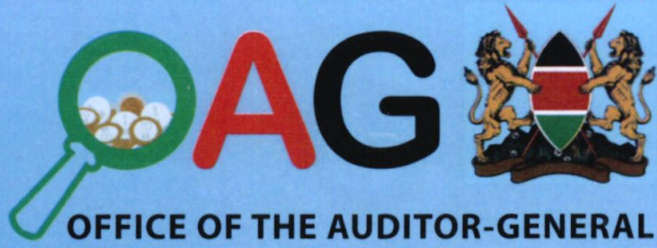


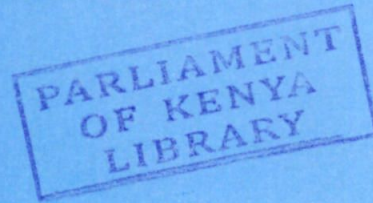
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

**MANDERA COUNTY EDUCATION BURSARY
FUND**

**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Mas Iship
COMMITTEE	
CLERK AT THE TABLE	Mcalim

OFFICE OF THE COMPTROLLER GENERAL
NORTH EASTERN REGIONAL OFFICE

04 DEC 2024

DEPT. OF EDUCATION
P. O. BOX 69-70100 GARISA



MANDERA COUNTY EDUCATION BURSARY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024

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

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Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Table of Content

1. Acronyms and Definition of Key Terms	ii
2. Key Entity Information and Management	iii
3. Trustees/ Fund Administration Committee Profiles	vii
4. Key Management Team	x
5. Chairman's Report	xi
6. Report of The Fund Administrator	xii
7. Statement of Performance Against Predetermined Objectives for FY 2023/2024	xiii
8. Statement of Corporate Governance	xiv
9. Management Discussion and Analysis	xvi
10. Environmental and Sustainability Reporting	xix
11. Report of The Trustees/Committee	xx
12. Statement of Management's Responsibilities	xxi
13. Report of The Independent Auditor on the Financial Statements	xxii
14. Statement of Financial Performance for the Year Ended 30 th June 2024	1
15. Statement of Financial Position as at 30 June 2024	2
16. Statement Of Changes in Net Assets for the year ended 30 th June 2024	3
17. Statement of Cash Flows for The Year Ended 30 June 2024	4
18. Statement of Comparison of Budget & Actual Amounts for Year Ended 30 th June 2024	5
19. Notes to the Financial Statements	6
20. Annexes	20

1. Acronyms and Definition of Key Terms

a) Acronyms

<i>CT</i>	<i>County Treasury</i>
<i>CIDP</i>	<i>County Integrated Development Plan</i>
<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>KSHS</i>	<i>Kenya Shillings</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>TNT</i>	<i>The National Treasury</i>
<i>TVETs</i>	<i>Technical and Vocational Educational Training Institutions</i>

b) Definition of Terms

1. Fiduciary Management - The key management personnel who had financial responsibility.

2. Key Entity Information and Management

a) Background information

Mandera County Education Bursary Fund is established by and derives its authority and accountability from Mandera County Education Bursary Act 2014, on 11th July 2014. The Fund is wholly owned by the County Government of Mandera and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to ...

Mission

To promote an integrated strategic approach in addressing education, training and skills development.

Vision

To become a leading model and alternative framework in funding education and social programs.

Objective

To provide an open, honest and accountable in our relationship with our stakeholders.

c) Board of Trustees/Fund Administration Committee

The *entity's* day-to-day management is under the following key organs:

Ref	Name	Position
1	Dr. HSC, Aftin Kullow Dube	Board Chairman
2	Mr. Hussein Mohamud Ibrahim	Member representing the civil society
3	Dr. Issak Maalim Adow	Member representing the ministry of education
4	Mrs. Amran Abdi Ahmed	Member representing the women
5	Mr. Abdimajid Hussein Mohamed	Member representing the person with disabilities
6	Mr. Mohamud Abdullah Mohamed	Member representing religious leaders
7	Mrs. Hawa Abdi Mahat	Member representing the youth
8	Mrs. Fatuma Abdi Hussein	Chief Officer Human Capital & continuous learning
9	Mr. Abdikadir M. Tache	Chief Officer Finance & Accounting services
10	Mr. Abdullah M. Abdi	Fund Administrator

Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

Ref	Name	Position
1	Abdullah M. Abdi	Fund Administrator
2	Abdirashid Abdow A.	Fund Accountant
3		
4		
5		

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

- 1 Mandera County Assembly
- 2 County Assembly Education Committee
- 3 County Executive Audit Committee
- 4 The Controller of Budget
- 5 Auditor- General

f) Registered Offices

Mandera County Bursary Fund Headquarters
P.O. Box 562-70300,
County Education Offices.
Mandera, Kenya.

