

REPUBLIC OF KENYA



*Enhancing Accountability*

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PARLIAMENT  
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**OF**

**THE AUDITOR-GENERAL**

**ON**

**TANA RIVER COUNTY WARD  
BURSARY FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



OFFICE OF THE AUDITOR GENERAL  
NORTH EASTERN REGIONAL OFFICE

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**TANA RIVER COUNTY WARD BURSARY FUND**

**AMENDED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2022**

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



**TANA RIVER COUNTY WARD BURSARY FUND**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022**

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**TANA RIVER COUNTY WARD BURSARY FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**1. 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 Abdi J. Banta	Director education and vocational training



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**e) Registered Offices**

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

**f) Fund Contacts**

Telephone: (254) 729058782  
E-mail: N/A  
Website: N/A

**g) Fund Bankers**

**1. Central Bank of Kenya**

Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya

**2. Kenya Commercial Bank**

P.O.BOX 100 - 70101  
Hola.  
Kenya.

**1. Independent Auditors**



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

**2. Principal Legal Adviser**

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

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

NAME	ACADEMIC QUALIFICATIONS AND EXPERIENCE	PHOTO
<p><b>MR. GABRIEL MAKEVO MWEWE</b>  <b>AG. CHAIRPERSON</b></p>	<ul style="list-style-type: none"> <li>➤ He has a Bachelor Degree in Education from University of Nairobi (2005), a Diploma in education Management from Kenya Management Institute (2013).</li> <li>➤ He is the principal of Galole Model Secondary School.</li> </ul>	
<p><b>MRS. FAKHAR SWADIKI OMAR</b>  <b>BOARD MEMBER</b></p>	<ul style="list-style-type: none"> <li>➤ She has a Certificate in Primary Education (KCPE). 1990</li> <li>➤ She has a Driving Licence</li> <li>➤ She has worked as a food Monitor supported by Tana Delta Conservancy</li> <li>➤ She was the Chairlady ZINDUKA and BAHARI Women Groups.</li> </ul>	




**TANA RIVER COUNTY WARD BURSARY FUND**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022**

<p><b>MRS. MIRIAM IHUGO WANGUI</b>  <b>BOARD MEMBER</b></p>	<ul style="list-style-type: none"> <li>➤ She has a Certificate in Primary Education KCPE (1991).</li> <li>➤ She has a Certificate in Computer applications from AMPLEX COMPUTER COLLEGE.</li> <li>➤ She has worked as an Office Assistant Chewani Ward Office 2016 – 2017</li> <li>➤ She served as The Treasurer Constituency Aids Control Committee (2007 -2013).</li> </ul>	
<p><b>MR. DHADHA ABDULLAHI IJEMA</b>  <b>BOARD MEMBER</b></p>	<ul style="list-style-type: none"> <li>➤ He has a Certificate in Secondary Education KCSE 1996.</li> <li>➤ He holds a Certificate in Computer studies from Pasha training Centre Malindi.</li> <li>➤ He has worked as a poll registration Clerk ECK 2006.</li> <li>➤ He was a chairperson Bura Farmers Produce Society 2015.</li> </ul>	


**3. THE MANAGEMENT TEAM**

**TANA RIVER COUNTY WARD BURSARY FUND**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022**

<p><b>MR. ADEN          MOHAMED ABDI          BOARD          MEMBER</b></p>	<ul style="list-style-type: none"> <li>➤ He holds a Diploma in Human Resource Management from GRETSA UNIVERSITY 2017.</li> <li>➤ He has worked with United Nations Mission as Receptionist, Communication officer &amp; resettlement officer.</li> </ul>	
<p><b>NAME</b></p>	<p><b>ACADEMIC QUALIFICATIONS AND EXPERIENCE</b></p>	<p><b>PHOTO</b></p>



