

REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

**MIGORI COUNTY WARD
DEVELOPMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**

| PAPERS LAID | |
|--------------------|----------------|
| DATE | 26/3/2024 |
| TABLED BY | Sen. J. Kingua |
| COMMITTEE | — |
| CLERK AT THE TABLE | Polycarp |



MIGORI COUNTY WARD DEVELOPMENT FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

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Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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Migori County Ward Development Fund
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1. Key Entity Information and Management

a) Background information

Migori County Ward Development Fund is established by and derives its authority and accountability from The Migori Ward Development Fund Act of 2014. The Fund is wholly owned by the County Government of Migori and is domiciled in Kenya. The fund's objective is to provide bursaries to financially disadvantaged or needy students in the County, including those with disabilities who deserve support to pursue their education at recognised schools and other educational institutions.

b) Principal Activities

The Fund's principal activity is to provide financial support in terms of bursaries to needy and bright students from disadvantaged backgrounds in the County, including those with disabilities to pursue their education at recognised educational institutions.

c) Board of Trustees/Fund Administration Committee

| Ref | Name | Position |
|------------|--------------------|---|
| 1 | Hon Rahab Robi | CECM Education. Chairperson, County Education Support Fund Committee |
| 2 | Prof Rose Odhiambo | Chief Officer, Education |
| 3 | Dr John Achuora | Chief Officer, Finance and Economic Planning |
| 4 | Erastus Karani | Fund Administrator |

d) Key Management

| Ref | Name | Position |
|------------|----------------|--------------------|
| 1 | Erastus Karani | Fund Administrator |
| 2 | Caleb Odhiambo | Fund Accountant |

e) Registered Offices

Migori Municipal Building
P.O. Box 195-40200
Migori, KENYA

f) Fund Contacts

Telephone: (254)0208029160
Email: education @ Migori.go.ke
Website: www.Migori.go.ke

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank Limited
Migori Branch
Account Number: 1154700062

h) Independent Auditors

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

i) Principal Legal Adviser



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

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2. The Board of Trustees/Fund Management Committee

| Name | Details of qualifications and experience |
|---|---|
| <p>1. Hon. Rahab Robi</p>  | <p>D.O.B 24/12/1975</p> <p>Education: BA Sociology - University of Nairobi</p> <p>Work Experience: 16 years</p> <p>Position: CECM Education, Chair to the County Education Support Fund Committee</p> |
| <p>2. Prof Rose Odhiambo</p>  | <p>D.O.B 6/12/1964</p> <p>Education: Doctor of Philosophy - Kenyatta University : MSc – University of Nairobi : B Ed Science – Kenyatta University</p> <p>Work Experience: 36 Years</p> <p>Position: Chief Officer, Education</p> |
| <p>3. Dr John Achuora</p>  | <p>Education: PhD-Supply Chain Management – JKUAT : MSc Procurement and Logistics Management - JKUAT : B. Com Accounting – Sukhadia University</p> |
| <p>4. Erastus Karani</p>  | <p>D.O.B: 02/02/1974</p> <p>Education: B. Com, Accounting, University of Nairobi</p> <p>Work Experience: 20 Years</p> <p>Position: Fund Administrator</p> |

3. Management Team

| Name | Details of qualifications and experience |
|---|---|
| <p>1. Erastus Karani</p>  | <p>D.O.B: 02/02/1974</p> <p>Education: B. Com, Accounting, University of Nairobi</p> <p>Work Experience: 20 Years</p> <p>Position: Fund Administrator</p> |
| <p>2. Caleb Odhiambo</p>  | <p>D.O.B: 15/11/1985</p> <p>Education: BBM. Accounting, Moi University MSc Finance, University of Nairobi CPA(III)</p> <p>Work Experience: 15Years</p> <p>Position: Fund Accountant</p> |

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4. Board/Fund Chairperson's Report

The Fund was established through the Migori County Ward Development Fund Act of 2014 with the sole purpose of providing bursaries to needy and bright students from disadvantaged backgrounds in the County and oversee the implementation of community projects. During the financial year 2022/2023, there were changes in composition of the Fund management committee as indicated on page v of this report. The fund has positively impacted on the learning process of students by ensuring that they are retained in school for continued learning. This goes a long way in the overall improvement of retention and completion rates of students.

Going forward, I wish to appeal to County Assembly members to consider allocating more financial resources to the fund. This will cater for ever increasing number of needy and deserving cases. In order to create a more resounding impact I could wish to see the fund fully support the identified needy and bright students throughout their learning cycle to cover all fees through secondary school, college or university education. In the same vein, more consideration should be given to students in technical and vocational training during the award of bursaries which is part of our core mandate.

