

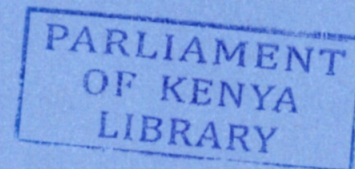
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

**TANA RIVER COUNTY WARD
BURSARY FUND**

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

PAPERS LAID	
DATE	7/3/24
TABLED BY	Sml
COMMITTEE	
CLERK AT THE TABLE	Chmp

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OFFICE OF THE AUDITOR GENERAL
P.O. Box 81543, MOMBASA
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TANA RIVER COUNTY WARD BURSARY 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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Tana river county ward bursary fund
Annual Report and Financial Statements for the year ended June 30, 2023

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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

Tana river county ward bursary fund
Annual Report and Financial Statements for the year ended June 30, 2023

2. Key Entity Information and Management

a) Background information

Tana river county ward bursary Fund is established by and derives its authority and accountability from the Act of 2014 revised in 2018. The Fund is wholly owned by the County Government of Tana River and is domiciled in Kenya.

The Fund's objective is to cushion households from the impact of poverty by increasing access, retention and completion rates of secondary, universities, middle level and tertiary institutions to bonafide students of Tana River County.

The Fund's principal activity is to disburse bursary funds to qualified needy students.

b) Principal Activities

The principal activity includes receiving funds from the County Executive, disbursing the funds to needy students while observing sound financial management practices.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Mr Gabriel Makevo Mwewe	Chairperson
2	Mrs Fakhar Swadiki Omar	Board member
3	Mrs Miriam Ihugo Wangui	Board member
4	Mr Dhadha Abdullahi Ijema	Board member
5	Mr Aden Mohamed Abdi	Board member
6	Mrs Bona Fatuma Gafo	Chief officer education and vocational training
7	Mrs Zena Hashora Mahanga	Fund Administrator

d) Key Management

Ref	Name	Position
1	Mrs Bona Fatuma Gafo	Chief officer education and vocational training
2	Mrs Zena Hashora Mahanga	Fund administrator
3	Mr Gabriel Makevo Mwewe	Chairperson

e) Registered Offices

P.O. Box 29 - 70101
Office of the Governor
Hola, KENYA

f) Fund Contacts

Telephone: (254) 707330393
E-mail: zenamahanga@gmail.com
Website: <http://www.tanariver.go.ke>

g) Fund Bankers

1. Kenya Commercial Bank
P.O.BOX 100 - 70101
Hola.
Kenya.


h) Independent Auditors


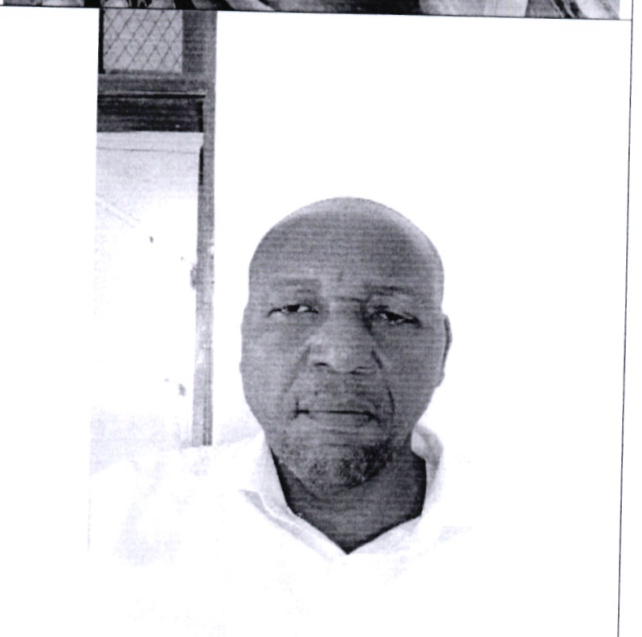
Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

i) Principal Legal Adviser

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

3. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)

NAME	ACADEMIC QUALIFICATIONS AND EXPERIENCE	PHOTO
<p>MRS. ZENA HASHORA MAHANGA Fund Administrator</p>	<ul style="list-style-type: none"> ➤ She holds an MBA finance option from JKUAT ➤ Holds a Bachelor degree in commerce (B.com) accounting option from Technical University of Mombasa 2015. ➤ CPA finalist ➤ A member of ICPAK. M/No. 24941 ➤ CIFA section 4. ➤ Currently working as the Bursary Fund Administrator. <p>Since 2017 she has been working as a co-operative auditor with Tana River County Government and previously worked as an accounts clerk with KRA, KPA, NCPWD, Agricultural food Authority.</p>	