g) Fund Contacts

Telephone: (254) 720400449
E-mail: bursary@mandera.go.k

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Mandera Branch

Key Entity and Management (Continued)

i) Independent Auditor

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




j) Principal Legal Adviser

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




k) County Attorney





P.O. Box 13
70300
Mandera, Kenya

3. Trustees/ Fund Administration Committee Profiles



Name	Details of qualifications and experience
<p>1. Dr. Hsc. AFTIN KULOW DUBE</p> 	<p>Dr. Hsc. Aftin has experience in education sector for over 20 years. He is the Principal of Elwak Secondary School and Sub-County KESSHA Chairman Mandera Central.</p> <p>He holds PhD Educational Management Policy and Curriculum Studies from Mount Kenya university. And MSc in Education from Kenyatta University.</p> <p>He also served as a principal for Wargadud Secondary School.</p> <p>He also holds a diploma in Education from Kagumo Teachers Training College. Currently serving as Chairman to the Board. He was born in 1974.</p>
<p>2. Mrs. HAWA ABDI MAHAT</p> 	<p>Mrs. Hawa Holds a B.Sc. from Great Lakes University of Kisumu (GLUK), B.Sc. Environmental Health and Diploma in Community Health and Development. She is also having a Certificate in Medical Laboratory Technologist.</p> <p>She was born in 1992 and her competence is based Upon Customer/Citizen focus and Professionalism.</p> <p>Currently Serving as Chairlady to the Board.</p>
<p>3. Dr. ISSAK MAALIM ADOW</p> 	<p>Dr.. Issack is a Principal Mandera Teachers Training College. He is a Seasoned Teacher with Over 20 Years' Experience gained. He holds an M. ED Education Management, Administration and Leadership and PhD Education Management, Administration and Leadership from Mount Kenya University. He also holds a B. ED (ARTS) English/Literature from Kampala International University and Diploma in Education from Kagumo College. He was born in 1977</p>

**Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

<p>3. Mr. ABDIMAJID HUSSEIN MOHAMED</p> 	<p>Mr. Abdimajid has completed his KCSE Exams in 2005. He also served as Councilor Shirshir Ward from 2007 to 2013.</p> <p>Has also served as a board member in various Organizations Kenya Rural Roads Authority (KERRA)</p> <p>Kenya Red Cross Mandera and Mandera North Education Board. He was born in 1985.</p>
<p>5. Mrs. FATUMA ABDI HUSSEIN</p> 	<p>Chief Officer Human Capital Development and Continuous Learning –Mrs. Fatuma Abdi is a career educationist with 15 years of experience in Public Service before being appointed at the County Chief Officer for Human Capital Development and continuous Learning in 2022.</p> <p>She worked round the clock with determination, dedication, discipline and devotion throughout the years. She has a Master degree in Education from University of Nairobi and Bachelor’s Degree in Education Art from the same Institution.</p>
<p>6. Mr. HUSSEIN MOHAMUD IBRAHIM</p> 	<p>Mr. Hussein is a County Drought Information Officer for the National Drought Management Authority (NDMA).</p> <p>He also served in the Arid Lands Resource Management Project in the ministry of state for Development of Northern Kenya and other Arid lands.</p> <p>He has a Bachelor’s Degree in Environmental Management from Busoga University-Uganda. A higher diploma in Medical Laboratory Technology in Mombasa Polytechnic. He was born in 1975.</p>

<p>7. Mr. ABDIKADIR TACHE</p> 	<p>Chief Officer Finance and Accounting Services- Master's degree in Business Administration. He is an accomplished financial management expert with a demonstrated experience gained from the banking industry for over 20 years. He is highly skilled in budgeting, financial Risk, customer Service, banking and managerial finance.</p>
<p>8. Mr. MOHAMUD ABDULLAHI MOHAMED</p> 	<p>Mr. Mohamud has over 40 Years of Experience in the Education sector hence a lucrative member in the Mandera County Education Bursary Board. He acquired his P3 Certificate from Shanzu Teachers College in 1973 and Various merit promotions and appointment in the Education Sector. He also served in various Education sector positions i.e. Deputy and Head teacher for various public schools between 1974-2000. Education officer D.E.0s office Mandera Between 2004-2014. He was born in 1955.</p>
<p>9. Mrs. AMRAN ABDI AHMED</p> 	<p>Miss Amran has worked in different Capacities including a clerk in the 2017 general election and as Enumerator in 2019 KNBS census. She acquired her KCSE in 2010. She was born in 1994.</p>
<p>10. Mr. ABDULLAHI M. ABDI</p> 	<p>Mr. Abdullah has over 18 years' Experience in the Education sector. He acquired his p1 Certificate from Kilimambogo TTC. He also has Master in leadership and Policy Studies from Moi University, currently working as a Fund Administrator and Secretary to Mandera County Education Bursary Board.</p>

