

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KWALE COUNTY BURSARY FUND

FOR THE YEAR ENDED

30 JUNE, 2023

DATE	29/03/2024
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE & BUDGET
CLERK AT THE TABLE	POLYCARP

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KWALE COUNTY BURSARY FUND

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

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

Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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1. Acronyms and Glossary of Terms

a) Acronyms

ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
KUCCPs	Kenya Universities and Colleges Central Placement Service
CECM	County Executive Committee Member
CPA	Certified Public Accountant

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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2. Key Entity Information and Management

1. Background information

The Kwale County Bursary Fund is established by Kwale County Bursary Fund Act 2014 and derives its authority and accountability from the Kwale County Bursary Fund Act 2014, as amended in 2015. The Fund is wholly owned by the County Government of Kwale and is domiciled in Kenya.

The fund's objective is to promote and increase enrolment, retention, completion and transition rates in educational institutions.

2. Principal Activities

The principal activity/mission/ mandate of the Fund is to support high performing needy students in special schools, secondary schools, technical colleges, medium level colleges, vocational training centers and recognized universities within and outside Kenya.

Mission: To raise education standards in the County.

Vision: To grow human capital and also improve standards of living of Kwale residents.

3. Fund Administration Committee

Ref	Position	Name
1	Chief Officer finance	Alex Onduko Thomas
2	Chief officer Education	Juma Mwanguta Nzao
3	Chairperson	Mwanahamisi Hamisi Bilashaka
4	Committee Members	James Ndegwa Hali
5	Committee Members	Rukia Said Beduni
6	Committee Members	Sebastian Mdawida Mwasicha
7	Committee Members	Paul Ole Rongiti
8	Committee Members	Barika Ali Kiponda
9	Fund Administrator	Grace Kadama Sheti

4. Key Management

Ref	Name	Position
1	Chief officer Education	Juma Mwanguta Nzao
2	Grace Sheti	Fund Administrator
3	Chiroro Jira	Fund Accountant

5. Fiduciary Oversight Arrangements

SN	Name	Position
1	Alex Makanga	Directorate Internal Audit

6. Fund Contacts

Kwale County Bursary Fund
P.O Box 4-80403
Kwale

7. Fund Bankers

Equity Bank
P.O Box 167 -80403
Kwale

8. Independent Auditors

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



9. Controller of Budget

Office of the Controller of Budget
Bima House 12th Floor
P.O Box 35616-000100
Nairobi




10. County Attorney

Office of the Governor
P.O. Box 4 – 80403
Kwale

3. FUND ADMINISTRATION COMMITTEE

<p>1.</p> 	<p>Date of birth: 22nd December 1969 Qualification: Certified Public Accountant of Kenya. Education: He holds a Masters of Business Administration (finance); He holds a Kenya advance certificate of education and also a Kenya certificate of education. Experience: 2013 to-date chief officer finance and economic planning. Senior Management course KSG Mombasa Strategic Leadership Development Programme KSG Nairobi 2011-2013: Town treasurer Town council of Kajiado. 2010-2011: Town treasurer Municipal council of Migori 2005-2010: Town treasurer Municipal council of Busia. 1990-2005: Accountant county council of Nakuru.</p>
<p>2.</p> 	<p>JumaNzao Date of Birth 9 May 1978 Appointed as Chief Officer in the Department of Education in February, 2021. He holds a Masters of Science Degree in Governance and Leadership from Jomo Kenyatta University of Agriculture and Technology, He also holds a Degree in Education from University of Nairobi He has 3 years' experience in the teaching profession from (2002-2005), 11 years' experience in development administration worked for Action Aid International and Plan International in different capacities i.e. Programme Assistant, Programme Facilitator, Project Officer, Programme Coordinator, and Programme Manager from 2006 to 2015. In 2015, he joined Kwale County Government as a Project Officer for the Youth Action for Open Governance and Accountability project funded by the European Union in partnership with Plan International. Until his appointment as Chief Officer for the department of Education.</p>

**Kwale County Bursary Fund
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<p>3</p> 	<p>Mwanamisi Hamisi Bilashaka Date of Birth: 10/10/1970 Appointed as County Bursary Committee Member on 17th February, 2021. Holds Masters in Education, Planning and Policy.</p> <p>She is currently working as Chief Principal at Mama Ngina Girls High School.</p> <p>Previously worked as a Head teacher at Matuga Girls High School from 2003 to 2017.</p> <p>She also served as a Head teacher at Kombeni Girls Secondary School from 1998 to 2003 and as a teacher from 1994 to 1998 at Ribe Girls Secondary School.</p>
<p>4</p> 	<p>Mr. Paul Karduni Rongit Date of Birth: 28/12/1973. Appointed as County Bursary Committee Member on 17th February, 2021.</p> <p>He is P1 trained Teachers Currently working as Head Teacher at Nyango Primary School in Kinango Sub County. He has 20 years of experience in the education sector.</p>
<p>5</p> 	<p>Rukia Saidi Beduni Date of Birth: 4/01/1962. Appointed as County Bursary Committee Member on 17th February, 2021.</p> <p>She is a degree holder in Education and Special needs. Currently working as a Head Teacher at Waa Boarding Primary School. Rukia has 39 years of experience in the Education Sector.</p>



6

James Ndegwa Hali

Date of Birth: 1980
 Appointed as County Bursary Committee Member on 17th February, 2021.