<p>MRS. BONA FATUMA GAFO C.O Education & Vocational training.</p>	<ul style="list-style-type: none"> ➤ She holds a Bachelor Degree in Early Childhood Development Education from Mount Kenya University 2014. ➤ She has a Diploma in Early Childhood Development Education ECDE from KNEC. ➤ She has trained as a P1 Teacher from Shanzu Teachers Training College 1997. ➤ Since 2018 she is the Chief Officer Education and Vocational Training Department. <p>She has worked as a teacher for over nine (9) years.</p>	
<p>MR. GABRIEL MAKEVO MWEWE AG. CHAIRPERSON</p>	<ul style="list-style-type: none"> ➤ He has a Bachelor Degree in Education from University of Nairobi (2005), a Diploma in education Management from Kenya Management Institute (2013). ➤ He is the principal of Galole Model Secondary School. 	

**MRS. FAKHAR
 SWADIKI OMAR
 BOARD
 MEMBER**

- She has a Certificate in Primary Education (KCPE). 1990
- She has a Driving Licence
- She has worked as a food Monitor supported by Tana Delta Conservancy
- She was the Chairlady ZINDUKA and BAHARI Women Groups.



**MRS. MIRIAM
 IHUGO WANGUI
 BOARD
 MEMBER**

- She has a Certificate in Primary Education KCPE (1991).
- She has a Certificate in Computer applications from AMPLEX COMPUTER COLLEGE.
- She has worked as an Office Assistant Chewani Ward Office 2016 – 2017
- She served as The Treasurer Constituency Aids Control Committee (2007 -2013).



**Tana river county ward bursary fund
Annual Report and Financial Statements for the year ended June 30, 2023**

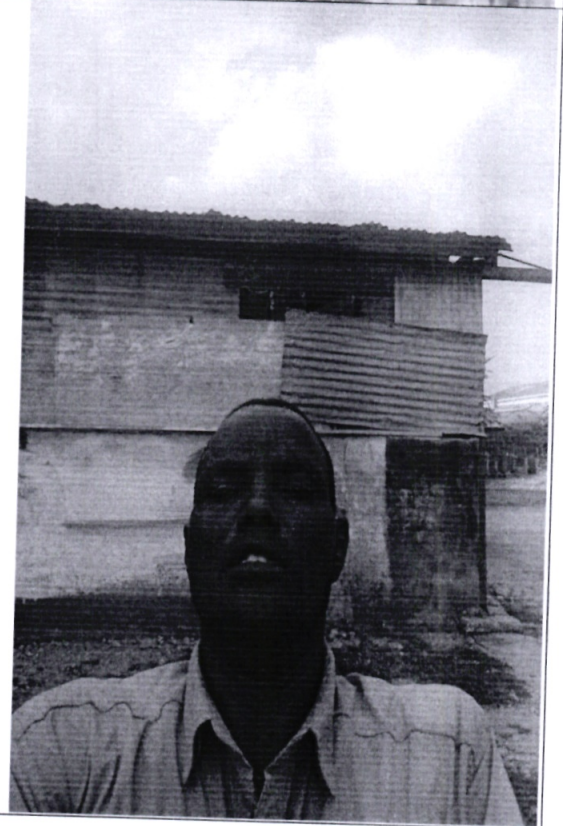
**MR. DHADHA
ABDULLAHI
IJEMA
BOARD
MEMBER**

- He has a Certificate in Secondary Education KCSE 1996.
- He holds a Certificate in Computer studies from Pasha training Centre Malindi.
- He has worked as a poll registration Clerk ECK 2006.
- He was a chairperson Bura Farmers Produce Society 2015.






**MR. ADEN
MOHAMED ABDI
BOARD
MEMBER**

- He holds a Diploma in Human Resource Management from GRE TSA UNIVERSITY 2017.
- He has worked with United Nations Mission as Receptionist, Communication officer & resettlement officer.