4. Key Management Team

Name	Details of qualifications and experience
<p>1.ABDULLAHI MOHAMED:</p> 	<p>Mr. Abdullah has over 20 years' Experience in the Education sector.He acquired his p3 Cetificate from Kilimambogo T.T College.He also has Master in leadership and Policy Studies from Moi University,</p> <p>Currently working as, a Fund Administrator and Secretary to Mandera County Education Bursary Board.</p> <p>Key responsibility is to manage the day to day operations of bursary program.</p>
<p>2. ABDIRASHID ABDOW A.</p> 	<p>Mr. Abdirashid has experience in Finance and Accounting sector for over 6 years. Where he worked with different Sector I.e. Non-Governmental Organization(NGO), Private Health Sector and County Governments.</p> <p>He holds Bachelor Degree in Business Managements (Finance and Banking Option) and Certified Public Accountant(CPA) and a Member of ICPAK.</p> <p>Currently Finalising his master's degree in Business Managements (Strategic Managements Option) from JKUAT</p> <p>He also holds a diploma in Human Resource Managements from Kenya Institute of Managements.</p> <p>He was born in 1991.</p>

5. Chairman's Report

The Mandera Bursary Board had fruitful and engaging financial year. We experience minimal challenges in terms of disbursing the fund to the needy students. We are looking forward to ensure the same trends are adopted in the consequent years. There was no change in the organization of the Board and the same team has been handling the affairs and management of the Fund.

The performance of the Fund for the financial year ended 30th June 2024 was quite impressive putting into considerations the fact that the amount 460,000,000 is at higher rate compare to the previous years due to Elimu kwa wote Program where 60% of all boarding school and 88% of days' schools are paid as subsidy to the fees paid by parents.

In future we are also anticipating the increase and effective use of the resources of the Board. As the numbers of students are growing so is the demand of the needy students. We are lobbying for the increase of the allocation to the bursary board to help ease the growing needs of the bursary.

In conclusion I would like to appreciate the ministry of Education, finance and management team at the bursary board for their dedications and commitment to ensure the success of the Fund.



Chairperson of the Board/Fund



6. Report of The Fund Administrator

The Mandera County Bursary Fund was established through an Act of Mandera County Education Bursary Act. of 2014 with the aim of benefiting the poor and the needy students in realizing their education dreams so that the disparity between the poor and the rich is minimized.

Additionally, there was need to increase the human capital in the job market in Mandera county especially in the field of education, engineering and health sector.


HIS Excellency the Governor Mohamed Adan Khalif after inauguration into office prioritized education system in the county that have been defaced by high level of literacy, poverty and devastating drought that affected pastoral communities in Mandera at large.

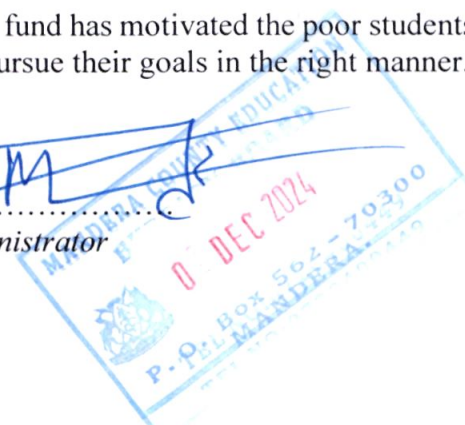
Therefore, on this background His Excellency the Governor introduce subsidized fees towards the people of mandera where he launched Ksh 460M as bursary to 61 public secondary school through ELIMU KWA WOTE Program where 60% of total fees payable by boarding school and 88% for days' schools are paid as subsidy to the fees payable by parents.

The bursary fund is viewed as the only fund that has uplifted the poor in the vast Mandera County which has benefited the larger population by reducing the burden of paying the school fees among the poor population of Mandera.

Additionally, the bursary board has satisfactorily come out of the task by awarding the needy students from Universities and colleges equitably through Ward Bursary Fund, this has improved transition rates, accessibility and retention rates among school going age.

The bursary fund has motivated the poor students who were in despair to achieve their educational needs and pursue their goals in the right manner.


.....
Fund Administrator



7. Statement of Performance Against Predetermined Objectives for FY 2023/2024

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 are:

- a) Provide bursary funds for needy students.
- b) Access to education for all students regardless of their financial back ground.
- c) To support bright and needy students to access quality education.

Progress on the attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Output	Performance 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 2023/2024 we increased bursary from 60 % to 80% access by 20% for secondary school level. Increased number of bursary beneficiaries for Tertiary institution increased from 60%to 80% in FY 2023/2024

8. Statement of Corporate Governance

Mandera County Education Bursary Fund is an incorporated body with perpetual succession and a common seal.

The fund board members can have a maximum of twelve times board meeting in every financial year and not more than four months shall elapse between one meeting and the next meeting.

The board meeting is presided over by the chairperson or in his or her absence by the deputy-chairperson or in both their absence by a member of the board elected by the members present from among the members.

Role, Functions, Induction and Training of the Board.

- Supervise all the assets of the education bursary fund.
- Provide the overall management, design and oversight the fund.
- Approve disbursement of the fund
- Receive reports on the performance of the fund from the ward education bursary committee.
- Develop relevant guidelines and review them as the need arises, to guide the operations and implementation of the fund.
- Monitor and evaluate the programs and activities under the fund.
- To ensure timely and efficient disbursement of the funds to respective ward bursary committee.

