ovo primary project pmc		425		425	6,021	(5,596)
Bahati primary school pmc		20,675	3,243,867	3,264,542	3,264,000	542
Nyangwani primary school pmc		-	6,487,734	6,487,734	6,479,500	8,234
Fanjua pry school	6,500,000	700,000		7,200,000	6,247,730	952,270
Hola pry school	1,500,000	1,567		1,501,567	712,650	788,917
Laza pry school	1,500,000	-		1,500,000	712,190	787,810
Kumbi pry	4,500,000	1,425		4,501,425	1,301,150	3,200,275
Maweni primary school	750,000	-		750,000	710,720	39,280
Duwayu primary school		2,050,500		2,050,500	2,050,000	500
Jarododi primary school		-	3,000,000	3,000,000	2,999,885	115
Hakhokha primary		200,000		200,000	10,000	190,000
Laini primary school		500,000		500,000	500,000	-

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Sub-total	39,425,000	3,724,070	13,681,601	56,830,671	27,692,161	29,138,510
9.0 Secondary Schools Projects (List all the Projects)						
Chanani secondary school	1,500,000			1,500,000		1,500,000
Rafiki secondary school pmc	1,500,000	708,957	4,500,000	6,708,957	4,590,115	2,118,842
Wachakone mixed day sec sch pmc	1,500,000	3,703,714	1,500,000	6,703,714	6,099,592	604,122
Chanani day secondary school pmc	5,250,000	5,207,613		10,457,613	5,789,402	4,668,211
Fanjua secondary school pmc	4,000,000	1,023,568		5,023,568	4,753,035	270,533
Masabubu secondary school pmc kcb	5,987,734	437,670		6,425,404	3,499,810	2,925,594
Waldena secondary school infrast	1,500,000	-	4,500,000	6,000,000	1,199,605	4,800,395
Milalulu secondary school	1,500,000	735,302	987,586	3,222,888	2,697,878	525,010
Masabubu secondary school pmc equity		-	3,012,266	3,012,266	2,346,500	665,766
Ndura secondary school	750,000	-		750,000	35,625	714,375
Majengo secondary school	2,250,000	4,500,000		6,750,000	6,099,885	650,115
Maumau memorial sec school kcb		885	1,500,000	1,500,885	1,499,615	1,270
Hola boys secondary school	3,750,000	-		3,750,000	710,115	3,039,885
Mamau mau memorial Girls Secondary equity		-	1,500,000	1,500,000	1,499,000	1,000
Lulu secondary school		250	800,000	800,250	799,575	675
Sub-total	29,487,734	16,317,960	18,299,852	64,105,546	41,619,752	22,485,794
10.0 Tertiary institutions Projects (List all the Projects)						
KMTC Hola	1,500,000	-		1,500,000	1,423,865	76,135
Sub-total	1,500,000	-	-	1,500,000	1,423,865	76,135
11.0 Security Projects						
DCC Residence Tana River Sub-County	750,000			750,000		750,000
Galadertu Police Camp	2,500,000	4,754,568	-	7,254,568	5,120,345	2,134,223
Hola Prison Camp	2,500,000			2,500,000		2,500,000
Hola Police Camp		500,000		500,000	499,615	385
Majengo Police Camp		350,090		350,090	349,000	1,090
Sub-total	5,750,000	5,604,658	-	11,354,658	5,968,960	5,385,698
12.0 Others						

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Galole Resource Centre/Chewani Ajira Youth Empowerment centre	1,721,920.00	837,423	-	2,559,343	2,228,680	330,663
Galole NG-CDF OFFICE		77,426	-	77,426		77,426
Strategic Plan		5,000		5,000		5,000
Sub-total	1,721,920	919,849	-	2,641,769	2,228,680	413,089
Funds pending approval**				-		-
unapproved projects		-		-		-
AiA	-			-		-
Sub-total	-	-	-	-	-	-
Total	170,469,857	28,705,367	33,081,453	232,256,677	164,103,366	68,153,311

17. Notes to the Financial Statements

1. General information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established by and derives its authority and accountability from the NG-CDF Act 2015 (amended 2023). The NG-CDF is wholly owned by the Government of Kenya and is domiciled in Kenya. The NG-CDF Galole Constituency principal activity is to provide leadership and policy direction for effective and efficient management of the Fund.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS 33) the NGCDF Galole has recognised all financial assets including cash and cash equivalents held in the operational accounts, Deposit Account and PMC Bank accounts; Receivables (amount due from the board and other parties) prepayments, property plant and equipment (PPE) and intangible assets acquired during the financial year 2023/2024 up to the reporting date.