**TANA RIVER COUNTY WARD BURSARY FUND**  
**Annual Report and Financial Statements**  
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<p><b>MRS. BONA FATUMA GAFO C.O Education &amp; Vocational training.</b></p>	<ul style="list-style-type: none"><li>➤ She holds a Bachelor Degree in Early Childhood Development Education from Mount Kenya University 2014.</li><li>➤ She has a Diploma in Early Childhood Development Education ECDE from KNEC.</li><li>➤ She has trained as a P1 Teacher from Shanzu Teachers Training College 1997.</li><li>➤ Since 2018 she is the Chief Officer Education and Vocational Training Department.</li><li>➤ She has worked as a Teacher for over nine (9) years.</li></ul>	 A portrait photograph of Mrs. Bona Fatuma Gafo. She is a woman with dark hair, wearing a red headscarf and a red patterned top. She is looking slightly downwards and to the right of the camera.
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**TANA RIVER COUNTY WARD BURSARY FUND**  
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**MRS. ZENA  
HASHORA  
MAHANGA**  
**Fund  
Administrator**

- MBA finance option from JKUAT (awaiting graduation)
- Holds a bachelor degree in commerce accounting option from Technical University of Mombasa 2015.
- CPA finalist
- A member of ICPAK. M/No. 24941
- Currently working as the Bursary Fund Administrator.
- 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.



## **BOARD/FUND CHAIRPERSON'S REPORT**

### **Introduction**

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 **2021 - 2022** a total of **Kshs-225,000,000** was allocated for disbursement to the wards of the county each ward being allocated **Kshs 15,000,000.00** and **Kshs 6,750,000.00** 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 2021/2022 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.

**TANA RIVER COUNTY WARD BURSARY FUND**  
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**BENEFICIARY STUDENTS ANALYSIS**

S/no	Ward	Secondary	Colleges	Universities	Total
1	Garsen West	1,146	177	123	<b>1,446</b>
2	Garsen Central	691	32	74	<b>797</b>
3	Garsen South	890	288	155	<b>1,333</b>
4	Garsen North	964	250	183	<b>1,397</b>
5	Kipini West	1,172	106	86	<b>1,364</b>
6	Kipini East	589	39	50	<b>678</b>
7	Chewani	1,381	218	115	<b>1,714</b>
8	Mikinduni	286	206	95	<b>587</b>
9	Wayu	255	92	43	<b>390</b>
10	Kinakomba	155	91	25	<b>271</b>
11	Hirimani	521	81	16	<b>618</b>
12	Chewele	540	227	20	<b>787</b>
13	Madogo	540	74	63	<b>677</b>
14	Bangale	284	100	55	<b>439</b>
15	Sala	696	264	73	<b>1,033</b>
	<b>TOTAL</b>	<b>10,110</b>	<b>2,245</b>	<b>1,176</b>	<b>13,531</b>

The total amount received is **KSHS 225,000,000/=** and the number of beneficiaries from the fifteen Wards is approximately **13,531**. On average each beneficiary received **KSHS 16,628**. Based on this analysis, the scholarship programme is important.

**CHALLENGES:**

1. High demands for college/ university leading to low amount per beneficiary.
2. Delays in presentation of report from ward committee hence threatening administration costs.
3. High decency rate on bursary due to poverty, bad weather and others calamities.
4. Covid-19 that made the board to suspend visits to wards committees to assess operations.
5. Data on achievements made by beneficiaries of the fund is scanty.



**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. Schedule visits when covid -19 conditions improve.
5. Encourage achievers through the bursary to appreciate the assistance through provision of feedback.

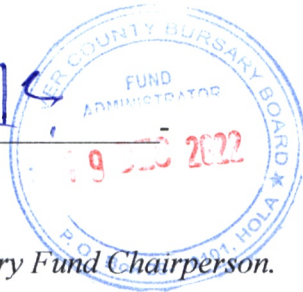
**Conclusion**

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.*



**TANA RIVER COUNTY WARD BURSARY FUND**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022**

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**4. 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 18<sup>th</sup> 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: 224,900,000 for the three tranches as at 30th JUNE 2022 to needy students within the various wards in County.