4. Management Team

NAME	ACADEMIC QUALIFICATIONS AND EXPERIENCE	PHOTO
MRS. ZENA HASHORA MAHANGA Fund Administrator	<ul style="list-style-type: none">➤ She holds an MBA finance option from JKUAT.➤ Holds a bachelor degree in commerce accounting option from Technical University of Mombasa 2015.➤ CPA finalist➤ A member of ICPAK. M/No. 24941➤ CIFA section 4.➤ Currently working as the Bursary Fund Administrator. <p>Since 2017 she has been working as a co-operative auditor with Tana River County Government and previously worked as an accounts clerk with KRA, NCPWD, Agricultural food Authority.</p>	 A black and white portrait of a woman wearing a white hijab and a patterned top. She is looking directly at the camera with a slight smile.

<p>MRS. BONA FATUMA GAFO C.O Education & Vocational training.</p>	<ul style="list-style-type: none"> ➤ She holds a Bachelor Degree in Early Childhood Development Education from Mount Kenya University 2014. ➤ She has a Diploma in Early Childhood Development Education ECDE from KNEC. ➤ She has trained as a P1 Teacher from Shanzu Teachers Training College 1997. ➤ Since 2018 she is the Chief Officer Education and Vocational Training Department. <p>She has worked as a Teacher for over nine (9) years.</p>	
<p>MR. GABRIEL MAKEVO MWEWE AG. CHAIRPERSON</p>	<ul style="list-style-type: none"> ➤ He has a Bachelor Degree in Education from University of Nairobi (2005), a Diploma in education Management from Kenya Management Institute (2013). ➤ He is the principal of Galole Model Secondary School. 	

3. Board/Fund Chairperson's Report

The Tana River Bursary Fund came to existence after enactment of the Tana River Bursary Fund Act of 2014 which was revised in 2018. In the financial year **2022 - 2023** a total of **Kshs. 154,500,000** of which **Kshs-150,000,000** was allocated for disbursement to the wards of the county each ward being allocated **Kshs 10,000,000** and **Kshs 4,500,000** being Administrative Costs.

Aim of the Tana River Bursary Fund

1. To Increase access, retention and completion rate of students pursuing basic education.
2. To Provide opportunity for students pursuing further education and training of bright and needy students at various levels.

Structure of the Board

The Fund is administered by an executive Board known as the **Ward Bursary Fund Board** which is established by the Act and comprised of 8 members. The board is equally assisted by ward bursary committee established by the Act whose responsibilities include; receiving, vetting and approving of bursary applications and recommending deserving cases to the board. Refer to part VII section 16(1) of the Act.

Achievements:

In the year 2022/2023 financial year the board had the following achievements:

1. Improving PR with other partner's hence increasing number of beneficiaries in Tana River Sub-County (Galole NG-CDF and the wards under the patronage of the Waheshimiwa)
2. Training of Officials- This was aimed at improving performance.
3. Issuing bursaries to secondary school, middle level colleges, universities, driving schools and TVET institutions as shown in the table below.

BENEFICIARY STUDENTS' ANALYSIS

No	Ward	Secondary	Colleges	Universities	Total
1	Bangale	289	87	58	434
2	Chewani	1,312	221	114	1,647
3	Chewele	546	237	18	801
4	Garsen Central	691	37	77	805
5	Garsen North	964	256	183	1,403
6	Garsen South	872	297	152	1,321
7	Garsen West	1,146	177	123	1,446
8	Hirimani	521	83	23	627
9	Kinakomba	164	127	36	327
10	Kipini East	589	41	59	689
11	Kipini West	1,172	106	86	1,364
12	Madogo	551	63	97	711
13	Mikinduni	286	206	95	587
14	Sala	696	264	73	1,033
15	Wayu	255	93	47	395
	TOTAL	10,054	2,295	1,241	13,590

The total amount received is **KSHS 150,000,000** and the number of beneficiaries from the fifteen Wards is approximately **13,590**. On average each beneficiary received **KSHS 11,037**. Based on this analysis, the scholarship programme is important.

CHALLENGES:

1. High demand leading to low amount per beneficiary.
2. Delays in presentation of beneficiary lists and minutes from ward committee hence threatening administration costs.
3. High decency rate on bursary due to poverty and others calamities.
4. Inadequate administrative funds to visit the wards committees to assess operations.
5. Data on achievements made by beneficiaries of the fund is scanty.