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

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

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

3. Adoption of New and Revised Standards

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Galole NG-CDF.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>This IPSAS is not applicable at the constituency.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>This IPSAS is not applicable at the constituency.</p>
IPSAS 45: Property Plant and	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets</p>

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

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

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

iii. Early adoption of standards

The Galole NG-CDF did not early – adopt any new or amended standards in the financial year

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget was approved by Parliament on 30 June 2024 for the period 1st July 2024 to 30th June 2025 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

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

c) Property, plant and equipment

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

d) Leases

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

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

e) Intangible assets

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

f) Financial instruments

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

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

The Galole NG-CDF assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Galole NG-CDF recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

b) Financial liabilities

Classification

The Galole NG-CDF classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

g) Inventories

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the

sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Galole NG-CDF*.

h) Provisions

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

i) Social Benefits

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

j) Contingent liabilities

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

k) Contingent assets

The *Galole NG-CDF* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *Galole NG-CDF* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured

reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

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

n) Related parties

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

o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

IPSAS 1.140

Useful lives and residual value

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

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

Provisions

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

6. Transfers from the NGCDF Board

Description	2024-2025
	Kshs
NGCDFB Transfers (Allocation for the FY)	170,469,857
Total	170,469,857

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7. Employees cost

	2024-2025
	Kshs
NG-CDFC Basic staff salaries	5,793,802
Gratuity to contractual employees	329,092
Employer Contributions Compulsory national social security schemes	333,581
Total	6,456,475

8. Committee Expenses

	2024-2025
	Kshs
Sitting allowance	1,456,000
Other Committee expenses	1,854,000
Total	3,310,000

9. Use of Goods and services

	2024-2025
	Kshs
Utilities, supplies and services	34,802
Communication, supplies and services	59,450
Domestic travel and subsistence	1,897,300
Printing, advertising and information supplies & services	360,000
Hospitality supplies and services	1,285,401
Office and general supplies and services	677,000
Fuel, oil & lubricants	864,000
Other operating expenses	1,807,955
Total	6,985,908

10. Other Government Units Actual expenditure

Description	2024-2025
	Kshs
Primary Schools Actual expenditure	27,692,161
Secondary Schools Actual expenditure	41,619,752
Tertiary Institutions Actual Expenditure	1,423,865
Total	70,735,778

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11. Other Grants and transfers Actual expenditure

	2024-2025
	Kshs
Bursary – secondary schools	60,329,293
Bursary – tertiary institutions	2,722,000
Security projects Actual expenditure	5,968,960
Climate change mitigation projects	3,500,000
Emergency projects Actual expenditure	2,607,000
Total	75,127,253

12. Digital Hubs Expenses

Description	2024-2025
	Kshs
Renovation of Galole ICT Hub	2,228,680
Total	2,228,680

13. Cash and Cash Equivalents

Name Of Bank and Account No.	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
<i>Galole Constituency Develop Fund. 1108807879 (Operations account)</i>	33,334,086	27,599,120
<i>Name of Bank, account No. (Deposit account)</i>	329,092	-
<i>Various accounts (PMC accounts)</i>	10,020,276	1,106,247
Total	43,683,454	28,705,367

14. Receivables from Non-Exchange Transactions

Description	2024-2025		Opening Statement 1 st July 2024	
		Kshs		Kshs
Transfers from NGCDFB		24,469,857		33,081,453
Total		24,469,857		33,081,453
Ageing Analysis- Receivables from non-exchange transactions	2024-2025	% of the total	Opening Balance	% of the total
Less than 1 year	24,469,857	100%	33,081,453	100%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	24,469,857	100%	33,081,453	100%

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15. Trade and Other Payables

Description	2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Employee payables	411,636		-	
Other payables	-		-	
Total trade and other payables	411,636		-	
Aging analysis: (Trade and other payables)	2024-2025	% of the Total	1st July 2024	% of the Total
Under one year	411,636	100%	-	0%
1-2 years	-	%	-	0%
2-3 years	-	%	-	0%
Over 3 years	-	%	-	0%
Total (tie to above total)	411,636	100%	-	0%