**Challenges**

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

1. Lack of proper regulations to
2. in the day – to – day operations of the board
3. Emergency bursary beneficiary list, some without proper approvals from the ward bursary committees.
4. 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



**5. STATEMENT OF PERFORMANCE AGAINST THE COUNTY FUND'S  
 PREDETERMINED OBJECTIVES**

Guidance

In the financial year **2021 - 2022** a total of Kshs 154,500,000 was allocated for disbursement to the wards of the county each ward being allocated **Kshs 15,000,000** and **Kshs 6,750,000** 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 demands for college/ university leading to low amount per beneficiary,
- delays in presentation of report from ward committee hence threatening administration costs.
- High decency rate on bursary due to poverty, bad weather 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 2021-2022 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:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Ward Bursary Fund</b>	- To cushion households from the impact of poverty by increasing	- Increased disbursement of bursary funds to qualified	% of students fees disbursement and the rate of retention in schools	In FY 21/22 we increased increasing access, retention and completion

**TANA RIVER COUNTY WARD BURSARY FUND**  
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	<p>access, 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>needy students</p> <p>- Increased access, retention and completion rates of secondary, universities, middle level and tertiary institutions to bonafide students</p>		<p>rates of secondary, universities, middle level and tertiary institutions to bonafide students</p>
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**6. CORPORATE GOVERNANCE STATEMENT**

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

Mr Lucky Azikilwe who was the fund administrator was changed and handed over to Miss Zena Mahanga who was redesignated from co-operative auditor to bursary fund administrator on 7<sup>th</sup> May 2021

**7. 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



**TANA RIVER COUNTY WARD BURSARY FUND**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022**

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**8. REPORT OF THE TRUSTEES**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2020 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 31, 2022 are set out from page 7

**Trustees**

The members of the Ward Bursary Fund Board who served during the year are shown on page 4. The changes in the Board during the financial year are as shown below:

Mr Khalif Bahola who was then the chairperson passed away during the year and was replaced by Mr Gabriel Makevo Mwewe.

**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: 19/12/2022



**TANA RIVER COUNTY WARD BURSARY FUND**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022**

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**9. 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.

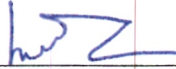
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at June 30, 2022. This responsibility includes: (i) maintaining adequate financial management 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**

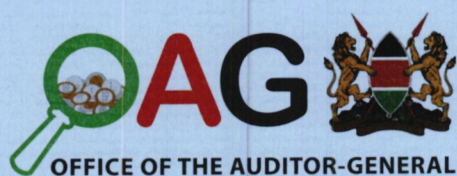
The Fund's financial statements were approved by the Board on 19/12/ 2022 and signed on its behalf by:

  
\_\_\_\_\_  
CPA. Zena Hashora Mahanga  
Fund Administrator



# REPUBLIC OF KENYA

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Email: 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, 2022

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### 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 of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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

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*Report of the Auditor-General on Tana River County Ward Bursary Fund for the year ended 30 June, 2022*

of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Tana River County Ward Bursary Fund as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management Act, 2012 and the Tana River Ward Bursary Fund Administration Act, 2014.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in Opening Balances**

The statement of financial position reflects opening cash and cash equivalents and total net assets and liabilities balance of Kshs.76,551,563. However, the prior year audited financial statements reflected cash and cash equivalents and total net assets and liabilities balance of Kshs.71,407,558 resulting to an unexplained variance of Kshs.5,144,005.

In the circumstances, the accuracy of the opening balance of cash and cash equivalents and total net assets of Kshs.76,551,563 reflected in the statement of financial position could not be confirmed.

#### **2. Variances in Statement of Changes in Net Assets**

The statement of changes in net assets reflects accumulated surplus of Kshs.7,092,529 as at 1 July, 2020 and Kshs.76,551,563 as at 1 July, 2021. However, the audited financial statements for 2020/2021 financial year reflects accumulated surplus of Kshs.1,948,525 and Kshs.71,407,558 as at 1 July, 2020 and 1 July, 2021 respectively resulting to unexplained variance of Kshs.5,144,004 and Kshs.5,144,005 respectively.

In the circumstances, the accuracy of accumulated surplus of Kshs.120,817 reflected in the statement of changes in net assets could not be confirmed.