Tana river county ward bursary fund
Annual Report and Financial Statements for the year ended June 30, 2023

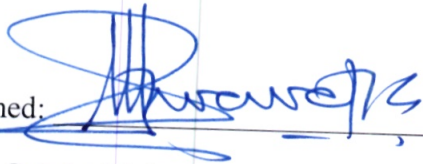
Solutions

1. Relevant stakeholders to push for the scholarship programme.
2. Set calendars of events, communicate to committees on time and adhere to deadline.
3. Stress on vetting.
4. Encourage achievers through the bursary to appreciate the assistance through provision of feedback.

Conclusion

In conclusion, if we all work to meet the aims of the fund as guided in the Act then the county will be able to meet its dreams of improving its human resources hence making it compete favourably with other counties.

Signed: _____



Mr. Gabriel Makevo

Tana River County Ward Bursary Fund Chairperson.

5. Report of The Fund Administrator

Background

The Tana River County Ward Bursary was established in the year 2014 through the enactment of the Tana River County Ward Bursary Fund act of 2014. The main objective of the board is to receive bursary funds as appropriated in the County approved budget estimates and disburse bursary funds as stipulated in the Act to enable our children to pursue further education especially the bright and needy.

The Fund is administered by an executive board known as the Ward Bursary Fund Board, which is established by the act and inaugurated into office on the 18th July 2018.

The fund administrator is in charge of the day to day running of the fund. The board is equally assisted in its work by ward bursary committee established under this act, in each ward whose responsibilities include receiving, vetting and approving of bursary application and recommending deserving cases to the board as per part vii section 16(1) of the Act.

Performance

The various wards disbursed Kshs. 149,562,490 for the two tranches as at 30th JUNE 2023 to needy students within the various wards in the County.

Challenges

In the course of our work, the board experienced a number of challenges like,

1. Emergency bursary beneficiary list, some without proper approvals from the ward bursary committees.
2. Cheques for corrections which most of the them do not have approvals from the bursary ward committees

Way forward.

1. The proposed regulation be discussed and approved by the county assembly to enable the operations of the board be more efficient.
2. All Cheques for corrections should be vetted and approved by their respective ward bursary committees so as to minimise the possibility of diversion of funds meant for other needy students.

Conclusion

On behalf of the board, I wish to take this earliest opportunity to thank all the members of the county assembly for their continued support in ensuring that the activities of issuance of bursary is running smoothly and that the students of Tana River County get the financial support they deserve as they pursue their education. Thank you

Signed: _____



CPA. Zena Hashora Mahanga

6. Statement of Performance Against the County Fund's Predetermined Objectives

Guidance

In the financial year **2022 - 2023** a total of **Kshs 154,500,000** was allocated for disbursement of which **Kshs. 150,000,000** was disbursed to the wards of the county each ward being allocated **Kshs 10,000,000** and **Kshs 4,500,000** being Administrative Costs.

There was an increase in access, retention and completion rate of students pursuing basic education, opportunities were provided for students pursuing further education and training of bright and needy students at various levels.

The fund was faced with some challenges such as

- the high demand leading to low amount per beneficiary,
- delays in presentation beneficiary lists from ward committee hence threatening administration costs.
- High decency rate on bursary due to poverty and others calamities.
- Lack of submission of the acknowledgement slips to the office for record keeping by the ward committees/managers
- High rate of cheque replacement from the wards making the administrative costs to rise

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.

The key development objectives of the Fund as per the strategic plan for the financial year 2022-2023 are to:

- a) To Increase access, retention and completion rate of students pursuing basic education.
- b) To Provide opportunity for students pursuing further education and training of bright and needy students at various levels

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Ward Bursary Fund	- To cushion households from the impact of poverty by increasing access,	- Increased disbursement of bursary funds to qualified needy students	% of students fees disbursement and the rate of retention in schools	In FY 22/23 we increased increasing access, retention and completion rates of

Tana river county ward bursary fund
Annual Report and Financial Statements for the year ended June 30, 2023

	<p>retention and completion rates of secondary, universities, middle level and tertiary institutions to bonafide students of Tana River County.</p> <p>- To disburse bursary funds to qualified needy students.</p>	<p>- Increased access, retention and completion rates of secondary, universities, middle level and tertiary institutions to bonafide students</p>		<p>secondary, universities, middle level and tertiary institutions to bonafide students</p>
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7. Corporate Governance Statement

Board meetings were held and the attendance to those meetings was generally good where board meeting allowance was provided to the board members.