16. Gratuity Provision

Description	2024-2025
	Kshs
Gratuity at the beginning of the year 1 st of July 2024	-
Gratuity held during the year	329,092
Gratuity paid during the year	(-)
Total Gratuity Provision 30th June 2025	329,092

17. Cash Generated from Operations

	2024-2025
	Kshs
Surplus/Deficit for the year	5,625,763
Adjusted for:	
Depreciation	-
Impairment	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Increase/decrease in receivables	(8,611,596)
Increase/decrease in Employee payables	(411,636)
Increase/decrease in gratuity provision	(329,092)
Net cash flow from operating activities	14,978,087

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

18. Financial Risk Management

The Galole NG-CDF's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Galole NG-CDF's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Galole NG-CDF does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Galole NG-CDF's financial risk management objectives and policies are detailed below:

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i) Credit risk

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

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Receivables from non-exchange transactions	24,469,857	-	-	-
Bank balances	43,683,454	-	-	-
Total	68,153,311	-	-	-
As at 30 June (Previous FY)				
Receivables from non-exchange transactions	33,081,453	-	-	-
Bank balances	28,705,367	-	-	-
Total	61,786,820	-	-	-

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Galole NG-CDF has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Galole NG-CDF has significant concentration of credit risk on amounts due from the board. The board of directors

sets the Galole NG-CDF's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Employee payables	411,636	-	-	411,636
Gratuity Provision	-	-	329,092	329,092
Total	411,636	-	329,092	740,728

iii) Market risk

The Galole NG-CDF has put in place an internal audit function to assist it in assessing the risk faced by the Galole NG-CDF on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Galole NG-CDF's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Galole NG-CDF's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation

of those policies. There has been no change to the Galole NG-CDF's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Galole NG-CDF has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Galole NG-CDF manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments. The carrying amount of the Galole NG-CDF's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Financial Risk Management

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

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Galole NG-CDF analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign

exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Galole NG-CDF's* market assumptions. These two types of inputs have created the following fair value hierarchy:

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

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

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

Description	2024-2025	<i>Opening Statement 1st July 2024</i>
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	Kshs	Kshs
Accumulated surplus	67,412,583	61,786,820
Retained Earnings	-	-
Capital Reserve	-	-
Total Funds	67,412,583	61,786,820
Total Borrowings	-	-
Less: Cash and Bank Balances	(43,683,454)	(28,705,367)
Net Debt/ (Excess Cash and Cash Equivalents)	23,729,129	33,081,453
Gearing	35%	54%

19. Related Party Disclosures

	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	3,310,000	-
Total	3,310,000	
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	179,081,453	-
Total	179,081,453	-

20. Events after the Reporting Period

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

21. Ultimate And Holding Galole NG-CDF

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

22. Currency

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

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18. Annexes
 Annex 1: Summary of Asset Register

Asset class	Historical Cost/valuation cost balance brought forward (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land	-	-	-	-
Buildings and structures	23,811,583	-	-	23,811,583
Transport equipment	-	-	-	-
Office equipment, furniture, and fittings	1,940,000	-	-	1,940,000
ICT Equipment and Other ICT Assets	6,400,000	-	-	6,400,000
Other Machinery and Equipment	16,000,000	-	-	16,000,000
Intangible assets	-	-	-	-
Total	48,151,583	-	-	48,151,583

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Annex 2 –PMC Bank Balances As At 30th June 2025

PMC	Bank	Account number	Bank Balance 2024/2025	Bank Balance 2023/2024
Koticha primary school pmc	KCB-Garissa	1335095098	1,885	-
Rhoka primary school pmc	KCB-Garissa	1314269577	400	600.00
Ovo primary project pmc	KCB-Garissa	1329616626	114,404	425.00
Bahati primary school pmc	EQUITY GARISSA	O580284425003	542	675.00
Nyangwani primary school pmc	EQUITY GARISSA	O580285662606	8,243	-
Laini primary school	EQUITY GARISSA	O580285242589	2,000	2000
Fanjua pry school	KCB-Garissa	1339306328	2,270	
Hola pry school	KCB HOLA	1274962625	1,416	1,567
Laza pry school	KCB HOLA	1339572222	310	
Kumbi pry	KCB HOLA	1323809678	275	1,425
Maweni primary school	KCB HOLA	1339671387	1,780	
Duwayu primary school	EQUITY GARISSA	580284504622	500	500
Jarododi primary school	EQUITY GARISSA	580286432907	115	
Hakhokha primary	KCB HOLA	1129679993	190,000	
Rafiki secondary school pmc	KCB HOLA	1227167571	493,842	71,956.90
Wachakone mixed day sec sch pmc	KCB HOLA	1227171978	4,122	703,714.00
Chanani day secondary school pmc	KCB HOLA	1227163924	110,711	7,613.40
Fanjua secondary school pmc	KCB HOLA	1317872258	533	3,568.25