#### **3. Variances Between the Financial Statements and the Ledgers**

The statement of financial performance reflects bursary payments amount of Kshs.224,900,000 and general expenses of Kshs.249,183 as discussed in Note 3 and 5 to the financial statements respectively, which includes bank charges of Kshs.124,618. However, the schedules supporting the financial statements reflected bursary payments and bank charges of Kshs.224,038,677 and Kshs.124,122 resulting to unexplained variances of Kshs.861,323 and Kshs.496 respectively.

In the circumstances, the accuracy, of bursary payments and bank charges balances of Kshs.224,900,000 and Kshs.124,618 respectively reflected in the statement of financial performance could not be confirmed.

#### **4. Unsupported Fund Administration Expenses**

The statement of financial performance reflects fund administration expenses of Kshs.5,631,945 as disclosed in Note 2 the financial statements. The amount includes an

expenditure on printing and stationery of Kshs.871,445, out of which the expenditure of Kshs.573,195 was not supported with payment vouchers.

In the circumstances, the accuracy and completeness of the fund administration expenses amounting to Kshs.573,195 could not be confirmed.

#### **5. Unaccounted for Bursary Payments**

The statement of financial performance reflects bursary payments totalling to Kshs.224,900,000 as disclosed in Note 3 to the financial statements. Included in the payments is an amount of Kshs.44,059,650 disbursed to students in various learning institutions but were not acknowledged by the beneficiary institutions. In addition, payments of Kshs.6,336,500 and Kshs.4,876,000 were paid to a driving school and tailoring institution respectively. However, records supporting the procurement process were not provided for audit review.

In the circumstances, the accuracy, completeness and propriety of bursary payments amounting to Kshs.55,272,150 could not be confirmed.

#### **6. Cash and Cash Equivalents - Stale Cheques**

The statement of financial position reflects cash and cash equivalents balance of Kshs.120,818 as disclosed in Note 6 to the financial statements. However, review of bank reconciliation statement revealed an amount of Kshs.7,370,190 in respect of unrepresented cheques, that included stale cheques amounting to Kshs.955,000 which were not reversed in the cash book as at 30 June, 2022.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.120,818 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 Matters**

In the Auditor-General's report for the previous year, several issues were raised. However, the Management has not disclosed all the issues under progress on follow up of prior year auditor's recommendations. The issues disclosed in the financial statements were indicated as resolved. However, the Management did not provide evidence on how the issues were resolved.

## 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, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Presentation of the Financial Statements**

The pages containing the statement of financial performance, statement of financial position, statements of changes in net assets and statement of cash flows are not numbered. The name of the Fund is repeatedly referred to as 'entity' in the notes section of the financial statements. In addition, the year in the adjustments column of the statements of comparison of budget and actual amounts is indicated as 2021 instead of 2022. The financial statements were not compliant with the Annual Financial Reporting Template for county public funds (Revised June, 2022) issued by the Public Sector Accounting Standards Board.

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

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 controls, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing 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 overall 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 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.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

20 April, 2023

**TANA RIVER COUNTY WARD BURSARY FUND**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022**

**11. STATEMENT OF FINANCIAL PERFORMANCE AS AT 30<sup>th</sup> JUNE 2022**

	Note	2021/2022	2020/2021
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	1	154,500,000.00	154,500,000
<b>Total revenue</b>		<b>154,500,000.00</b>	<b>154,500,000</b>
<b>Expenses</b>			
Fund administration expenses	2	5,631,945.00	3,268,640
Bursary payments	3	224,900,000.00	80,960,522
Staff training expenses	4	249,183.00	100,800
General expenses	5	149,618.00	711,004
<b>Total expenses</b>		<b>230,930,746.00</b>	<b>85,040,966</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets			
<b>Surplus/( deficit) for the period</b>		<b>(76,430,746.00)</b>	<b>69,459,034</b>

The notes set out on pages 7to 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**  
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**12. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2022**