Diploma in social Ministry.
 Worked with several NGO's as a volunteer e.g. Kenya Red Cross, World Vision Programme and World Food Programme on disaster mitigation.



7.

Barika Ali Kiponda

Date of Birth: 20/06/1987
 Appointed as County Bursary Committee Member on 17th February, 2021.

Hold a Bachelor degree in Business Information Technology.

Currently working at Kenya Ferry Services as Security Assistant from 2016 to date
 Previously worked at National Police Services as an Inspector.



8

Mr. Sebastian Mdawida Mwasicho

Date of Birth: 26/12/1954
 Appointed as County Bursary Committee Member on 17th February, 2021.

Trained P1 Teacher.
 He Worked in the education sector serving in different position from a class teacher then promoted to SQASO. Sebastian left public service in 2009 having attained retirement age.
 He is currently working in a Private ECDE college as a Principal.



Grace Sheti


Date of Birth-13th December, 1990

A holder of Bachelor of Commerce Accounting Option from Kenyatta University.

She worked for Equity Bank as Relationship officer cash before joining Kwale County Government as the Fund Administrator

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4. Management Team

Name	Details of qualifications and experience
	<p>JumaNzao Date of Birth 9 May 1978 Appointed as Chief Officer in the Department of Education in February, 2021. He holds a Masters of Science Degree in Governance and Leadership from Jomo Kenyatta University of Agriculture and Technology, He also holds a Degree in Education from University of Nairobi He has 3 years' experience in the teaching profession from (2002-2005), 11 years' experience in development administration worked for Action Aid International and Plan International in different capacities i.e. Programme Assistant, Programme Facilitator, Project Officer, Programme Coordinator, and Programme Manager from 2006 to 2015. In 2015, he joined Kwale County Government as a Project Officer for the Youth Action for Open Governance and Accountability project funded by the European Union in partnership with Plan International. Until his appointment as Chief Officer for the department of Education.</p>



Chiroro Jira

Date of Birth 1986.

A Certified Public Accountant Finalist from Vision Institute of professionals-Nairobi.

He worked with Kwale teachers sacco from 2011 to 2014 as an Accounts Assistant, Bosa Accountant and finally Internal Auditor.

He was appointed as a senior Accountant in County Government of Kwale-Health Department in 2nd March 2015. There after he was promoted to the position of Chief Accountant in the same Department on 9th May 2019.

Currently He is the Ag. Principal Accountant Department of Education County Government of Kwale.

He is also in charge of Kwale County Bursary Fund Financial matters.

He is a Member of Institutes of Certified Public Accountants Kenya (ICPAK).



Grace Sheti

Date of Birth-13th December, 1990

A holder of Bachelor of Commerce Accounting Option from Kenyatta University.

She worked for Equity Bank as Relationship officer cash before joining Kwale County Government as the Fund Administrator.

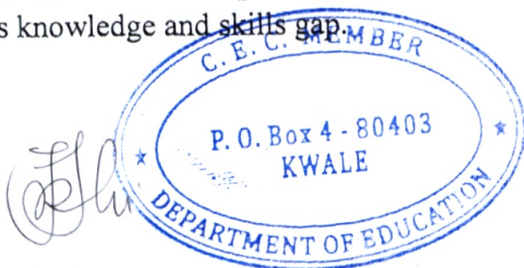
5. Report of the County Executive Committee Member

County Bursary fund was established in 2014 with the objective of uplifting the standards of education in the county through offering bursaries to bright and needy students at all levels of education. This was meant to address the key issues affecting education standards amongst them being low access, transition, retention and completion rates.

The Kwale County Bursary Fund by law is expected to operate under the direction and management of the County Bursary Fund Committee. The fund achieved impressive results over the reporting period; with a total of Ksh. 434,839,353 disbursed to students in different categories of learning institutions. Specifically; 4,969 students in tertiary learning institutions and institutions of higher learning including universities received a total of Ksh.118,534,845. A total of 22,142 who are pursuing secondary school education under scholarship and from county and extra county schools received a total of Ksh.316,304,508.