Signed:  _____

HON. RAHAB ROBI

5. Report of the Fund Administrator

Since its establishment, the Fund has disbursed approximately Kshs.100 million annually benefitting an average of 20,000 students per year. The Ward Bursary Committees have done extra work in identifying the beneficiaries from the huge numbers of applicants through a thorough vetting process.

On its part, the management has always established and maintained adequate financial management arrangements for the bursaries Fund. This has been made possible by keeping proper accounting records together with internal controls using appropriate accounting policies in accordance with International Public Sector Accounting Standards which has ensured that the Fund complies with applicable Government policies and that the funds received are used for the eligible purposes.

In the financial year 2022/2023, for example, the Fund disbursed Ksh. 107,326,212 being bursaries for 20,980 students. The management hopes that the subsequent financial years will witness an increment in the allocations towards bursary funds to sustain the overwhelming demand from the increasing numbers of the target group for bursary support whereas the financial resources have never been able to meet these demands.

It is for this reason that the management intends to pursue an enhanced financing arrangements to achieve more allocation to the fund so as to meet some of these demands from very vulnerable students. With the increase in the fund, the allocation will make an impact and will scale up our education in terms of quality.

Signed:  _____

ERASTUS KARANI

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Statement of Performance against the County Fund’s Predetermined Objectives

Introduction

Section 164 (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 County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

One of the key development objectives of the 2023-2027 Migori County Integrated Development Plan (CIDP) is to provide bursary for needy students. This is intended to be achieved through fund transfers to the County Education Support Fund for further transmission to respective schools.

Progress on attainment of Strategic development objectives

The key development objective of the Fund as per the Migori County Ward Development Fund Act 2014, is to support the bright but needy students to access quality education through provision of bursaries.

Below we provide the progress on attaining the stated objectives:

| Program | Objective | Outcome | Indicator | Performance |
|-----------------------|--|--|--|--|
| Bursary/ Education | To support bright and needy students to access quality education | Increased number of students accessing education in the County | % of students retained in school / transitioned to next level institutions | In FY 22/23 the Fund disbursed Ksh. 107,326,212 for 20,980 students. |

7. Corporate Governance Statement

In the course of the financial year, the Board managed to hold five (5) sittings which were all attended by members of the board of trustees. As a best practice and in line with the law relating to meetings, they were all presided by the chairman. In cases of her absence the members elected one of them to preside over the meeting.

The Fund is a semi-autonomous entity being managed by the Fund Administrator. Currently, the management of the Fund is composed of officers from the existing workforce of the county government.

The process of appointment and removal of trustees, roles and functions of the Board and their remuneration are clearly stated in the Migori County Ward Development Fund Act of 2014.

Since its inception, the fund has held at least one training session in every year. Furthermore, upon the conclusion of every national election cycle, members of the county assembly are inducted on their roles pertaining the implementation of the Fund's mandate. This has gone a long way in enabling them offer better services to the public and more so for the members of the county assembly to participate more during the budgeting process to ensure the provisions of the Migori County Ward Development Fund Act are fully adhered to.

The remuneration of the board members is strictly as provided for in the Fund's founding Policy. The board rarely experiences instances of conflict of interest and whenever such arise, members have always been advised to openly declare their interests and the eventual exclusion from participating during the discussion of the subject matter they may have interest in.

Finally, the Fund has always endeavoured to conduct its activities in a fair, transparent and ethical manner. The books of accounts are prepared annually and subject to the statutory external audit by the Office of the Auditor General.

8. Management Discussion and Analysis

The Migori County Ward Development Fund is specifically for financially disadvantaged or needy students including persons with disabilities from Migori County admitted at various recognised educational institutions. The management of the Fund shall be vested in a management Board consisting of

- 1) Chairperson appointed by the Governor
- 2) One officer representing the County department for the time being responsible for Finance.
- 3) One officer representing the County department for the time being responsible for Education
- 4) Two members representing the community and civil society.

The Ward Bursary Committees are charged with the responsibility of vetting applicants and identifying beneficiaries using a set out criteria. A student wishing to receive a bursary from the fund shall make an application to the relevant committee in a prescribed form.

The committee shall consider all applicants submitted in accordance with the criteria set and may accordingly accept or reject any application for the bursary. Where it accepts the application, the committee shall recommend to the County Ward Development Fund Committee, the grant of a bursary to the relevant qualified student. The criteria for granting a bursary from the Fund shall be in accordance with the regulations set out in the Act. The secretary of ward bursary committee who is also the ward administrator has the responsibility of disbursing of cheques to the schools where the beneficiaries are schooling. The bursary award mainly covers part of tuition fees.