The board members were not inducted since inception and there was need to do so, initially the board lacked fund to transact any business. However, the ward bursary committees were inducted on the criteria of bursary disbursement and their roles as the ward committee.

The Mandera Bursary board carries out number of meetings that are always attended by all the members without fails. The current financial years the numbers of meetings that are fully attended are 10 meetings that are used to discuss various issues pertaining to management of the fund. Board remuneration is based on the number of sitting that is held and for this financial year it is only 10 meetings paid in accordance with SRC regulations.

The board has in place a sound succession plans and other matters of management.

Remuneration of Bursary Boards

The Bursary Boards, other than the Fund Administrator do not receive a salary. They are however paid sitting allowance for every meeting attended at the rate of Kshs. 5,000 to 10,000 per meeting.

Conflict of Interest

The Trustees are under a fiduciary duty to act honestly and in the best interest of the organization. Accordingly, Trustees ought to refrain from discussing or voting on a matter of real, perceived or potential conflict of interest.

Board Evaluation

In pursuit of promoting Board effectiveness, the Board undertook self-evaluation facilitated by State Corporations Advisory Committee (SCAC.) The recommendations from the evaluation are being considered with a view to implementing them to enhance Board effectiveness.

9. Management Discussion and Analysis

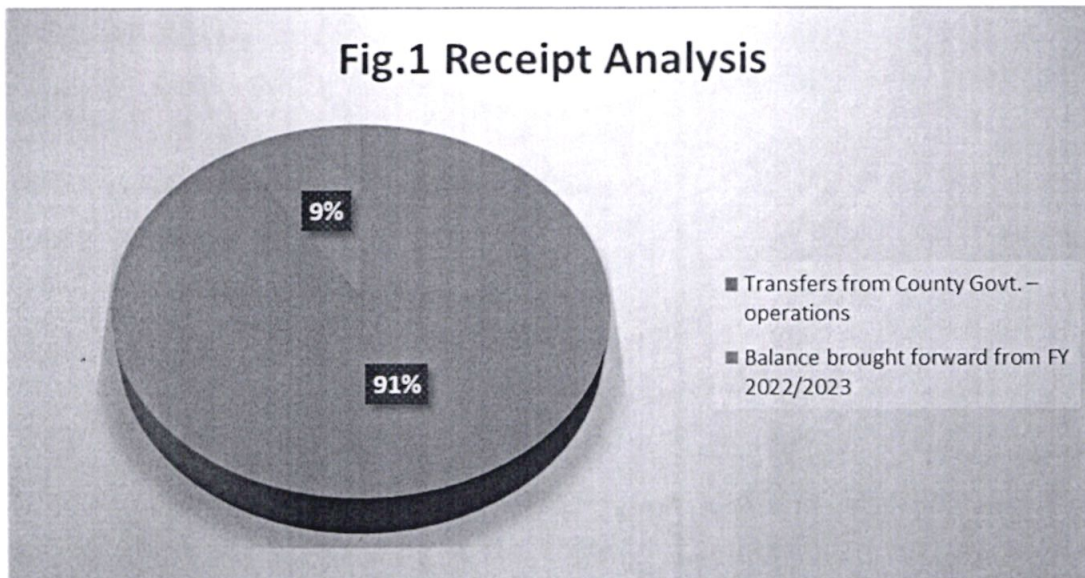
SECTION A

Mandera County Education Bursary Fund is mandated to give bursary to students pursuing higher education. The Board has a strategic plan 2013-2018 that contains four major strategic objectives that the board strives to achieve to live its vision and mission. These objectives are;

- Financial sustainability
- Customer Excellence and centricity organization
- Business processes re-engineering
- Institutional capacity building and Good governance.

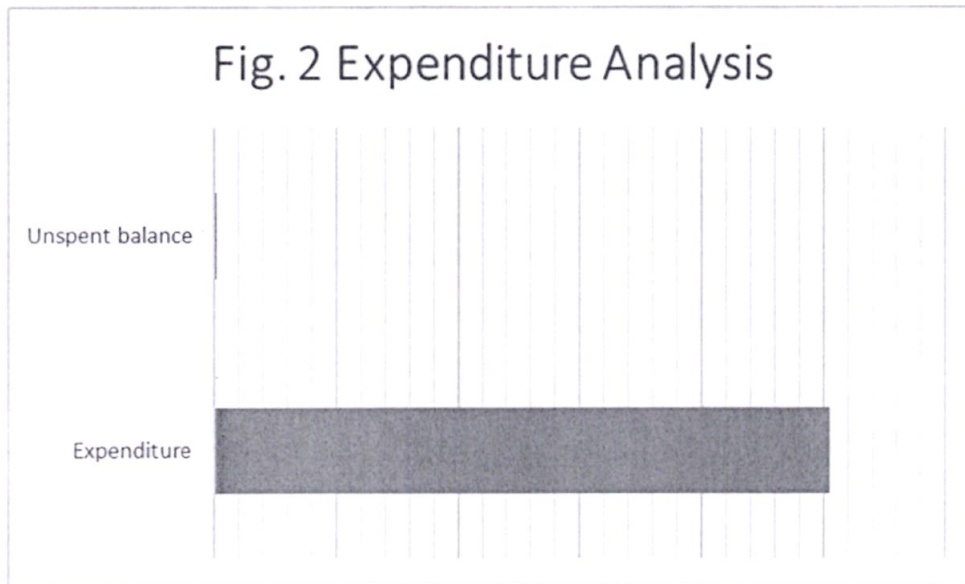
OPERATIONAL AND FINANCIAL PERFORMANCE OF THE FUND