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Masabubu secondary school pmc kcb	KCB HOLA	1302581538	502,860	2,670.00
Waldena secondary school infrast	KCB HOLA	1341982920	1,050	-
Milalulu secondary school	KCB HOLA	1316877485	205,010	2888.25
Masabubu secondary school pmc equity	EQUITY GARISSA	O580285662684	1,300,766	
Ndura secondary school	KCB HOLA	1132034116	676,875	
Majengo secondary school	EQUITY GARISSA	O580286432925	650,115	0
Maumau memorial secondary school kcb	KCB HOLA	1318303192	1,270	885
Hola boys secondary school	KCB HOLA	1340129957	2,252,385	0
Mamau mau memorial Girls secondary School equity	EQUITY GARISSA	O580286432917	301,000	0
Lulu secondary school	EQUITY GARISSA	580284424960	675	250
Tana river Kmtc	KCB HOLA	1340489899	1,135	-
Majengo police post ng-cdf project	KCB HOLA	1311624996	1,090	90.00
Galedyertu sub-county police pmc	KCB HOLA	1329369718	2,134,223	4,567.50
Hola subcounty police station	KCB HOLA	1330673050	385	300000
Galole constituency ict herb pmc	KCB HOLA	1235992888	8,743	852.00
Total			10,020,276	1,106,247

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Annex 3: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>1. Unsupported payments on sports project The statement of receipts and payments reflects on the grants and transfers totaling Kshs. 93,715,500 as disclosed in Note 8 to the financial statements. These payments include Kshs. 2,630,000 that was paid to a football association for the acquisition of assorted sports items. The tender was awarded to successful bidder under contract agreement dated 25th May 2023. However, the expenditure was not supported by delivery notes, counter receipt voucher and a record indicating how the sports items were distributed to the participating teams. In the circumstances, the accuracy and validity of expenditure on sports items totaling Kshs. 2,630,000 could not be confirmed.</p>	To be resolved by 30 th September 2025	Not resolved	Date to be set by Defac
2.	<p>2. Unsupported payment on fuel. The statement of receipts and payments reflects payments on use of goods and services totaling Kshs 9,783,951 which includes payments totaling Kshs 1,050,000 on fuel, oil and lubricants. However, the fuel expenditure was not supported with LPO and supplier invoices while the summary of fixed asset register does not disclose any transport equipment. In the circumstances, the accuracy and validity of expenditure on fuel, oil and lubricants totaling Kshs. 1,050,000 could not be confirmed.</p>	To be resolved by 30 th September 2025	Not resolved	Date to be set by Defac

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3.	<p>Budgetary control control and performance The summary of statement of appropriation reflects final receipt budget and actual on comparable basis of Kshs. 243,378,551 and Kshs 210,297,098 respectively, resulting to an underfunding of ksh. 33,081,453 or 14% of the budget. Similarly, the fund spent an amount of Kshs. 182,697,978 against actual receipts of Kshs. 210,297,098 resulting to an underutilization of Kshs 27,599,120 or 13% of the actual receipts.</p> <p>The underfunding and underutilization may have negatively impacted on the planned activities of the company which affected service delivery to the public.</p>	To be resolved by Defac.	Not resolved	Date to be set by Defac
4.	<p>Unresolved prior year audit matters In the audit of the previous year, several issues were raised under the report of the financial statements and report on lawfulness and effectiveness in use of public resources. However, Management has not resolved the issues of provided reasons on the failure to adhere to the Public Sector Accounting Standards Board templates.</p>	To be resolved by Defac.	Not resolved	Date to be set by Defac
5.	<p>Inadequate disbursement to projects Included in these payments are payments are payments totaling Kshs. 18,795,000 that was disbursed to PMCs for construction and renovation of classrooms, laboratory, toilets and administration block. However, tender records indicate that the projects in the schools had been awarded at a total contract sum of Kshs 34,357,536 resulting to a shortfall in funding to the projects by Kshs 15,562,536 contrary to regulation 11(j) of the NGCDF Regulations, 2016 on the functions of NGCFC which provides that the NGCDF shall ensure that all projects receives adequate funding and are completed within 3 years.</p>	To be resolved by Defac.	Not resolved	Date to be set by Defac
6.	<p>Inadequate funding on construction of security projects. Included in the payments is Kshs. 5,600,000 on security projects out of which payments totaling Kshs. 3,750,000 was disbursed towards the construction of Galadertu Subcounty Police Camp that had been procured at a contract price of Kshs 8,493,450. However, Management did not indicate how the balance of Kshs. 4,743,450 would be financed contrary to</p>	To be resolved by Defac.	Not resolved	Date to be set by Defac