The strategic objectives of the Fund are set out in the Migori County Ward Development Fund Act of 2014.

The Fund has complied with the statutory requirements key among them being the Public Finance Management Act and the Public Audit Act. The fund does not have any arrears as regards statutory or financial obligations at the time of reporting

9. Environmental and Sustainability Reporting

The Migori County Education Support Fund 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 the following pillars:

1. Sustainability strategy and profile

The fund is firmly established in the county statutes which guide its daily operations. The synergy and pool of experience from the members of the board has always ensured that the Fund's decisions are above board.

The Fund's management has always maintained an open-door policy where consultations with key stakeholders, actors and beneficiaries have ensured minimal conflicts when implementing its mandate.

The greatest achievement during its existence has been enabling bright and needy students to access quality education through provision of bursaries. The prevailing poverty/low-income levels within the county and the country at large makes the continuity of the Fund even more relevant.

2. Environmental performance

The policy envisages the legislation of an Act to give the Fund the mandate to commit funds towards environmental activities. The Fund has sought to engage with the county department of Environment to explore avenues of cooperation to achieve this mandate. It is the management's expectation that in the subsequent year, the Fund shall play a key role towards environmental sustainability.

3. Employee welfare

The staff and members of the Fund are majorly employees of the County Government of Migori and as such, all the welfare aspects are as expected for all other county employees. The Fund however pays some allowances as provided in the Policy, whenever the employees are engaged in matters exclusive to the Fund.

4. Market place practices-

a) Responsible competition practice.

The Fund is established on the grounds of fair competition. During the vetting of bursary applications, for example, the ward committees invite all interested members of the public to attend and participate. Notices for the same are issued in advance and circulated widely under the supervision of the Fund's management. The respective members of the county assembly play a critical role in mobilising the residents which gives the exercise the requisite political goodwill.

b) Responsible Supply chain and supplier relations.

The Fund does not have independent procurement offices. As such, all the supply chain functions are carried out by the County Government's Supply Chain Directorate. The Fund has witnessed minimal complaints from suppliers in terms of contract awards or delayed payments and the management has always endeavoured to handle such in a professional way in liaison with the respective directorates.

c) Responsible marketing and advertisement

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The Fund, being a government entity does not engage in any marketing or advertisement activities.

d) **Product stewardship**

Being a public service provider, the Fund ensures that the citizens' interests are prioritised whenever carrying out its mandate. All stakeholders have been inducted and are aware of their rights within the provisions of the Policy.

5. Community Engagements

The Fund did not carry out any CSR activities during the year under review. It is the management's vision to engage with the county department of sports to carry out this activity as mandated in law.

10. Report of the Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide bursary to needy and vulnerable students in Migori County

Results

The performance of the Fund for the year ended June 30, 2023, are set out on page 1.

Trustees

The members of the Board of Trustee / Administration committee who served during the year are shown on page v.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Migori County Ward Development Fund

Sign:



Name: **HON. RAHAB ROBI**

Chair of the County Ward Development Fund Committee

Date: 29TH SEPTEMBER, 2023.

Migori County Ward Development Fund
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11. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

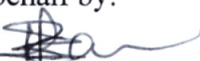
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) 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 Fund; (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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2023, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate 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

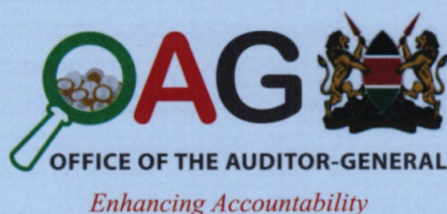
The Fund’s financial statements were approved by the Board on 29th September 2023 and signed on its behalf by:


.....

Administrator of the Migori County Ward Development Fund

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON MIGORI COUNTY WARD DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for intended purpose.
- 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, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

Opinion

I have audited the accompanying financial statements of Migori County Ward Development Fund set out on pages 1 to 37, which comprise of the statement financial position as at 30 June, 2023, 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, the financial statements present fairly, in all material respects, the financial position of the Migori County Ward Development Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Migori County Ward Development Fund Act, 2014 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Migori County Ward Development Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to communicate in my report.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amount indicated that the Fund spent an amount of Kshs.115,373,968 out of the approved revenue budget of Kshs.120,017,424 resulting in an under-expenditure of Kshs.4,643,456 or 4% of the budget.

In the circumstances, the under-absorption may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Report on Lawfulness and Effectiveness in the Use of Public Resources, 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. Underfunding of the Ward Fund

The statement of receipts and payments reflects transfers from County Government amount of Kshs.120,000,004 as disclosed in Note 2 to the financial statements. Review of documents revealed that the County Executive had an annual approved budget allocation of Kshs.10,356,987,740 implying that the Fund ought to have received exchequer disbursements of Kshs.1,035,698,774, being ten percent (10%) of the total budget as prescribed by Section 4 (2) (a) of the Migori County Ward Development Fund Act, 2014 which requires that not less than ten percent of the annual budget of the Migori County to be transferred to the Fund.