In the financial year 2023/2024., Mandera County Education Bursary Fund received funds from the exchequer totalling Kshs. 460 million. The fund had a balance of Kshs. 46,901,124 from the financial year 2022/2023. The total fund available for utilization in the period amounted to Kshs. 506,901,124.



Expenditure Analysis

As at 30th June 2024, the fund had managed to utilize 99% of its budgeted allocations in execution of its principal activities and core mandates.



SECTION B

Mandera County Bursary Fund’s compliance with statutory requirements

There is no non-compliance issue raised by the auditor. All statutory requirements have been complied with.

SECTION C

Key projects and investment decisions the Mandera County Bursary Fund is planning/implementing

Mandera County Education Bursary Fund has invested in ICT system to improve service delivery to our Customers/Clients, we have partnered with Code soft ICT Solution Kenya Limited which provide us with Bursary Management System.

SECTION D

Major risks facing the Mandera County Bursary Fund

Technology	Emerging possible risk of cyber attacks	Enhance IT Security and Firewalls
Risks	Slow connectivity to core IT system	Consistent monitoring and prompt responses to noted failure
Reputational	Delayed disbursement of Casual Wages	Advance planning and budgeting
Operational Risks	Highlighted internal audit/regulatory issues	Full compliance to guidelines and timelines
	Inadequate skills and experienced staff in some critical areas	Recruitment to close gaps
Financial Risks	Wages delay due to lack of funds	Priority given to very needy cases through bursary and Scholarships
Compliance/ Legal Risks	Litigation by stakeholders	Both judicial and out of court settlements pursued

SECTION E

Material arrears in statutory/financial obligations

The Board has no outstanding arrears and will continue planning its activities in a prudent manner to avoid pending bills.

SECTION F

The Mandera County Bursary Fund's financial probity and serious governance issues

The Board has no reported financial improbity reported by either internal or external auditor. The governance structures put in place continue to be enhanced to ensure any area that may be prone to exposure is addressed promptly.

10. Environmental and Sustainability Reporting

Introduction

The Mandera Country Education Bursary Fund was established under the Mandera County Education Bursary Act 2014, Mandera County Education Bursary Fund is domiciled in Mandera County to provide for establishment of a fund for bursaries tenable in secondary schools and tertiary institutions and County Education Bursary Fund to provide for management and administration of the fund. The Fund also participates in Corporate Social Responsibility (CSR) activities so as to integrate our core business values and operations within the communities we operate in.

Mandera county bursary 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 Mandera county bursary fund pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community

11. Report of The Trustees/Committee

We the Trustees of Mandera County Education Bursary Fund submit the Annual report together with no Audited financial statements for the year ended 30th June 2024 which will have shown the state of the Board's affairs. Mandera County Education Bursary Fund was established through an act of Mandera county Education Bursary Act, 2014.

Principal activities

The principal activities of Mandera County Education Bursary Fund are stipulated in the Act of Mandera County Education Bursary Act, 2014. with the objective and the purpose for which Fund was established with the aim of benefiting the poor and the needy students in realizing their education dreams so that the disparity between the poor and the rich is minimized.

Our Mission

To provide bursaries to Mandera students pursuing higher and secondary education through adequate mobilization and prudent management services

Our Vision

To ensure bursary available for every deserving Mandera Students enrolled in higher and secondary education

Results

The Financial Performance is set out in Management discussions and analysis; the results of Mandera County Education Bursary Fund for the year ended June 30, 2024 are set out as well in the above.

Trustees

The Bursary Boards who served during the year are shown on page 5, 6 and 7 in above.

Auditors

The Auditor General is responsible for the statutory audit of the Mandera County Education Bursary Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2024.

By Order of the Board



Chair of the Board/Fund Administration Committee

Date: 



12. 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, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 and 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, 2024, 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.

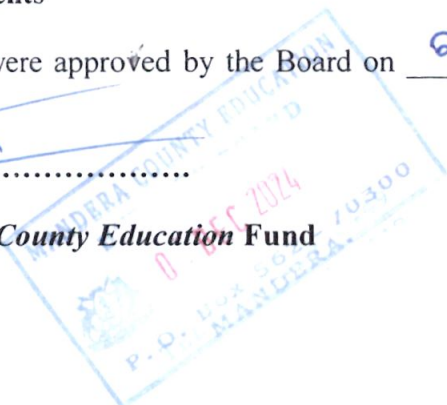
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as to sustain its services as disclosed, as applicable, matters relating to the use of applicable basis of preparation of the financial statements. Nothing has come to the attention 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 2/12/ 2024 and signed on its behalf by:


.....