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	<p>Regulation 11(1)(j) of the NGCD regulations, 2016 on the functions of NGCFC which provides that the NGCDF shall ensure that all projects receive adequate funding and are completed within 3 years.</p>			
<p>7.</p>	<p>Failure to report utilization of emergency payments. Included in these payments is Kshs. 9,185,000 spent on emergency projects in respect of renovation of classrooms, construction of toilets and supply of desks as disclosed in Note 8 to the financial statements. However, the expenditure amounting to Kshs. 8,285,000 incurred on 6 emergency projects was reported to board after the expiry of 30 days period. And an amount of Kshs. 900,000 spent on 2 projects were not reported to the board contrary to Regulation 20(2) of the NGCDF Regulations, 2016 which states that utilization of the emergency reserve shall be reported to the Board within 30 days.</p>	<p>To be resolved by Defac.</p>	<p>Not resolved</p>	<p>Date to be set by Defac</p>
<p>8.</p>	<p>Delayed project implementation Review of the Project Implementation Status Report provided for audit indicated that the Management planned to implement 11 projects at a total cost of Kshs. 23,990,401 during the year under review. According to the report, implementation of the 11 projects had not started contrary to Regulation 11(1)(j) of the NGCD regulations, 2016 on the functions of NGCFC which provides that the NGCDF shall ensure that all projects receive adequate funding and are completed within 3 years. In the circumstances, the projects may not be completed within the stipulated time frame leading to cost escalation and management was in breach of the law.</p>	<p>To be resolved by Defac.</p>	<p>Not resolved</p>	<p>Date to be set by Defac</p>
<p>9.</p>	<p>Irregular procurement of car hire services. The statement of receipts and payments reflects payments on use of goods and services totaling Kshs. 9,783,951 as disclosed in Note 6 to the financial statements. Included in these payments is Kshs. 1,485,000 in respect of training expenses out of which Kshs. 610,000 was paid to a supplier in respect of car hire services. However, the car hire service payments were not supported by request for quotations indicating how the cost of lease was determined contrary to the provisions of Public Procurement and Assets disposal Act,</p>	<p>To be resolved by Defac.</p>	<p>Not resolved</p>	<p>Date to be set by Defac</p>

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	2015. In the circumstances was in breach of the law.			
10.	Incomplete fixed asset register. Disclosed in annex 4 to the financial statements is summary of fixed asset register that reflects fixed asset at a historical cost of Kshs. 48,151,583 as at 30 th June 2024. However, the summary of fixed of the fixed asset register presented for audit indicates a total count of 18 asset items but does not have values attached to them. Also, as previously reported, the summary of fixed asset register includes land of undisclosed value whose ownership documents were not provided for audit.	To be resolved by Defac.	Not resolved	Date to be set by Defac
11.	Lack of IT policy and disaster recovery plan. As reported in the previous year, the fund does not have IT policy, Data Recovery Plan and IT security policy which are vital in effective and efficient management of the Galole NG-CDF's IT resources. Further, the Fund does not have an IT steering committee, which is important in performing the oversight function and formulation of policies to ensure that IT department functions are properly in place to assist in the achievement of organization objectives in efficient, economic and effective manner.	To be resolved by Defac.	Not resolved	Date to be set by Defac



**Name: Hussein Abdullahi
Fund Account Manager.**