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

2. Failure to Adhere to Fiscal Responsibility Principle

The statement of financial performance reflects administrative expenses amount of Kshs.7,999,587 as disclosed in Note 7 to the financial statements representing 7% of total revenue amount of Kshs.120,017,424. This is contrary to Regulation 197(d) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the administration costs of a County Fund shall be a maximum of three percent (3%) of the approved budgets of the Fund

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

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the 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.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the sustainability of services basis of accounting unless Management is aware of the intention to terminate the Fund or 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 are in compliance 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit

report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

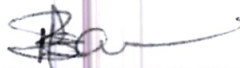
20 December, 2023

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023


13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2022/2023 | 2021/2022 |
|---|------|--------------------|------------------|
| | | KShs | KShs |
| Revenue from non-exchange transactions | | | |
| Public contributions and donations | | 0 | 0 |
| Transfers from the County Government | 2 | 120,000,004 | 7,575,125 |
| Fines, penalties and other levies | 3 | 15,000 | 0 |
| Revenue from exchange transactions | | | |
| Interest income | 4 | 2,420 | 0 |
| Other income | | 0 | 0 |
| Total revenue | | 120,017,424 | 7,575,125 |
| Expenses | | | |
| Fund administration expenses | 8 | 7,999,587 | 7,607,000 |
| Bursary disbursement | 6 | 107,326,212 | 0 |
| Ward bursary | | 0 | 0 |
| Finance costs | 10 | 48,169 | 3,699 |
| Community ECDE project | | 0 | 0 |
| Total expenses | | 115,373,968 | 7,610,699 |
| Other gains/losses | | | |
| Gain/loss on disposal of assets | | 0 | 0 |
| Surplus/(deficit)for the year | | 4,643,456 | (35,574) |

The notes set out on pages 8-37 form an integral part of these Financial Statements.



Name: Erastus Karani
Administrator of the Fund



Name: Caleb Odhiambo Ouma
Fund Accountant
ICPAK Member Number:

Migori County Ward Development Fund

Annual Report and Financial Statements for the year ended June 30, 2023

14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

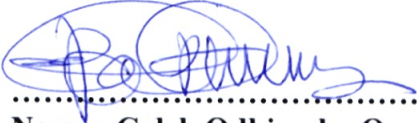
| | Note | 2022/2023 | 2021/2022 |
|--|------|------------------|------------|
| | | KShs | KShs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 12 | 4,643,882 | 426 |
| Current portion of long- term receivables from exchange transactions | | | |
| Receivables from non-exchange transactions | | | |
| Prepayments | | | |
| Inventories | | | |
| | | | |
| Non-current assets | | | |
| Long term receivables from exchange transactions | | | |
| Property, plant and equipment | | | |
| Intangible assets | | | |
| | | | |
| Total assets | | 4,643,882 | 426 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | | | |
| Provisions | | | |
| Current portion of borrowings | | | |
| Employee benefit obligations | | | |
| | | | |
| Non-current liabilities | | | |
| Long term portion of borrowings | | | |
| Non-current employee benefit obligation | | | |
| | | | |
| Total liabilities | | | |
| | | | |
| Net assets | | | |
| Revolving Fund | | | |
| Reserves | | | |
| Accumulated surplus | | 4,643,882 | 426 |
| Total net assets and liabilities | | 4,643,882 | 426 |

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29/09/ 2023 and signed by:



.....
Name: Erastus Karani
Administrator of the Fund



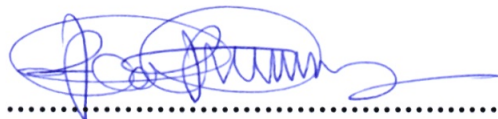
.....
Name: Caleb Odhiambo Ouma
Fund Accountant
ICPAK Member Number:

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2023

| | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total |
|-----------------------------------|---------------------------|--------------------------------|--------------------------------|------------------|
| | | KShs | KShs | KShs |
| Balance as at 1 July 2021 | | | 36,000 | 36,000 |
| Surplus/(deficit) for the period | | | (35,574) | (35,574) |
| Funds received during the year | | | 7,575,125 | 7,575,125 |
| Revaluation gain | | | - | - |
| Balance as at 30 June 2022 | | | 426 | 426 |
| Balance as at 1 July 2022 | | | 426 | 426 |
| Surplus/(deficit) for the period | | | 4,643,456 | 4,643,456 |
| Funds received during the year | | | - | - |
| Revaluation gain | | | - | - |
| Balance as at 30 June 2023 | | | 4,643,882 | 4,643,882 |



