

REPUBLIC OF KENYA



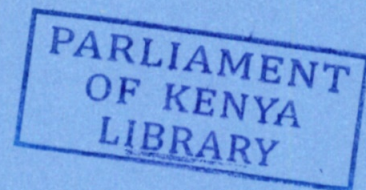
*Enhancing Accountability*

PAPERS LAID	
DATE	27-02-2024
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE & BUDGET
CLERK AT THE TABLE	C. CHEROP

**REPORT**  
**OF**

**THE AUDITOR-GENERAL**

**ON**

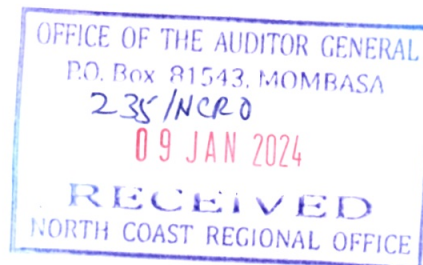


**KILIFI COUNTY WARD SCHOLARSHIP FUND**

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



# THE COUNTY GOVERNMENT OF KILIFI



---

## KILIFI COUNTY WARD SCHOLARSHIP FUND

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30<sup>th</sup> JUNE, 2023

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

---

## Table of Contents

1. Key Entity Information and Management .....	i
<b>2. THE KILIFI WARD SCHOLARSHIP FUND BOARD .....</b>	<b>ii</b>
<b>3. MANAGEMENT TEAM .....</b>	<b>v</b>
<b>4. THE SCHOLARSHIP FUND BOARD CHAIR PERSONS REPORT .....</b>	<b>vi</b>
<b>5. REPORT OF THE FUND MANAGER/ ADMINISTRATOR .....</b>	<b>ix</b>
6. Statement of Performance against the County Fund's Predetermined Objectives .....	x
7. Corporate Governance Statement .....	xii
8. Management Discussion and Analysis .....	xv
9.Environmental Sustainability Reporting .....	xx
10. Report of The Trustees .....	xxi
11. Statement of Management's Responsibilities .....	xxii
12. Report of The Independent Auditor for Kilifi County Scholarship Fund .....	xxiv
13.1 Statement of Financial Performance For The Year Ended June 30, 2023 .....	1
13.2 Statement of Financial Position As At June 30, 2023 .....	2
13.3 Statement of Changes in Net Assets for the year ended June 30, 2023 .....	3
13.4 Statement of Cash Flows for the Year Ended June 30, 2023 .....	4
13.5. Statement Of Comparison Of Budget And Actual Amounts For The Year Ended June 30,2023 .....	5
13.6 Summary of Significant Accounting Policies .....	6
13.6 Summary of Significant Accounting Policies .....	12
13.7 Notes to The Financial Statements .....	18
14.Progress On Follow Up of Prior Year Auditor's Recommendations. ....	25

## 1. Key Entity Information and Management

### a) Background information

The Kilifi County Ward Scholarship Fund is established by and derives its authority and accountability from the Kilifi County Ward Scholarship Fund Administration Act, 2018. The Fund is wholly owned by the County Government of Kilifi and is domiciled in Kenya. The fund's objective is to provide funds to be used for granting scholarship to assist needy and deserving students.

The Kilifi County Ward Scholarship Funds Day to day management is under the following key organs:

- The Ward Scholarship Committees
- Kilifi Ward Scholarship Fund Board
- The Kilifi County Assembly Scholarship Committee

### b) Principal Activities

The principal activity/ mandate of the fund is the provision of funds to be used for granting scholarship to assist needy and deserving students

### c) Board of Trustees/Fund Administration Committee

<b>d) Ref</b>	<b>Position</b>	<b>Name</b>
1	Fund board chair-person & Chief Officer Education & ICT	Fredrick Nguma
2	Board Member	Eliud Kalama
3	Board Member	Winnie Wakati Luwali
4	Board Secretary & Fund administrator	CPA Neema Sirya

**e) Key Management**

Ref	Position	Name
1	Fund Manager/ Administrator	CPA Neema Sirya
2	Fund Accountant	CPA Paul Karisa

**f) Registered Offices**

Headquarters.  
County Government of  
Kilifi Treasury Building  
Bofa Road before Kilifi police  
station Kilifi, KENYA

**g) Fund Contacts**

P.O. Box 519 - 80108,  
Kilifi  
Telephone: (254) 41  
7522227  
E-mail:  
scholarshipfund.klf@gmail.com  
Website: www.kilifi.go.ke

**h) Fund Bankers**

1. National Bank of  
Kenya  
P.O. Box 1392-  
80108  
Kilifi
2. Equity Bank  
P.O.Box 381-  
80108  
Kilifi



**i) Independent Auditors**

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

**j) Principal Legal Adviser**

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

## 2. THE KILIFI WARD SCHOLARSHIP FUND BOARD

Name	Details of qualifications and experience
<p>1.</p> 	<p><b>Fredrick Nguma Kasiwa -Chairperson</b></p> <p>Mr. Fredrick Kasiwa Nguma was appointed as the fund chairman on 14<sup>th</sup> December, 2022. He is the Chief Officer in the department of Education and vocational training. He previously worked as the executive secretary Kenya National union of teachers malindi branch and also as National trustee Knut before joining the County Government. Fredrick Kasiwa Nguma holds a Bachelors Degree in Education from Mount Kenya University</p>
<p>2.</p> 	<p><b>Eliud Kalama- Board Member</b></p> <p>He is currently the chief officer Division of Public Service Management. He was appointed as the Kilifi County Ward Scholarship Fund board member on 14<sup>th</sup> December,2022. He holds a bachelors of commerce degree in Human Resource Management from the University of South Africa and a full member of IHRM.</p>

s3.