Administrator of the Mandera County Education Fund



REPUBLIC OF KENYA



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

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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON MANDERA COUNTY EDUCATION BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mandera County Education Bursary Fund set out on pages 1 to 21 which comprise of the statement of financial

position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mandera County Education Bursary Fund as at 30 June, 2024 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 Mandera County Education Bursary Act 2014, the County Government Act, 2012 and the Public Finance Management Act, 2012

Basis for Qualified Opinion

1. Unsupported Bursary Payments

The statement of financial performance reflects an amount of Kshs.471,812,457 in respect of bursary payments as disclosed in Note 7 to the financial statements. Included in the amount is Kshs.356,911,033 disbursed to various secondary schools as bursaries to needy students. However, review of payment vouchers and supporting documents revealed that an amount of Kshs.5,264,373 disbursed to various secondary schools was not supported with official receipts or acknowledgement letters from the recipient institutions.

Under the circumstances, the validity and accuracy of bursary disbursements amounting to Kshs.5,264,373 could not be confirmed.

2. Unsupported Payments on Turkey Scholarship Programme

The statement of financial performance reflects an amount of Kshs.17,985,423 in respect of scholarship grants as disclosed in Note 8 to the financial statements. Review of the payment records provided for audit revealed that the Fund incurred expenditure on tuition, accommodation and upkeep for thirteen (13) students to study in Turkey. However, an expenditure of Kshs.8,252,851 on tuition fees was not supported with evidence of academic progress of each beneficiary and contractual commitment by the beneficiaries of the scholarship as required under Section 23(4) of the Mandera County Education Bursary Fund Act, 2014. In addition, there were no minutes approving the disbursements as required under Section 19 of the Mandera County Education Bursary Fund Act, 2014.

In the circumstances, the accuracy of scholarship grants amounting to Kshs.8,252,851 could not be confirmed.

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

Emphasis of Matter

Non-preparation Estimates of Income and Expenditure

The Mandera County Education Bursary Fund did not prepare estimates of income and expenditure and submit the same to the County Executive Committee Member for finance for approval as required under Section 149(2) of Public Finance Management Act, 2012. Although a statement of comparison of budget and actual amounts was prepared and included in the financial statements, the source of the budget figures reflected in the statement could not be confirmed.

In the circumstances, the Bursary Fund was in breach of the law.

My opinion is not modified in respect to these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

Other Information

The Management is responsible for the other information set out on page iii to xxi which comprise of Key Entity Information and Management, Trustee/Fund Administration Committee, Key Management Team, Chairman's' Report, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Statement

of Corporate Governance, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees/Committee and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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 ISSAIs 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matters 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 governance were not effective.

Basis for Conclusion

1. Non-Functional Internal Audit Committee

A review of the operations of Mandera County Education Bursary Fund revealed that the Fund had no internal audit unit and an internal audit committee in place contrary to Regulation 155(2)(b) of the Public Finance Management (County Governments)

Regulations, 2015 which requires the creation of internal audit unit to promote independence and to ensure broad internal audit coverage and adequate consideration of audit reports.

2. Failure to Enact Bursary Fund Regulations

The Mandera County Bursary Fund Act, 2014 which established the Fund was assented to on 11 July, 2014. As at 26 October, 2024 when the audit was conducted. The Fund did not have regulations as provided for under Section 31 of the Act.

Lack of having regulations to operationalize the Act may hamper the activities of the Fund. The Fund may be misconstrued to be operating outside the law. There is need, therefore, for the Management to ensure that the Regulations are put in place as soon as possible as required by Section 31 of the Mandera County Bursary Fund Act, 2014.

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

Responsibilities of the Management and the Fund Administration Committee

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accruals Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi


06 December, 2024

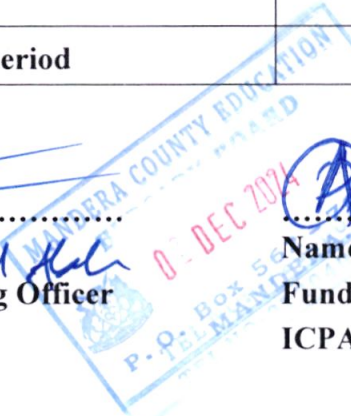
Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	6	460,000,000	350,000,000
Total Revenue		460,000,000	350,000,000
Expenses			
Bursary transfers	7	471,812,457	296,024,492
Scholarship grants	8	17,985,423	4,318,669
Use of Goods and Services	9	15,187,978	8,542,983
Total Expenses		504,985,858	(308,946,144)
Surplus/(Deficit) for the Period		(44,985,858)	41,053,856