.....
Name: Erastus Karani
Administrator of the Fund



.....
Name: Caleb Odhiambo Ouma
Fund Accountant
ICPAK Member Number:

**Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2022/2023 | 2021/2022 |
|--|------|--------------------|------------------|
| | | KShs | KShs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Public contributions and donations | | 0 | 0 |
| Transfers from the County Government | 2 | 120,000,004 | 7,575,125 |
| Interest received | 4 | 2,420 | 0 |
| Receipts from other operating activities | 3 | 15,000 | 0 |
| Total Receipts | | 120,017,424 | 7,575,125 |
| Payments | | | |
| Fund administration expenses | 8 | 7,999,587 | 7,607,000 |
| Bursary disbursement | 6 | 107,326,212 | 0 |
| Finance cost | 10 | 48,169 | 3,699 |
| Total Payments | | 115,373,968 | 7,610,699 |
| Net cash flows from operating activities | | 4,643,456 | (35,574) |
| Cash flows from investing activities | | - | - |
| Purchase of property, plant, equipment and intangible assets | | - | - |
| Proceeds from sale of property, plant and equipment | | - | - |
| Proceeds from loan principal repayments | | - | - |
| Loan disbursements paid out | | - | - |
| Net cash flows used in investing activities | | - | - |
| Cash flows from financing activities | | - | - |
| Proceeds from revolving fund receipts | | - | - |
| Additional borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Net cash flows used in financing activities | | - | - |
| Net increase/(decrease) in cash and cash equivalents | | 4,643,456 | (35,574) |
| Cash and cash equivalents B/F | 12 | 426 | 36,000 |
| Cash and cash equivalents at end of the year. | 12 | 4,643,882 | 426 |



.....
Name: Erastus Karani
Administrator of the Fund



.....
Name: Caleb Odhiambo Ouma
Fund Accountant
ICPAK Member Number:

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

| | Original budget | Adjustments | Final budget | Actual on comparable basis | % utilization |
|---------------------------------------|--------------------|---------------|--------------------|----------------------------|---------------|
| | 2023 | 2023 | 2023 | 2023 | 2023 |
| | KShs | KShs | KShs | KShs | |
| Revenue | | | | | |
| Transfers from County Govt. | 120,000,000 | 0 | 120,000,000 | 120,000,004 | 100 |
| Interest income | - | 2,420 | 2,420 | 2,420 | 100 |
| Other income | - | 15,000 | 15,000 | 15,000 | 100 |
| Total income | 120,000,000 | 17,420 | 120,017,420 | 120,017,424 | 100 |
| Expenses | | | | | |
| Fund administration expenses | 7,950,000 | 0 | 7,950,000 | 7,999,587 | 100 |
| Bursary | 112,000,000 | - | 112,000,000 | 107,326,212 | 96 |
| Finance cost | 50,000 | 0 | 50,000 | 48,169 | 12.3 |
| Total expenditure | 120,000,000 | 0 | 120,000,000 | 115,373,968 | 96 |
| Surplus/Deficit for the period | | | | 4,643,456 | |

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

18. Notes to the Financial Statements

1. General Information

The Migori County Education Support Fund is established by and derives its authority and accountability from The Migori County Education Support Policy. The entity is wholly owned by the Migori County Government and is domiciled in Kenya. The entity's principal activity is provision of bursaries to bright and needy students.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

| Standard | Effective date and impact: |
|---|--|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; <p>and</p> |

**Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

| Standard | Effective date and impact: |
|--|--|
| | (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | <p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> |
| Other improvements to IPSAS | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> |
| IPSAS 43 | <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</p> |

Migori County Ward Development Fund

Annual Report and Financial Statements for the year ended June 30, 2023

| Standard | Effective date and impact: |
|--|--|
| | <p>basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></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> |

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2023.

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

1. 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 entity and can be measured reliably.

ii. Revenue from exchange transactions

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.

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 30th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Ksh. 17,420 on the FY 2022-2023 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on 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

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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 17 of these financial statements.

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) 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.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or identity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

e) 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:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

f) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

Contingent assets

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

g) Nature and purpose of reserves

The Fund does not create nor maintain reserves in terms of specific requirements.

h) Changes in accounting policies and estimates

The entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

i) Employee benefits– Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

j) 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.