Mrs Zena Hashora Mahanga who was the fund administrator went on a maternity leave and handed over to Mr Galgalo Jarso Jillo who was redesignated from co-operative auditor to bursary fund administrator on 17th Nov 2022. On 4th May 2023, Mr Galgalo Jarso Jillo ceased to be a fund administrator due to the lapse of Mrs Zena Mahanga's maternity leave and he handed over on 11th May 2023.

A member of the board may be removed from office on any of the following grounds:

- a. lack of integrity
- b. gross misconduct
- c. gross violation of the constitution or any statute
- d. physical incapacitation or mental infirmity
- e. pecuniary embarrassment
- f. failure to attend three consecutive meetings without apology

The roles and functions of the board are:

- i. ensure timely and efficient disbursement of funds to the schools of beneficiaries as approved by the ward bursary committee
- ii. ensure efficient management of the fund
- iii. perform such other duties assigned by the CEC for finance and planning with the approval of the county assembly

8. Management Discussion and Analysis

The bursary operations were run smoothly under the supervision of the fund administrator who was assisted by secretariate clerks for the fund activities so that proper records kept and to make work easier for efficient and effective operations.

There was accessibility and effectiveness of fee disbursement in enhancing equity in its allocation to the poor and vulnerable groups in the county.

The objectives were to: establish the structures put in place to ensure equitable distribution of the bursary fund according to laid down criteria and procedures by the bursary board, establishment of the number of students who have benefited and the number of deserving cases who have not benefited from the bursary allocation across socio-economic groupings, find out how long it takes to distribute the allocated funds to the needy and if they are sufficient and to recommend ways in which the bursary allocation could be improved to enhance equitable bursary allocation to the students secondary schools

9. 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 activities of the Fund are;

1. To cushion households from the impact of poverty by increasing access, retention and completion rates of secondary, universities, middle level and tertiary institutions by the children of Tana River County who are its future.
2. To mitigate children from effects of social – cultural factors like early marriages, pregnancies and female Genital Mutilation.

Results

The results of the Fund for the year ended June 30, 2023 are set out from page 7

Trustees

The members of the Ward Bursary Fund Board who served during the year are shown on page vii.

Mrs Zena Hashora Mahanga who was the fund administrator went on a maternity leave and handed over to Mr Galgalo Jarso Jillo who was redesignated from co-operative auditor to bursary fund administrator on 17th Nov 2022. On 4th May 2023, Mr Galgalo Jarso Jillo ceased to be a fund administrator due to the lapse of Mrs Zena Mahanga's maternity leave and he handed over on 11th May 2023.

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


Mr Gabriel Makevo

Chairman of the Board

Date: 5/12/2023

10. 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 established by *Tana River County Ward Bursary Fund Act 2014* 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 June 30, 2022. 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 Fund Administrator 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 and *Tana River Ward Bursary Fund Act 2014*. 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, 2020, 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 Funds' Administrator 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 5/12 2023 and signed on its behalf by:

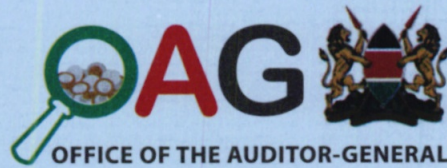
Sign



CPA. Zena Hashora Mahanga

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON TANA RIVER COUNTY WARD BURSARY 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 the 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

Qualified Opinion

I have audited the accompanying financial statements of Tana River County Ward Bursary Fund set out on pages 1 to 20, which comprise the statement of financial position

as at 30 June, 2023, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tana River County Ward Bursary Fund as at 30 June, 2023, and 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 the Tana River County Ward Bursary Fund Act 2014 revised 2018, Public Finance Management Act 2012 and County Government Act 2012.

Basis for Qualified Opinion

Unacknowledged Bursary Payments

The statement of financial performance and Note 3 to the financial statements reflects expenditure in respect of bursary payments totaling to Kshs.149,683,307 made to various schools and institutions as ward bursary funds disbursements. However, no acknowledgement letters or receipts were provided for audit verification. Further, the Management did not maintain a current and updated database of secondary schools, colleges and universities as registered by the Ministry of Education to ascertain whether the students awarded the bursary are in learning institutions registered by the Ministry of Education.