It is expected the number of students who qualify for the national schools and university scholarships will increase because this fund has motivated students to work harder and perform better in recent years. The fund's management will progressively find innovative solutions for education financing in Kwale by working with private sector players and other donor agencies to bridge the anticipated gap.

In the coming years, support to tertiary education specifically in universities and institutions of higher learning will be specifically targeted to ensure money is invested where it is needed most and where scholarships will help to fill the human resource gap in specific sectors where Kwale has knowledge and skills gap.



Mishi S. Mwakaole
CECM-EDUCATION

6. Report of the Fund Administrator

Education financing has for a long time been a big challenge in Kwale given the high poverty level. Many students from poor families have been striving to change their standard of living through academic excellence; however their dreams have been shattered since their families are not able to support them.

The retention rate for students from Kwale County in secondary schools was very low as students would be chased away from school for failure to pay school fees and other levies in good time. The low transition rates of students translated to very poor performance for Kwale County in the education sector.

It is against this back ground that the Bursary Fund was established in financial year 2014-2015 through enactment of the Kwale County Bursary Fund Act, 2014. After being implemented over a period of one year, the Kwale County Bursary Fund Act, 2014 was amended in 2015 mainly to promote separation of powers between the county executive and the county legislature in the process of implementing the bursary program.

The fund seeks to improve access to education, retention as well as transition rates in Kwale so as to improve education standards through education financing for students in secondary school, universities, colleges and other institutions of higher learning. The support is targeted at needy but high performing students in special schools, secondary schools, technical colleges, medium level colleges, vocational training centres and recognized universities within and outside the country.

The fund raises its funds through exchequer allocations after approval by the controller of budget. The act also allows the fund to raise funds through donors and other well-wishers. In the financial year 2022-2023 the budgetary allocation to the fund was Ksh 420 million. This was then distributed equally among the twenty wards translating to an allocation of Ksh. 21 million per ward.

During the Financial Year 2022-2023, the fund spent a total of Kshs.434,839,353 ,this was attributed to previous years balances .The broad student categories are students in tertiary institutions (including universities) and secondary schools students. During the reporting

***Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023***

period, students pursuing tertiary education received support amounting to Ksh.118,534,845 while secondary school students received Ksh. 316,304,508.

The fund has achieved tremendous progress over the years. A total of 8,842 students have so far received scholarships for their secondary school education in under scholarship since the beginning of the fund; during the reporting period a total of 22,142 students were supported under scholarship programme and secondary schools and 4,969 received scholarships to support them to pursue different degree courses in universities and colleges; since the beginning of this program.

This program has restored hope among students in Kwale. More students from poor family backgrounds are working harder, performing better and qualifying for bursary or scholarship. Consequently, the annual allocation of Ksh 400 million to the bursary fund may not be sufficient to cater for the escalated education financing needs. The demand for scholarships and bursary is therefore increasing to levels that cannot be sustained by the current fund limit of Ksh 400 Million. In order to increase funding the management and county leadership will strive to bring on board other donors to compliment the fund.

Grace Sheti

Grace Sheti
**FUND ADMINISTRATOR
KWALE COUNTY BURSARY FUND**



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

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 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 County Bursary Fund 2018-2022 plan are to:

To promote students’ enrolment, attendance, retention, performance and transition rates in schools, colleges, Vocational Training Centres and Universities.

Progress on attainment of Strategic development objectives (Adopted from Kwale County- Customize as per Specific County,

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Bursary and Scholarship	To promote students’ enrolment, attendance, retention, performance and transition rates in schools, colleges, Vocational Training Centres and Universities.	Improved county human capital development	% Number of needy performing students transitioning from primary to secondary and to tertiary levels of education	In FY 22/23 we spent Ksh. 316,304,508 & Ksh.118,534,845 on Secondary and Tertiary education respectively

8. Corporate Governance Statement

The bursary fund was established with one major objective of improving the education standards of Kwale County which is a recipe for improving the socio-economic standards of the people. The “ELIMU NI SASA” Initiative which is the main driving force of the fund has seen increased enrolment in our Learning Institutions, increased retention rates, high transition rates, and increased access to education opportunities in the County.

Kwale County Bursary fund is managed by two committees, County Bursary Committee and Ward Bursary Committees as envisaged in the Kwale County Bursary Act 2014 and as amended in 2015.

The County bursary committee is mandated to:-

- Equally share funds amongst the 20 wards existing in the county
- Approve disbursement of bursaries to awarded students
- Monitor allocations of bursaries to ensure performing needy and deserving students benefit
- Maintain and update a database of all applicants and beneficiaries of the fund
- Produce and share disbursement reports with the Governor and County Assembly after every three months.