 Name: Abdullahi M. Ali
 Administrator/Accounting Officer


 Name: Asirashid Aslow
 Fund Accountant
 ICPAK Member Number: 27113




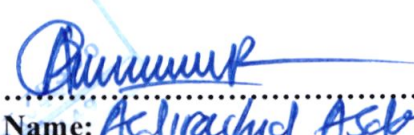
Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

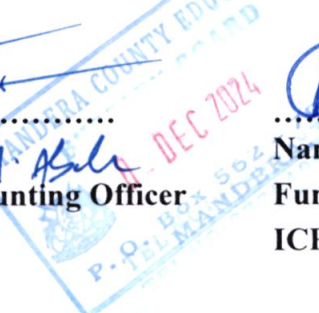
15. Statement of Financial Position as at 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	10	1,915,266	46,901,124
Total current assets		1,915,266	46,901,124
Total Assets (A)		1,915,266	46,901,124
Liabilities			
Total current liabilities		0	0
Total Liabilities (B)		0	0
Net Asset (A-B)		1,915,266	46,901,124
Represented By:			
Accumulated Surplus		1,915,266	46,901,124
Net Assets		1,915,266	46,901,124

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 _____ 2024 and signed by:


 Name: Abdulhakeem M. Asker
 Fund Administrator/Accounting Officer


 Name: Asirashud Askw
 Fund Accountant
 ICPAK Member Number: 27113



Mandera County Education Bursary Fund

Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement Of Changes in Net Assets for the year ended 30th June 2024

Description	Accumulated surplus	Total
	Kshs	Kshs
Balance as at 1 July 2022	5,847,267	5,847,267
Surplus/(Deficit) For the Year	41,053,856	41,053,856
Balance As At 30 June 2023	46,901,124	46,901,124
Balance As At 1 July 2023	46,901,124	46,901,124
Surplus/(Deficit) For the Year	(44,985,858)	(44,985,858)
Balance As At 30 June 2024	1,915,266	1,915,266

Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers From the County Government	6	460,000,000	350,000,000
Total receipts		460,000,000	350,000,000
Payments			
Bursary Transfers	7	471,812,457	296,024,492
Scholarship grants	8	17,985,423	4,318,669
Use of goods and Services	9	15,187,978	8,542,983
Total Payments		504,985,858	(308,946,144)
Net cash flows from operating activities		(44,985,858)	41,053,856
Cash flows from investing activities		0	0
Net cash flows used in investing activities		0	0
Cash flows from financing activities		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash Equivalents		44,985,858	41,053,856
Cash and cash equivalents at 1 July	10	46,901,124	5,847,267
Cash and cash equivalents at 30 June	10	1,915,266	46,901,124

Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

18. Statement of Comparison of Budget & Actual Amounts for Year Ended 30th June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers From the County Government	460,000,000	46,901,124	506,901,124	460,000,000	46,901,124	90.75%
Public Contributions and Donations	0	0	0	0	0	
Finance Income	0	0	0	0	0	
Other receipts	0	0	0	0	0	
Total Income	460,000,000	46,901,124	506,901,124	460,000,000	46,901,124	90.75%
Expenses						
Bursary Transfers	424,911,333	46,901,124	471,812,457	471,812,457	0	100%
Scholarship grants	18,800,000	0	18,800,000	17,985,423	814,577	95.67%
Use of goods & Services	16,288,867	0	16,288,867	15,187,978	1,100,889	93.24%
Total Expenditure	460,000,000	46,901,124	506,901,124	504,985,858	1,915,266	99.62%
Surplus For the Period	0	0	0	(44,985,858)		

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Mandera County Education Bursary Fund is established by and derives its authority from Mandera County Education Bursary Act. The entity is wholly owned by the Mandera County Government and is domiciled in Kenya. Mandera County Education Bursary Fund’s principal activity is disbursing the bursaries to the needy students.

2. Statement of compliance and basis of preparation

Mandera County Education Bursary Fund’s financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Bursary 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 financial statements are prepared on accrual basis of accounting. The statement of cash flows is prepared using the direct method.

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There were no new and amended standards issued in the financial

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

Standard	Effective date and impact:
IPSAS 43 Leases	<p><i>Applicable 1st January 2025</i></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>

**Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Standard	Effective date and impact:
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i> The Standard requires, 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: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish</p>

**Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Standard	Effective date and impact:
	the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue transfers

Revenues from non-exchange transactions 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 2023/2024 was approved by the County Assembly on 15th August 2024. 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 Mandera County Education Bursary Fund upon receiving the respective approvals in order to conclude the final budget. The Mandera County Education Bursary Fund recorded additional appropriations of Kshs. 1,915,266 on the FY 2023/2024 budget following the governing body's approval.

Mandera County Education Bursary Fund'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.

In addition to the basic difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification plans 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) 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. 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.

(i) 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 an irrevocable election at initial recognition for particular investments in equity instruments.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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.