	Note	2021/2022	2020/2021
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	120,818	76,551,563
<b>Total assets</b>		<b>120,818</b>	<b>76,551,563</b>
<b>Liabilities</b>			
Trade and other payables			-
<b>Net assets</b>			<b>76,551,563</b>
Revolving Fund			
Reserves		76,551,563	71,407,558
Accumulated surplus		(76,430,746)	<b>5,144,005</b>
<b>Total net assets and liabilities</b>		<b>120,817</b>	<b>76,551,563</b>

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 19/12/ 2022 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**  
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**13. STATEMENT OF CHANGES IN NET ASSETS AS AT 30th JUNE 2022**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2020</b>	-	-	7,092,529	7,092,529
Surplus/(deficit) for the period		-	69,459,034	69,459,034
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2021</b>	-	-	76,551,563	76,551,563
<b>Balance as at 1 July 2021</b>	-	-	76,551,563	76,551,563
Surplus/(deficit) for the period		-	76,430,746	76,430,746
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30th June 2022</b>	-	-	120,817	120,817



.....  
**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**  
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**14. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2021/2022	2020/2021
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	1	154,500,000	154,500,000
<b>Total Receipts</b>		<b>154,500,000</b>	<b>154,500,000</b>
<b>Payments</b>			
Fund administration expenses	2	5,631,945	3,268,640
Bursary payments	3	224,900,000	80,960,522
Staff costs	4	249,183	100,800
General expenses	5	149,618	711,004
		<b>230,930,746</b>	<b>69,459,034</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)		-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)		-	-
<b>Net cash flows from operating activities</b>	-	<b>76,430,746</b>	<b>69,459,034</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	-	<b>76,430,746</b>	<b>69,459,034</b>
Cash and cash equivalents at 1 JULY	6	76,551,563	7,092,529
<b>Cash and cash equivalents at 30 JUNE 2022</b>	6	<b>120,817</b>	<b>76,551,563</b>

**TANA RIVER COUNTY WARD BURSARY FUND**  
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**15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**FOR THE PERIOD ENDED 30th JUNE 2022**

	Original budget		Final budget	Actual on comparable basis	Performance difference	% utilization
	2022	2021				
	KShs	KShs	KShs	KShs	KShs	2022
<b>Revenue</b>						
Transfers from Coun	154,500,000	76,551,563	231,051,563	230,930,746	120,817	99.9%
<b>Total income</b>	<b>154,500,000</b>	<b>76,551,563</b>	<b>231,051,563</b>	<b>230,930,746</b>	<b>120,817</b>	<b>99.9%</b>
<b>Expenses</b>						
Fund administration	4,150,000	1,501,563	5,651,563	5,631,945	19,618	99.7%
General expenses	150,000	-	150,000	149,618	382	99.7%
Staff costs	200,000	50,000	250,000	249,183	817	99.7%
Bursary payments	150,000,000	75,000,000	225,000,000	224,900,000	100,000	100.0%
<b>Total expenditure</b>	<b>154,500,000</b>	<b>76,551,563</b>	<b>231,051,563</b>	<b>230,930,746</b>	<b>120,817</b>	<b>99.9%</b>
<b>Surplus for the per</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		



**TANA RIVER COUNTY WARD BURSARY FUND**  
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**TRIAL BALANCE AS AT 30<sup>TH</sup> JUNE 2022**

Description	Note	Debit KShs	Credit KShs
<b>Balance B/F</b>			
- Bank		120,817	-
- Cash			-
Receipts			154,500,000
Fund administration expenses	2	5,631,945	
Bursary payments	3	224,900,000	
Staff training expenses	4	249,183	
General expenses	5	149,618	
<b>Balance C/D</b>			
- Cash		-	
- Bank		-	76,551,563
<b>TOTAL</b>		<b>231,051,563</b>	<b>231,051,563</b>

The notes set out on pages 7 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**



**TANA RIVER COUNTY WARD BURSARY FUND**  
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**16. 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 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) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022**

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

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

Standard	Effective date and impact:
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>



**TANA RIVER COUNTY WARD BURSARY FUND**

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• 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;</li>   <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li>   <li>• 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.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**TANA RIVER COUNTY WARD BURSARY FUND**  
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Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></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 for Sale and	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p>



**TANA RIVER COUNTY WARD BURSARY FUND**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022**

Standard	Effective date and impact:
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 year 2022.