The County bursary committee is appointed by the Governor and approved by the County Assembly and the membership includes:-

- a) Chief Officer in charge of Education
- b) Chief Officer in charge of Finance and economic planning
- c) Members of the public, that is,
 - 1 representative of learning institutions
 - 1 representative from women
 - 1 representative from youth
 - 1 representative from persons with disabilities
 - 1 representative from marginalized groups
 - 2 representatives from religious bodies
 - 1 representative from a civil society dealing with education matters

During the year under review, the County Bursary Committees tenure in office lapsed and we are now in the process of appointing new members. The list was already submitted to the County assembly for vetting.

Equally there are 20 Ward Bursary committees in the County whose main roles are;

- Invite applications for fees support.
- Receive applications.
- Scrutinize and verify all applicants supporting documents submitted by the applicants.
- Identify beneficiaries of the Bursary Fund.
- Verify all allocated bursaries to beneficiaries.

- Prepare a data bank of all the beneficiaries;
- Sensitizing the community on procedures for application, time for application, deadlines and qualifications for funding.
- Prepare and display separate list of applicants and beneficiaries indicating the amount awarded per beneficiary for public viewing.
- Forward to the County Bursary Committee minutes and records of successful bursary beneficiaries; and
- Look for other sources of funds and donors.

- Ward bursary Committees are democratically elected by citizens in their respective wards. Ward administrators are secretaries of the ward bursary committees. The members of the ward bursary committee are:-
- The ward administrator who is the Secretary
- Five representatives elected by residents from the village units within the ward
- Three members elected by residents from village units within the ward to represent marginalized groups (Youth, Women and Persons with disabilities)

The chairperson of the committee is elected by representatives to the ward bursary committee. For deliberations, the County Bursary Committee and ward committee are to have four sittings in a year. Members of both committees are entitled to sitting allowances and not wages.

All members of the respective committees are required to attend meetings.

The County bursary committee period in office is two years. The two years period is renewable but one cannot serve for more than two terms. For the ward bursary committee, the period in office is a 5 year term.

Immediately the committee assumes office, the Department of Education has an elaborate 2 days programme for training members on their roles so as to enable them execute their mandates effectively.

Members should uphold integrity and should follow the law so as to serve the citizens fairly. The fund is audited annually by the office of the auditor general.

9. Management Discussion and Analysis

The Fund receives its revenue from County Treasury through exchequer. Its main expenditure is bursary and 2% is used to finance the Funds 'administrative cost.

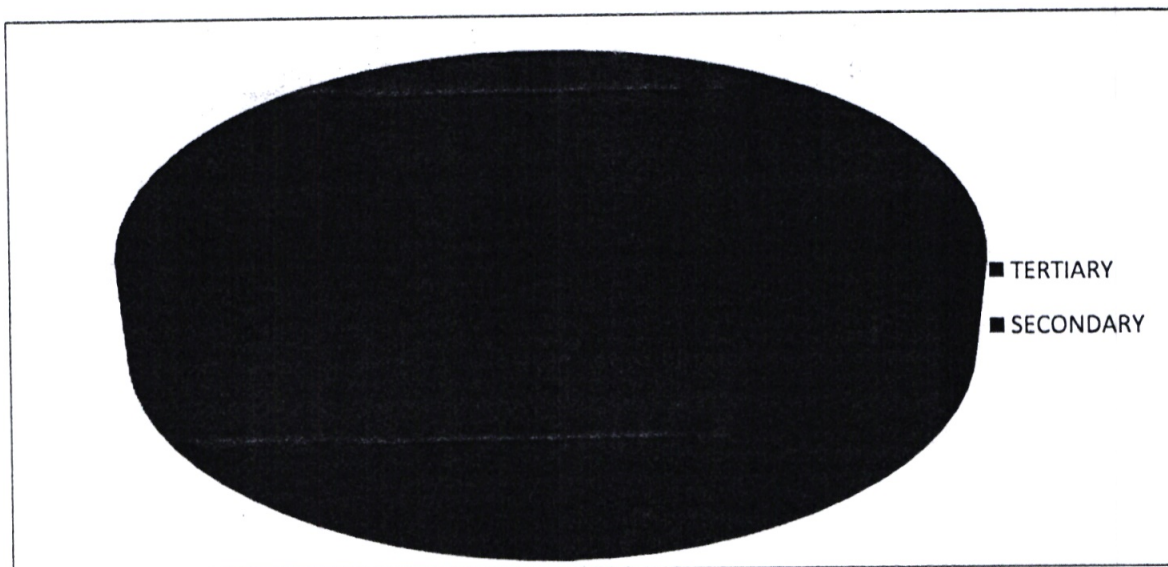
In the Financial year 2022-2023 a total of Ksh.434,839,353 was disbursed to students in different categories of learning institutions. Specifically; 4,969 students in tertiary learning institutions and institutions of higher learning including universities,22,142 students who are pursuing secondary school education in national schools, county and extra-county schools.