Financial liabilities

Classification

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

d) Provisions

Provisions are recognized when the Mandera County Education Bursary Fund 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 Mandera County Education Bursary Fund 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.

e) Contingent liabilities

Mandera County Education Bursary Fund 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 probable.

f) Contingent assets

Mandera County Education Bursary Fund 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 Mandera County Education Bursary Fund 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 Mandera County Education Bursary Fund creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

h) Changes in accounting policies and estimates

The Mandera County Education Bursary Fund 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) 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.

j) Related parties

The Mandera County Education Bursary Fund 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 Mandera County Education Bursary Fund, or vice versa. Members of key management are regarded as related parties and comprise of Board of Trustees, the Fund administrator and senior managers.

k) 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.

l) Comparative figures

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgments, estimates, and assumptions made 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.

Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Transfers from the County Government

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers From County Governments	460,000,000	350,000,000
Total	460,000,000	350,000,000

7. Bursary Transfers

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Universities	59,750,596	2,320,000
TVETs and Colleges	55,150,828	6,855,700
Secondary schools	356,911,033	286,848,792
Total	471,812,457	296,024,492

8. Scholarship grants

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Universities	17,985,423	4,318,669
Total	17,985,423	4,318,669

9. Use of Goods and Services

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Committee Allowances	2,265,000	3,37,7000
Bank charges	195,960	0
Staff Costs	731,250	511,000
Hospitality	780,900	63,700
Domestic and subsistence Allowance	289,000	0
Staff Welfare	2,155,000	0
Electricity	65,000	277,000
Postage	9,450	0
ICT Expenses	150,000	0
Printing and Stationaries	8,496,418	3,284,284
Legal Expense	50,000	0
Total	15,187,978	8,542,983

Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

10. Cash and cash equivalents

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Current Account	1,915,266	46,901,124
Total Cash and Cash Equivalents	1,915,266	46,901,124

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

Financial Institution	Account number	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
a) Current Account			
KCB Bank	1178243176	1,915,266	46,901,124
Grand Total		1,915,266	46,901,124

Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

11. 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 is related to the following entities:

- a) The County Government.
- b) Key management.
- c) Board of Trustees, etc.

b) Related party transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers from related parties	460,000,000	350,000,000
Transfers to related parties	460,000,000	350,000,000

12. 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:

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 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/Scheme 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.

c) Market risk

The Fund has put in place an internal audit function to assist it in assessing the risk faced by the Fund 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 optimizing the return. 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 Fund/Scheme 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:

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund/Scheme's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the two 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.

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

Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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 xxx (20xx: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx-1 – Kshs xxx).

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:

13. Events after the reporting period

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

14. Currency

The financial statements are presented in Kenya Shillings (Kshs

Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

20. 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.

Referenc 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	Unacknowledged Bursary Payments	The issue has been noted and being addressed at Board of Management level	Not resolved	30 th June 2025
2	Turkey Scholarship Program	The issue has been noted and being addressed at Board of Management level	Not resolved	30 th June 2025
3	Unresolved prior year Matter	The issue has been noted and being addressed at Board of Management level	Not resolved	30 th June 2025
4	Lack of Bursary Board’s Minutes and Bursary Report	The issue has been noted and being addressed at Board of Management level	Not resolved	30 th June 2025

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.

Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

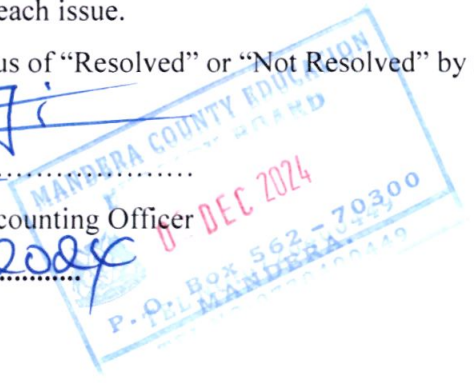
(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for the implementation of each issue.

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report.



.....
Fund Administrator/Accounting Officer

Date: 2/12/2024



**Mandera County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Annex II: Inter-Entity Confirmation Letter

Name of transferring entity.....

Name of beneficiary entity.....

Confirmation of amounts received by Mandera County Education Bursary Fund as at 30 th June 2024						
Reference Number	Date Disbursed	Amounts Disbursed by [MANDERA COUNTY EXECUTIVE County Department] (Kshs) as at 30 th June 2024			Amount Received by Mandera County Education Bursary Fund/] (Kshs) as at 30 th June 2024 (D)	Differences (KShs) (E)=(C-D)
		Recurrent (A)	Development (B)	Total (C)=(A+B)		
		460,000,000	0	460,000,000	460,000,000	0
Total		460,000,000	0	460,000,000	460,000,000	0

I confirm that the amounts shown above are correct as of the dates indicated.

Head of Accounts Department - Disbursing Entity:
 Name Hassan Abelow Sign [Signature] Date 02/12/2024

Head of Accounts Department - Beneficiary Entity:
 Name Abdulkadir Adow A. Sign [Signature] Date 02/12/2024