In the circumstances, the accuracy, completeness and authenticity of the bursary payments totalling to Kshs.149,683,307 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tana River County Ward Bursary 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 qualified opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

There were issues raised in the audit report for 2021/2022 financial year of which no report or recommendations from the Fund Management and oversight bodies were submitted for audit verification and clearance. Further, the issues remain unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require accounting officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit 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, except for the matter(s) described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Failure to Develop Enabling Regulations to the Act

Review of records revealed that the County Executive Committee Member in charge of Education, Vocational Training and Sports has not developed enabling regulations, policies and procedures that would enable proper implementation of the Act contrary to Section 9(1) of Tana River County Ward Bursary Fund Act, 2014. These Regulations will assist in the management, efficient utilization and accountability of ward bursary disbursements.

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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and 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 applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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 the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 control 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the

financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

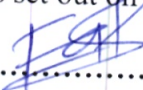
Nairobi


22 January, 2024

12. Statement of Financial Performance for the Year Ended 30th June 2023

	Note	2022/2023	2021/2022
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from the County Government	1	154,500,000.00	154,500,000.00
Total revenue		154,500,000.00	154,500,000.00
Expenses			
Fund administration expenses	2	4,243,580.00	5,631,945.00
Bursary payments	3	149,683,307.00	224,900,000.00
Staff training expenses	4	29,200.00	249,183.00
General expenses	5	200,631.00	149,618.00
Total expenses		154,156,718.00	230,930,746.00
Other gains/losses			
Gain/loss on disposal of assets			
Surplus/(deficit) for the period		343,282.00	- 76,430,746.00

The notes set out on pages 6 to 19 form an integral part of these Financial Statements


.....
Name: Bona Fatuma Gafo
Chief Officer – Education and Vocational
Training


.....
Name: Zena Hashora Mahanga
Fund Administrator

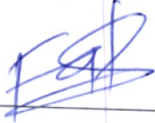
ICPAK Member Number: 24941

Tana river county ward bursary fund
Annual Report and Financial Statements for the year ended June 30, 2023

13. Statement of Financial Position As at 30 June 2023

	Note	2022/2023	2021/2022
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	6	464,099.00	120,817.30
Total assets		464,099.00	120,817.30
Liabilities			
Trade and other payables			
Net assets		464,099.00	120,817.30
Revolving Fund			
Reserves			
Accumulated surplus		464,099.00	120,817.30
Total net assets and liabilities		464,099.00	120,817.30

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 5/12/2023 and signed by:



Chief Officer – Education and Vocational Training
 Name: Bona Fatuma Gafo



Fund Administrator
 Name: CPA. Zena Mahanga

Tana river county ward bursary fund
Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement Of Changes in Net Assets for the year ended 30th June 2023

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2021	-	-	76,551,563	76,551,563
Surplus/(deficit) for the period		-	- 76,430,746	- 76,430,746
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	-	-	120,817	120,817
Balance as at 1 July 2022	-	-	120,817	120,817
Surplus/(deficit) for the period		-	343,282	343,282
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30th June 2023	-	-	464,099	464,099

15. Statement of Cash Flows for The Year Ended 30 June 2023

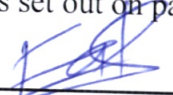
	Note	2022/2023	2021/2022
		KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	154,500,000	154,500,000
Total Receipts		154,500,000	154,500,000
Payments			
Fund administration expenses	2	4,243,580	5,631,945
Bursary payments	3	149,683,307	224,900,000
Staff costs	4	29,200	249,183
General expenses	5	200,631	149,618
		154,156,718	230,930,746
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)		-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)		-	-
Net cash flows from operating activities		343,282	- 76,430,746
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		343,282	- 76,430,746
Cash and cash equivalents at 1 JULY	6	120,817	76,551,563
Cash and cash equivalents at 30 JUNE 2022	6	464,099	120,817

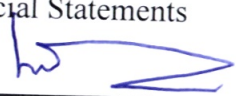
Tana river county ward bursary fund
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement Of Comparison Of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2023	2023	2023	2023	2023	2023
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Transfers from County Govt.	154,500,000	-	154,500,000	154,156,718	343,282	99.8%
Total income	154,500,000	-	154,500,000	154,156,718	343,282	99.8%
Expenses						
Fund administration expenses	4,250,000	-	4,250,000	4,243,580	6,420	99.8%
General expenses	210,000	-	210,000	200,631	9,369	95.5%
Staff costs	40,000	-	40,000	29,200	10,800	73.0%
Bursary payments	150,000,000	-	150,000,000	149,683,307	316,693	99.8%
Total expenditure	154,500,000	-	154,500,000	154,156,718	343,282	99.8%
Surplus for the period	-	-	-	-		