The Fund has been sponsoring performing needy students joining National secondary schools and KUCCPS University Students

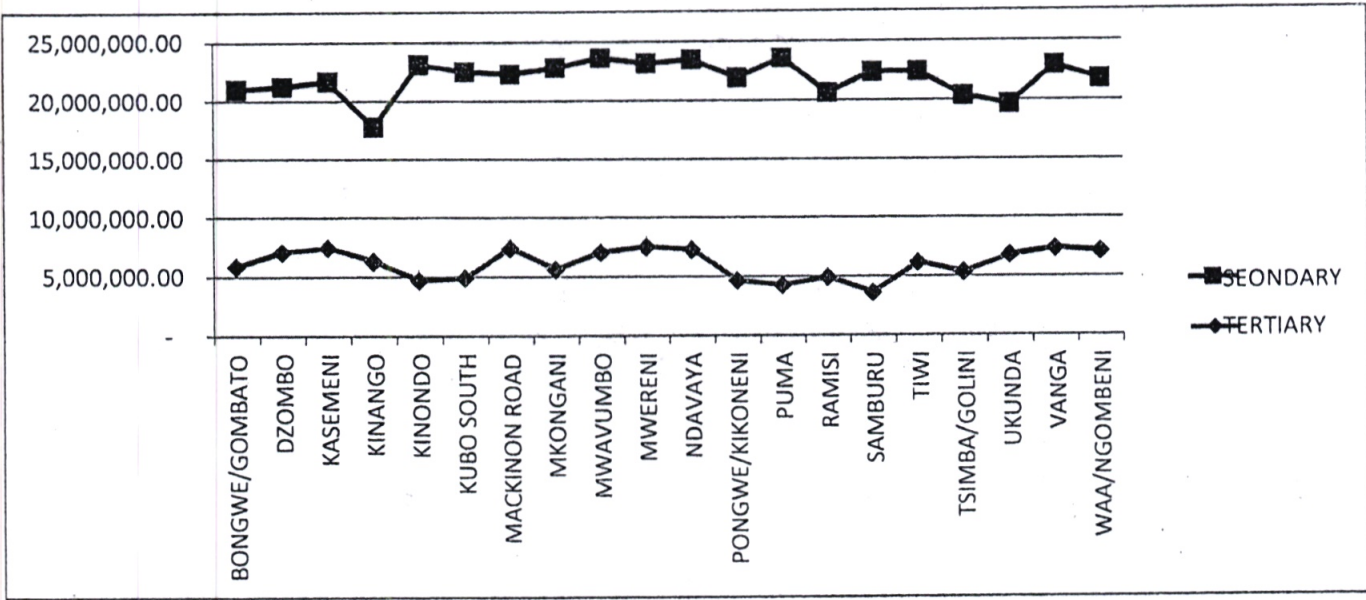
The Funds operations follow strictly the Bursary Fund Act 2014 and as amended in 2015 and financial matters use guidelines of the PFM Act and Procurement procedures as required by the Law.

The Fund distribution performance for the financial year 2022/2023 is depicted in the graph and pie charts below.

The Pie Chart below shows the amount spent on Needy Students in Tertiary and Secondary levels during the Year.



Ward Beneficiaries in Tertiary and Secondary Levels Financial year 2022/2023



Principal activities

The principal activities of the fund are to support high performing needy students in special schools, secondary schools, technical colleges, medium level colleges, vocational training centres and recognized universities within and outside Kenya.

Results

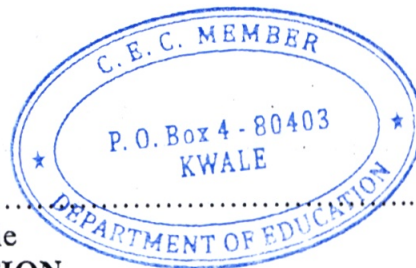
The results of the Fund for the year ended June 30, 2023 are set out on page 1

Trustees

During this reporting period the committees tenure in office lapsed .

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. Certified Public Accountants were nominated by the Auditor General to carry out the audit of the County Bursary Fund for the year/period ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.



Mishi S. Mwakaole
CECM-EDUCATION

Date: 13/12/2023

10. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by The Kwale County Bursary Fund Act 2014, as amended in 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Kwale County Bursary Fund Act 2014 as amended in 2015. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2023, and of the Fund’s financial position as at that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund’s financial statements were approved by the CECM on 13/12/ 2023 and signed on its behalf by:

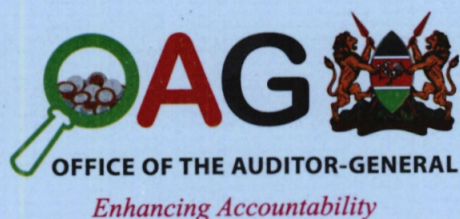
Grace Sheti

.....
Grace Sheti
FUND ADMINISTRATOR



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KWALE COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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.