**TANA RIVER COUNTY WARD BURSARY FUND**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022**

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**4. 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 2020-2021 was approved by the County Assembly on 22<sup>nd</sup> JUNE 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations on the FY 2020-2021 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.



**TANA RIVER COUNTY WARD BURSARY FUND**

**Annual Report and Financial Statements**

**For the year ended June 30, 2022**

***Summary Of Significant Accounting Policies (Continued)***

**c) Property, plant and equipment**

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

**d) Intangible Assets**

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

The useful life of the intangible assets is assessed as either finite or indefinite.

**a) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

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

***Loans and receivables***

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



**TANA RIVER COUNTY WARD BURSARY FUND**  
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***Summary Of Significant Accounting Policies (Continued)***

***Held-to-maturity***

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

***Impairment of financial assets***

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

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

***Financial liabilities***

***Initial recognition and measurement***

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

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

***Loans and borrowing***

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

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

**TANA RIVER COUNTY WARD BURSARY FUND**

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***Summary Of Significant Accounting Policies (Continued)***

**a) 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.

**b) 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.

***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.

**TANA RIVER COUNTY WARD BURSARY FUND**

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***Summary Of Significant Accounting Policies (Continued)***

***Contingent assets***

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

**a) 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.*

**b) 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.

**c) 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.

**d) 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.



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***Summary Of Significant Accounting Policies (Continued)***

**a) 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.

**b) 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.

**c) 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.

**d) Comparative figures**

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

**e) Events after the reporting period**

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

**f) Ultimate and Holding Entity**

The entity is a County Public Fund established by the Tana River Ward Bursary Fund Act 2014. Its ultimate parent is the County Government of Tana River.

**g) Currency**

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

**TANA RIVER COUNTY WARD BURSARY FUND**

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**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.



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**20. NOTES TO THE FINANCIAL STATEMENTS****1. Transfers from County Government**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Transfers from County Govt. – operations	154,500,000	154,500,000
<b>Total</b>	<b>154,500,000</b>	<b>154,500,000</b>

**2. Fund administration expenses**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Printing and stationery	871,445	583,140
Rental costs	-	150,000
Utility costs	170,000	-
Administration fees (Allowances)	4,590,500	2,535,500
<b>Total</b>	<b>5,631,945</b>	<b>3,268,640</b>

**3. Bursary payments**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Ward Bursary disbursements	224,900,000	76,489,300
<b>Total</b>	<b>224,900,000</b>	<b>76,489,300</b>

**4. Staff costs**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Staff travel and subsistence	109,183	100,800
Training expenses	140,000	-
<b>Total</b>	<b>249,183</b>	<b>100,800</b>

**5. General expenses**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Advertising expenses	-	-
Computer maintenance	25,000	55,000
Catering services	-	133,000
Bank charges	124,618	523,004
<b>Total</b>	<b>149,618</b>	<b>711,004</b>

**TANA RIVER COUNTY WARD BURSARY FUND**  
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**6. Cash and cash equivalents**

Description	2021/2022	2020/2021
	KShs	KShs
KCB Current account	120,817	71,407,558
Others( Cash in hand	-	-
<b>Total cash and cash equivalents</b>	<b>120,817</b>	<b>71,407,558</b>

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

Financial institution	Account number	2021/2022	2020/2021
		KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1287061095	120,817	76,551,563
<b>Sub- total</b>		<b>120,817</b>	<b>76,551,563</b>
<b>b) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>Grand total</b>		<b>120,817</b>	<b>76,551,563</b>



**TANA RIVER COUNTY WARD BURSARY FUND**  
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**17. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	Late submission of the financial statements	The management has taken note of this and in subsequent years the financial statements will be submitted in due time	Resolved	30.06.2022
2	Lack of trial balance	The management will include trial balance statement in the financial statements	Resolved	30.06.2022
3	Cash and Cash equivalents- bank balance confirmation certificate and board of survey were not provided during the audit	The bank balance certificate and board of survey shall be prepared and availed during subsequent audits	Resolved	30.06.2022