The notes set out on pages 6 to 19 form an integral part of these Financial Statements


Chief Officer – Education and Vocational Training
Name: Bona Fatuma Gafo


Fund Administrator
Name: CPA. Zena Mahanga
ICPAK Member No: 24941

17. Notes to the Financial Statements

1. General Information

Tana river county ward bursary Fund is established by and derives its authority and accountability from Act of 2014 revised in 2018. The entity is wholly owned by the Tana River County Government and is domiciled in Kenya. The entity's principal activity is to disburse bursary funds to qualified 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) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2023 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <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;

Standard	Effective date and impact
	<ul style="list-style-type: none"> • 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; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<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.

Standard	Effective date and impact
	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.
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>

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
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 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	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p>

Standard	Effective date and impact:
for Sale and Discontinued Operations	<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 the financial year 2023

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 17th October 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.

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 comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

Summary of Significant Accounting Policies (Continued)

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 xxx 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 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.

e) 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 entity 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 entity and a financial liability or equity instrument of another entity. At initial recognition, the entity 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.

Financial assets

Classification of financial assets

The entity 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 entity'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 an entity 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 entity 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.

Summary of Significant Accounting Policies (Continued)

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.

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 entity 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.

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.

Impairment

The entity 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 entity 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) are set out in *Note xx*.

Significant Accounting Policies (Continued)

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

f) 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.

g) 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. 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.

h) 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 entity 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 entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

i) 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.

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.

j) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

k) 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.

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

Summary of Significant Accounting Policies (Continued)

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) 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.

o) 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.

p) 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.

q) Comparative figures

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

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 e.g.

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 xxx.

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.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

6. Notes To The Financial Statements

Description	2022/2023	2021/2022
	KShs	KShs
Transfers from County Govt. – operations	154,500,000	154,500,000
Total	154,500,000	154,500,000

2. Fund administration expenses

Description	2022/2023	2021/2022
	KShs	KShs
Printing and stationery	920,500	871,445
Rental costs	-	-
Utility costs	-	170,000
Administration fees (Allowances)	3,323,080	4,590,500
Total	4,243,580	5,631,945

3. Bursary payments

Description	2022/2023	2021/2022
	KShs	KShs
Ward Bursary disbursements	149,683,307	224,900,000
Total	149,683,307	224,900,000

4. Staff costs

Description	2022/2023	2021/2022
	KShs	KShs
Staff travel and subsistence	29,200	109,183
Training expenses	-	140,000
Total	29,200	249,183

5. General Expenses

Description	2022/2023	2021/2022
	KShs	KShs
Advertising expenses	-	-
Computer maintenance	24,000	25,000
Catering services	-	-
Bank charges	176,631	124,618
Total	200,631	149,618

6. cash and cash equivalents

Description	2022/2023	2021/2022
	KShs	KShs
KCB Current account	464,099	120,817
Others(Cash in hand	-	-
Total cash and cash equivalents	464,099	120,817

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

Financial institution	Account number	2022/2023	2021/2022
		KShs	KShs
a) Current account			
Kenya Commercial bank	1287061095	464,099	120,817
Sub- total		464,099	120,817
b) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		464,099	120,817

	Note	2022/2023	2021/2022
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	6	464,099	120,817
Total assets		464,099	120,817
Liabilities			
Trade and other payables			
Net assets			
Revolving Fund			
Reserves		120,817	71,407,558
Accumulated surplus		343,282	-
Total net assets and liabilities		464,099	120,817

18. Annexes

Annex I: 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.

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	Presentation of the financial statements	The management has taken note of this and in subsequent years the financial statements will be submitted in compliant with the Annual Financial Reporting Template for county public funds	Resolved	30.06.2023
2	Inaccurate in opening balances	The management will present the accurate balances	Resolved	30.06.2023
3	Statement of changes in net assets	The management will confirm the accuracy of the accumulated surplus reflected	Resolved	30.06.2023


CPA. Zena Hashora Mahanga

Fund Administrator

Tana River County Ward Bursary Fund

Date: 5/12/2023