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 Kwale County Bursary Fund set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net

Report of the Auditor-General on Kwale County Bursary Fund for the year ended 30 June, 2023

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kwale County Bursary Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kwale County Bursary Fund Act, 2014 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inconsistencies in the Financial Statements

The statement of cash flows reflects an amount of Kshs.434,839,353 in respect to bursaries disbursed by the Fund. However, this balance differs with the amount of Kshs.411,600,000 disclosed in the statement of financial performance as bursaries and as analyzed in note 6 to the financial statements leading to unreconciled variance of Kshs.23,239,353.³ Additionally, the balance of Kshs.434,839,353 was not supported⁴ by either a ledger nor a note giving a breakdown of its composition.

In the circumstances, the accuracy and completeness of the bursaries disbursed balance of Kshs.434,839,353 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kwale County 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 opinion.

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. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and 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 the International Standards for Supreme Audit Institutions (ISSAIs) 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 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 the International Standards for Supreme Audit Institutions (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 Management and Fund Administration Committee

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the 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.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and 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 controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 January, 2024

Kwale County Bursary Fund

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

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

	Note	AMENDED FY2022/2023	FY2021/2022
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	420,000,000	450,000,000
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions		-	-
Interest income	4	-	-
Other income	5	-	-
Total revenue		420,000,000	450,000,000
Expenses		-	-
Bursaries	6	411,600,000	441,000,000
Administration Expenses/ Use of Goods and Services Fund	7	8,227,304	13,202,009
Depreciation and Amortisation Expenses	8	314,330	297,991
Finance costs	9	-	-
Total expenses		420,141,634	454,500,000
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
Gain/loss on fair value on investments	11	-	-
Surplus/(deficit) for the period		(141,634)	(4,500,000)

(The notes set out on pages 20 to 39 form an integral part of these Financial Statements)

.....
Name Grace Sheti
Administrator of the Fund

FUND ADMINISTRATOR
KWALE COUNTY BURSARY FUND
P. O. Box 4-80403, KWALE

.....
CPA Chiroro Jira
Fund Accountant
ICPAK Member Number:13182

*Kwale County Bursary Fund**Annual Report and Financial Statements for the year ended June 30, 2023***11. Statement of Financial Position As at 30 June 2023**

Description	Note	AMENDED	FY 2021-20
		FY 2022-2023	
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	20,158,636	43,595,293
Current Portion of Long- Term Receivables From Exchange Transactions	13	-	-
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		20,158,636	43,595,293
Non-Current Assets			
Property, Plant and Equipment	17	1,132,239	1,076,569
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	-	-
Investment Property	19	-	-
Total non- current assets		1,132,239	1,076,569
Total Assets		21,290,875	44,671,862
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	21	-	-
Social benefit liabilities	23	-	-
Bursary balances per ward	25F	17,825,410	41,064,763
Total current liabilities		17,825,410	41,064,763
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		17,825,410	41,064,763

Kwale County Bursary Fund

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

Description	Note	AMENDED	FY 2021-2022
		FY 2022-2023	
		Kshs	Kshs
Net Assets			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus(Changes in Net Assets)		3,465,465	3,607,099
Total Net Assets and Liabilities		21,290,875	44,671,862

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 18/12/2023 and signed by:

Grace Sheti

.....
Name: Grace Sheti
Administrator of the Fund

CPA Chiroro Jira

.....
Name: CPA Chiroro Jira
Fund Accountant
ICPAK Member Number:13182

FUND ADMINISTRATOR
KWALE COUNTY BURSARY FUND
P. O. Box 4-80403, KWALE

*Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023.*

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021			8,107,099	8,107,099
Surplus/(Deficit) For the Period			(4,500,000)	(4,500,000)
Funds Received During the Year			-	-
Transfers			-	-
Revaluation Gain				
Balance As At 30 June 2022			3,607,099	3,607,099
Balance As At 1 July 2022			3,607,099	3,607,099
Surplus/(Deficit) For the Period			(141,634)	(141,634)
Funds Received During the Year			-	-
Transfers			-	-
Revaluation Gain			-	-
Balance As At 30 June 2023			3,465,465	3,465,465

Kwale County Bursary Fund

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

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

Description	Note	AMENDED	FY 2021-2022
		FY 2022-2023	
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government	2	420,000,000	450,000,000
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		420,000,000	450,000,000
Payments			
Bursaries		434,839,353	498,992,289
Use of goods and services	7	8,227,304	13,202,009
Finance cost		-	-
Other payments		-	-
Total Payments		443,066,657	512,194,298
Net cash flows from operating activities	25	(23,066,657)	(62,194,298)
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(370,000)	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		(370,000)	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities			
Net increase/(decrease) in cash & cash Equivalents		(23,436,657)	(62,194,298)
Cash and cash equivalents at 1 July 2022	12	43,595,293	105,789,591
Cash and cash equivalents at 30 June 2023	12	20,158,636	43,595,293

*Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023*

14. Statement of Comparison of Budget And Actual Amounts For The Period Ended 30 June 2023

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						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.	400,000,000	20,000,000	420,000,000	420,000,000	-	100%
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Income	400,000,000	20,000,000	420,000,000	420,000,000	-	100%
Expenses						
Bursaries/Fund Administration Expenses	392,000,000	19,600,000	411,600,000	434,839,353	(23,239,353)	106%
General Expenses	9,509,772	400,000	9,909,772	8,597,304	1,312,468	87%
Finance Cost	-	-	-	-	-	-
Total Expenditure	401,509,772	20,000,000	421,509,772	443,436,657	(21,926,885)	105%
Surplus For the Period				(23,436,657)		

*Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023*

Budget notes

<i>RECONCILIATIONS</i>	S. Financial Performance	Comparison of Budget	Difference	Comments
Fund administration expenses	411,600,000	434,839,353	(23,239,353)	This was as a result of payments of previous years ward balances .

15. Notes to the Financial Statements

1. General Information

Kwale County Bursary Fund is established by and derives its authority and accountability from The Kwale County Bursary Fund Act 2014, as amendment in 2015. The entity is wholly owned by the Kwale County Government and is domiciled in Kenya. The entity's principal activity is to support high performing needy students in special schools, secondary schools, technical colleges, medium level colleges, vocational training centres and recognized universities within and outside Kenya.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

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

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's

Standard	Effective date and impact
	<p>cash flows and the objective for which the asset is held;</p> <ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representatives and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were

*Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023.*

Standard	Effective date and impact
	<p>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>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023.

Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>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:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2022-2023.

*Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023.*

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 30th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Ksh20,000,000 on the FY 2022-2023 budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The Assets that were purchased in FY 2019-2020 backwards their depreciation rates are 10% for Furnitures and 20% for Computers. The Computers and printer bought in the current FY 2022-2023 was depreciated at 30% .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 on straight line basis accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible Assets

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

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

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- 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.

h) 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.

i) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

l) 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.

m) Employee benefits – Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Summary of Significant Accounting Policies (Continued)

n) 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.

o) 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.

p) 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.

q) 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.

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

State all 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.

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.

*Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023.*

6. Notes To The Financial Statements

1. Public contributions and donations

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

2. Transfers from County Government

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	420,000,000	450,000,000
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	420,000,000	450,000,000

3. Fines, penalties and other levies

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

*Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023.*

Notes to the Financial Statements Continued

5. Other income

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Bursaries

Description	AMENDED FY 2022- 2023	FY 2021-2022
	Kshs	Kshs
Professional services costs	-	-
Administration expense	-	-
Scholarships and other educational benefits –Tertiary Education	100,000,000	120,000,000
Scholarships and other educational benefits –Secondary Education	311,600,000	321,000,000
Educational Allowance	-	-
Total	411,600,000	441,000,000

7. Use of Goods and Services/Admin Expenses

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
General Office Expenses	1,846,890	4,312,899
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	2,988,000	1,915,700
Bank Charges	1,340,596	1,498,175
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-

Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023.

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Postage And Courier	-	-
Printing And Stationery	2,022,822	5,475,235
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	28,996	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other	-	-
Social benefit expenses*	-	-
Total	8,227,304	13,202,009

8. Depreciation and Amortization Expense

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Property Plant and Equipment	314,330	297,991
Intangible Assets	-	-
Total	314,330	297,991

9. Finance costs

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

Kwale County Bursary Fund**Annual Report and Financial Statements for the year ended June 30, 2023.****11. Gain/ (loss) on Fair Value Investments**

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	19,986,431	43,347,352
Cash in hand	172,205	247,940
Total Cash And Cash Equivalents	20,158,636	43,595,293

*Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023.*

Notes to the Financial Statements Continued

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

Financial Institution	Account number	AMENDED FY 2022-2023	FY 2021-2022
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Equity Bank Kenya Ltd	158023149560	19,986,431	43,347,352
Bank B		-	-
Sub- Total		-	-
d) Others			
Cash In Transit		-	-
Cash In Hand		172,205	247,940
Sub- Total		-	-
Grand Total		20,158,636	43,595,293

13. Receivables from exchange transactions

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

Kwale County Bursary Fund**Annual Report and Financial Statements for the year ended June 30, 2023.****Notes to the Financial Statements Continued****Additional disclosure on interest receivable**