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

k) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

l) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

l) Cash and cash equivalents

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

m) Comparative figures

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

n) Events after the reporting period

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

o) Ultimate and Holding Entity

The entity is a County Public Fund established by The Migori County Education Support Policy under the Ministry of Education. Its ultimate parent is the County Government of Migori.

p) Currency

The financial statements are presented in Kenya Shillings (Kshs).

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made.

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note -.

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.

Migori County Ward Development Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes to the Financial Statements

1. Public contributions and donations

| Description | 2022-2023 | 2021-2022 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Donation From Development Partners | - | - |
| Contributions From The Public | - | - |
| Total | - | - |

2. Transfers from County Government

| Description | 2022/2023 | 2021/2022 |
|--|--------------------|------------------|
| | KShs | KShs |
| Transfers from County Govt. – operations | 120,000,004 | 7,575,125 |
| Total | 120,000,004 | 7,575,125 |

3. Fines, penalties and other levies

| Description | 2022-2023 | 2021-2022 |
|------------------------|---------------|-----------|
| | Kshs | Kshs |
| Late Payment Penalties | 15,000 | - |
| Total | 15,000 | - |

4. Interest income

| Description | 2022-2023 | 2021-2022 |
|----------------------------------|--------------|-----------|
| | Kshs | Kshs |
| Interest Income On Bank Deposits | 2,420 | - |
| Total Interest Income | 2,420 | - |

5. Other income

| Description | 2022-2023 | 2021-2022 |
|--------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Insurance Recoveries | - | - |
| Income From Sale Of Tender Documents | - | - |
| Miscellaneous Income | - | - |
| Total Other Income | - | - |

Migori County Ward Development Fund

Annual Report and Financial Statements for the year ended June 30, 2023

6. Bursary Disbursement

| Description | 2022-2023 | 2021-2022 |
|----------------------|--------------------|------------------|
| | Kshs | Kshs |
| Bursary disbursement | 107,236,212 | - |
| Total | 107,236,212 | - |

7. Employee Costs

| Description | 2022-2023 | 2021-2022 |
|------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Salaries And Wages | - | - |
| Staff Gratuity | - | - |
| Staff Training Expenses | - | - |
| Social Security Contribution | - | - |
| Total | - | - |

8. Use of Goods and Services

| Description | 2022/23 | 2021/22 |
|-------------------------|------------------|------------------|
| | Kshs. | Kshs. |
| General Office Expenses | 7,999,587 | 7,607,000 |
| Total | 7,999,587 | 7,607,000 |

9. Depreciation and Amortization Expense

| Description | 2022/23 | 2021/22 |
|------------------------------|----------------|----------------|
| | Kshs. | Kshs. |
| Property Plant and Equipment | - | - |
| Intangible Assets | - | - |
| Total | - | - |

10. Finance costs

| Description | 2022/2023 | 2021/2022 |
|--------------------|------------------|------------------|
| | KShs | KShs |
| Bank charges | 48,169 | 3,669 |
| Total | 48,169 | 3,669 |

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11. Gain/(loss) on disposal of assets

| Description | 2022-2023 | 2021-2022 |
|-------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Property, Plant And Equipment | - | - |
| Intangible Assets | - | - |
| Total | - | - |

12. Cash and cash equivalents

| Description | 2022-2023 | 2021-2022 |
|--|------------------|------------|
| | Kshs | Kshs |
| Current Account | 4,643,882 | 426 |
| Total Cash And Cash Equivalents | 4,643,882 | 426 |

Detailed analysis of the cash and cash equivalents are as follows:

| | | 2022/2023 | 2021/2022 |
|----------------------------------|----------------|------------------|------------|
| Financial institution | Account number | KShs | KShs |
| a) Fixed deposits account | | | |
| Kenya Commercial bank | | - | - |
| Sub- total | | | |
| b) On - call deposits | | | |
| Kenya Commercial bank | | - | - |
| Sub- total | | | |
| c) Current account | 1154700062 | 4,643,882 | 426 |
| Kenya Commercial bank | | - | - |
| Bank B | | - | - |
| Sub- total | | - | - |
| d) Others(specify) | | - | - |
| Cash in transit | | - | - |
| Cash in hand | | - | - |
| Mobile Money | | - | - |
| Sub- total | | | |
| Grand total | | 4,643,882 | 426 |

13. Receivables from exchange transactions

| Description | 2022-2023 | 2021-2022 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Current Receivables | | |
| Interest Receivable | - | - |
| Current Loan Repayments Due | - | - |
| Less: Impairment Allowance | - | - |
| Total Current Receivables | | |
| Non-Current Receivables | | |
| Long Term Loan Repayments Due | - | - |
| Total Non- Current Receivables | - | - |
| Total Receivables From Exchange Transactions | - | - |

Additional disclosure on interest receivable

| Description | 2022-2023 | 2021-2022 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Interest Receivable | 0 | 0 |
| Current loan repayments due | 0 | 0 |

14. Prepayments

| Description | 2022-2023 | 2021-2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Prepaid Rent, insurance, electricity.... | 0 | 0 |
| Total | 0 | 0 |

15. Inventories

| Description | 2022-2023 | 2021-2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Consumable Stores | - | - |
| Spare Parts And Meters | - | - |
| Catering | - | - |
| Total Inventories At The Lower Of Cost And Net Realizable Value | - | - |

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Notes to the Financial Statements (Continued)

16. Property, plant and equipment

| Description | Land and Buildings | Motor vehicles | Furniture and fittings | Computers and office equipment | Total |
|------------------------------------|---------------------------|-----------------------|-------------------------------|---------------------------------------|--------------|
| Cost | Kshs | Kshs | Kshs | Kshs | Kshs |
| At 1 st July 2021 | - | - | - | - | - |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| At 30 th June 2022 | - | - | - | - | - |
| At 1 st July 2022 | - | - | - | - | - |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| At 30 th June 2023 | - | - | - | - | - |
| Depreciation And Impairment | - | - | - | - | - |
| At 1 st July 2021 | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| At 30 th June 2022 | - | - | - | - | - |
| At 1 st July 2022 | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| At 30 th June 2023 | - | - | - | - | - |
| Net Book Values | - | - | - | - | - |
| At 30 th June 2022 | - | - | - | - | - |
| At 30 th June 2023 | - | - | - | - | - |

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Notes to the Financial Statements (Continued)

17. Intangible assets

| Description | 2022-2023 | 2021-2022 |
|------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Cost | | |
| At Beginning Of The Year | - | - |
| Additions | - | - |
| At End Of The Year | - | - |
| Amortization And Impairment | | |
| At Beginning Of The Year | - | - |
| Amortization | - | - |
| At End Of The Year | - | - |
| Impairment Loss | - | - |
| At End Of The Year | - | - |
| NBV | - | - |

18. Trade and other payables from exchange transactions

| Description | 2022-2023 | 2021-2022 |
|---------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Trade Payables | - | - |
| Refundable Deposits | - | - |
| Accrued Expenses | - | - |
| Other Payables | - | - |
| Total Trade And Other Payables | - | - |

19. Provisions

| Description | Leave provision | Bonus provision | Other provision | Total |
|--|------------------------|------------------------|------------------------|--------------|
| | Kshs | Kshs | Kshs | Kshs |
| Balance At The Beginning Of The Year (1.07.2022) | - | - | - | - |
| Additional Provisions | - | - | - | - |
| Provision Utilised | - | - | - | - |
| Change Due To Discount And Time Value For Money | - | - | - | - |
| Transfers From Non -Current Provisions | - | - | - | - |
| Balance At The End Of The Year (30.06.2023) | - | - | - | - |

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Notes to the Financial Statements (Continued)

20. Borrowings

| Description | 2022-2023 | 2021-2022 |
|---|------------------|------------------|
| | Kshs | Kshs |
| Balance At Beginning of The Period | - | - |
| External Borrowings During the Year | - | - |
| Domestic Borrowings During the Year | - | - |
| Repayments Of External Borrowings During the Period | - | - |
| Repayments Of Domestic Borrowings During the Period | - | - |
| Balance At End of The Period | - | - |

The table below shows the classification of borrowings into external and domestic borrowings:

| Description | 2022-2023 | 2021-2022 |
|---|------------------|------------------|
| | Kshs | Kshs |
| External Borrowings | | |
| Dollar Denominated Loan From 'X Organisation' | - | - |
| Sterling Pound Denominated Loan From 'Y Organisation' | - | - |
| Euro Denominated Loan from Z Organisation' | - | - |
| Domestic Borrowings | - | - |
| Kenya Shilling Loan From KCB | - | - |
| Kenya Shilling Loan from Barclays Bank | - | - |
| Kenya Shilling Loan from Consolidated Bank | - | - |
| Borrowings From Other Government Institutions | - | - |
| Total Balance at End Of The Year | - | - |

The table below shows the classification of borrowings long-term and current borrowings:

| Description | 2022-2023 | 2021-2022 |
|---|------------------|------------------|
| | Kshs | Kshs |
| Short Term Borrowings (Current Portion) | - | - |
| Long Term Borrowings | - | - |
| Total | - | - |

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Notes to the Financial Statements (Continued)

21. Employee benefit obligations

| Description | Defined benefit plan | Post-employment medical benefits | Other Provisions | 2022-2023 | 2021-2022 |
|--------------------------------|----------------------|----------------------------------|------------------|-----------|-----------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Current Benefit Obligation | -- | - | - | - | - |
| Non-Current Benefit Obligation | - | - | - | - | - |
| Total | - | - | - | - | - |