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

14. Prepayments

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments	-	-
Total	-	-

15. Inventories

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

*Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023.*

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK		
CBK		
Sub- total		
b. Investment with Financial Institutions/ Banks		
Bank		
Bank		
Sub- total		
c. Equity investments (specify)		
Equity/ shares in Entity		
Sub- total		
Grand total		

Movement of Equity Investments

Impairment allowance/ provision	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
At the beginning of the year		
Purchase of investments in the year		
Sale of investments during the year		
Gain/(loss) in fair value of investments through surplus or deficit		
At the end of the year		

e) Shareholding in other entities

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity						
Entity						
Entity						

Kwale County Bursary Fund
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Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers and office equipment Kshs	Total Kshs
Cost					
At 1 st July 2021	-	-	480,000	1,535,030	2,015,030
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	480,000	1,535,030	2,015,030
At 1 st July 2022			480,000	1,535,030	2,015,030
Additions	-	-	-	370,000	370,000
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2023	-	-	480,000	1,905,030	2,385,030
Depreciation And Impairment					
At 1 st July 2021	-	-	(48,000)	(249,991)	(297,991)
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2022)	-	-	(172,000)	(766,461)	(938,461)
At 1 st July 2022					
Depreciation	-	-	(48,000)	(266,330)	(314,330)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2023	-	-	(220,000)	(1,032,791)	(1,252,791)
Net Book Values					
At 30 th June 2022	-	-	308,000	768,569	1,076,569
At 30 th June 2023	-	-	260,000	872,239	1,132,239

Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

Kwale County Bursary Fund
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Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	AMENDED FY 2022-2023		FY 2021-2022	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

Provisions

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

*Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023*

Notes To The Financial Statements (Continued)

21. Borrowings

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

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

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From Organization	-	-
Sterling Pound Denominated Loan From Organization	-	-
Euro Denominated Loan from Organization	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

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

*Kwale County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023*

Notes To The Financial Statements (Continued)

22. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

23. Social Benefit Liabilities

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non-current social benefits	-	-
Total (tie to totals above)	-	-

Kwale County Bursary Fund
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Notes To The Financial Statements (Continued)

24. Cash generated from operations

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(132,384)	(4,500,000)
Adjusted For:		
Depreciation	305,080	297,991
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	(23,239,353)	(57,992,289)
Net Cash Flow From Operating Activities	(23,066,657)	(62,194,298)

25. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

Notes To The Financial Statements (Continued)

c) Key management remuneration

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

e) Due to related parties

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

*Kwale County Bursary Fund
Annual Report and Financial Statements For the year ended June 30, 2023*

Other Disclosures Continued

f) Bursary balances per ward

Ward Name	AMENDED FY 2022/2023	FY 2021/2022
	KShs	KShs
Bongwe/Gombato	980,000	1,520,508
Dzombo	980,000	1,517,028
Kasemeni	980,000	1,948,559
Kinango	805,000	549,048
Kinondo	980,000	3,778,892
Kubo South	980,000	3,104,132
Macknon	980,000	2,504,419
Mkongani	980,000	3,398,309
Mwavumbo	980,000	3,740,949
Mwereni	980,000	3,393,234
Ndavaya	980,000	2,316,397
PongweKikoneni	920,000	2,020,620
Puma	980,000	778,881
Ramisi	830,000	526,322
Samburu Chengoni	980,000	2,296,208
Tiwi	980,000	2,374,310
TsimbaGolini	660,905	-
Ukunda		-
Vanga	980,000	3,368,922
Waa Ng'ombeni	889,505	1,928,025
Totals	17,825,410	41,064,763

26. Contingent assets and contingent liabilities

Contingent Liabilities	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Notes To The Financial Statements (Continued)

27. 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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

***Kwale County Bursary Fund
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Notes To The Financial Statements (Continued)

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

The entity has significant concentration of credit risk.

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

b) Liquidity risk management

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

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Kwale County Bursary Fund
Annual Report and Financial Statements For the year ended June 30, 2023

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Notes To The Financial Statements (Continued)

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:

Description	AMENDED FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing		

28. Events after the reporting period

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

29. Ultimate and Holding Entity

The entity is a County Public Fund established by Kwale County Bursary Fund Act 2014 and its amendment in 2015 under the Department of Education. Its ultimate parent is the County Government of Kwale.

30. Currency

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

**Kwale County Bursary Fund
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16. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/CR/AUD/5/2021/2022/17	Inadequacy of the enabling legislation	The management is in the process of amending the ACT to provide for winding up procedures.	Not resolved	30 th June,2024.

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.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Fund Administrator (Kwale County Bursary Fund)

Date.....12/12/23 

**FUND ADMINISTRATOR
KWALE COUNTY BURSARY FUND
P. O. Box 4-80403, KWALE**