22. Cash generated from operations

| | 2022-2023 | 2021-2022 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Surplus/ (Deficit) For the Year Before Tax | - | - |
| Adjusted For: | - | - |
| Depreciation | - | - |
| Amortisation | - | - |
| Gains/ Losses On Disposal Of Assets | - | - |
| Interest Income | - | - |
| Finance Cost | - | - |
| Working Capital Adjustments | - | - |
| Increase In Inventory | - | - |
| Increase In Receivables | - | - |
| Increase In Payables | - | - |
| Net Cash Flow From Operating Activities | - | - |

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

23. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;

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- b) The Parent County Government Ministry;
c) Key management;
d) Board of Trustees etc

b) Related party transactions

| | 2022-2023 | 2021-2022 |
|---------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Transfers From Related Parties' | - | - |
| Transfers To Related Parties | - | - |

c) Key management remuneration

| | 2022-2023 | 2021-2022 |
|-----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Board Of Trustees | - | - |
| Key Management Compensation | - | - |
| Total | - | - |

d) Due from related parties

| | 2022-2023 | 2021-2022 |
|----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Due From Parent Ministry | - | - |
| Due From County Government | - | - |
| Total | - | - |

e) Due to related parties

| | 2022-2023 | 2021-2022 |
|---------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Due To Parent Ministry | - | - |
| Due To County Government | - | - |
| Due To Key Management Personnel | - | - |
| Total | - | - |

24. Contingent assets and contingent liabilities

| Contingent Liabilities | 2022-2023 | 2021-2022 |
|------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Bank Guarantees, Court cases | - | - |
| Total | - | - |

25. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund'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 Fund 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 Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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

| | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|------------------------|------------------------------|--------------------------------------|------------------------------|--------------------------|
| At 30 June 2022 | | | | |
| Bank Balances | 4,643,882 | 4,643,882 | - | - |
| Total | 4,643,882 | 4,643,882 | - | - |
| At 30 June 2021 | | | | |
| Bank Balances | 426 | 426 | - | - |
| Total | 426 | 426 | - | - |

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from NIL

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The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund 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.

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|--------------------------|---------------------------|----------------------|--------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2023 | | | | |
| Trade Payables | - | - | - | - |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2022 | - | - | - | - |
| Trade Payables | - | - | - | - |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | - | - | - | - |

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| | | Other currencies | Total |
|--|-------------|-------------------------|--------------|
| | Kshs | Kshs | Kshs |
| At 30 June 2022 | | | |
| Financial Assets | - | - | - |
| Investments | - | - | - |
| Cash | - | - | - |
| Debtors/ Receivables | - | - | - |
| Liabilities | - | - | - |
| Trade And Other Payables | - | - | - |
| Borrowings | - | - | - |
| Net Foreign Currency Asset/(Liability) | - | - | - |

The Fund 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.

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance 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.

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| | Change in currency rate | Effect on surplus/ deficit | Effect on Equity |
|-------------|------------------------------------|---------------------------------------|-----------------------------|
| | Kshs | Kshs | Kshs |
| 2022 | | | |
| Euro | 10% | 4,643,882 | - |
| USD | 10% | 4,643,882 | - |
| 2021 | | | |
| Euro | 10% | 426 | - |
| USD | 10% | 426 | - |

ii. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund'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 Fund 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 percentage point as a decrease/increase of KShs - (2023: KShs -). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs - (2022 - KShs -)

d) Capital risk management

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

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| | 2022-2023 | 2021-2022 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Accumulated surplus | 4,643,882 | 426 |
| Total funds | 4,643,882 | 426 |
| Total borrowings | | - |
| Less: cash and bank balances | 4,643,882 | 426 |
| Net debt/ (excess cash and cash equivalents) | - | - |
| Gearing | - | - |

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19. Progress on Follow up of Prior Year Auditor's Recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|--|--|--|---|
| 1.0 | Budgetary Control and Performance | <i>The management has amended the Act to ensure that bursary funds are separated from the community funds that has always resulted to imbalance performance</i> | Resolved | N/A |
| 2.0 | Underfunding of the fund | <i>The management has amended the Act to ensure that bursary funds are separated from the community funds that has always resulted to underfunding</i> | Resolved | N/A |
| 3.0 | Unbalanced fund Budget | <i>The surplus was a result of failure to indicate an amount of Kshs 766,612,604 meant for community projects in the Statement. This would have resulted in a balanced budget.</i> | Resolved | N/A |


Signed by Fund Administrator