**CPA Neema Sirya Board Secretary**

CPA Neema Sirya was appointed as The Fund Administrator and a member of the Kilifi Ward Scholarship Fund Board on 15<sup>th</sup> November 2017. She is also the Deputy Director Corporate Services in charge of managing the general administration functions, human capital, ICT among others in the Finance & Economic planning department in the County Government of Kilifi. CPA Neema Sirya previously worked as the Payroll Manager in the county government of Kilifi. CPA Neema Sirya holds a Bachelors of Business Administration finance option from Kenya Methodist University and is a member of the Institute of Certified Public Accountants of Kenya



4.



**Winnie Wakati Luwali - Board Member**

She was appointed as a board Member in 2023  
She is also the Chief Officer for Finance in the County Government of Kilifi. Winnie Luwali previously worked as a Board Member in the Kilifi County Public Service Board. She Also served as A.g service Delivery Manager at Chase Bank (K) LTD  
Winnie Luwali holds a Bachelor of commerce Degree in Banking & Financial Services. She is also a member of - Kenya Institute of Bankers, Kenya institute of Management, and Institute of Human Resource Management

**MANAGEMENT TEAM**

Name	Details of qualifications and experience
	<p><b>CPA Neema Sirya - Fund Administrator.</b></p> <p>CPA Neema Sirya was appointed as The Fund Administrator and a member of the Kilifi Ward Scholarship Fund Board on 15<sup>th</sup> November 2017. She is also the Deputy Director Corporate Services in charge of managing the general administration functions, human capital, ICT among others in the Finance &amp; Economic planning department in the County Government of Kilifi.</p> <p>CPA Neema Sirya previously worked as the Payroll Manager in the county government of Kilifi. CPA Neema Sirya holds a Bachelors degree in Business Administration finance option from Kenya Methodist University and is a member of the Institute of Certified Public Accountants of Kenya</p>
	<p><b>CPA Paul Karisa - Fund Accountant</b></p> <p>CPA Paul Karisa was appointed as the fund accountant on 17<sup>th</sup> December, 2021. He is a senior accountant in the department of finance &amp; economic planning. He previously worked as head of accounts section at County Public Service Board and department of trade tourism and cooperative development before joining the fund. CPA Paul Menza Karisa holds a Bachelors of Commerce finance option from Pwani University and a member of Institute of Certified Public Accountant of Kenya.</p>

#### 4. THE SCHOLARSHIP FUND BOARD CHAIR PERSONS REPORT

It is my pleasure to present, on behalf of The Scholarship Fund board, The Kilifi Ward Scholarship Fund financial statements for the year ended 30<sup>th</sup> June 2023. The financial statements present the financial performance of the fund over the past year. Sustainability

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its finance base with an objective of ensuring that the fund's going concern is secured.

##### **Board and Management Changes**

The Scholarship Fund Board Chair was appointed in 2023 upon completion of the contract of his predecessor. The Fund Administrator was appointed on 15<sup>th</sup> November, 2017 following the transfer of the previous Administrator to other services of the County.

##### **Review of performance**

###### **Income**

In the financial year 2022/2023, the Fund had a balance brought down of **Kshs. 12,624,853.14** which comprised of **Kshs. 8,527,565.88** for bursary and **Kshs. 4,097,287.26** for administration costs.

**Kshs 350,000,000** was received from the County Treasury and the Fund budgeted for **Kshs. 350,000,000**. Out of which, **Kshs 339,500,000** was for disbursement as bursaries for the 35 Wards and **Kshs 10,500,000** as administration costs.

###### **Expenditures**

The Fund total actual expenditure in the year was **Kshs 357,184,581.10** where **Kshs 343,515,045.10** was paid to various learning institutions as bursaries and administration costs of **Kshs. 13,669,536**.

###### **Future outlook**

The outlook of the Fund for **Fy 2023/2024** looks brighter. The fund hopes to focus more on enhancing efficiency and effectiveness in the service delivery by improving service delivery processes. The fund looks forward to continued support from the county government and development partners to the realization of its mandate. To this end, the Fund expects an increase in allocation.

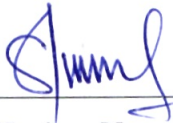
**Kilifi County Ward Scholarship Fund**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2023**

**Appreciation**

I take this opportunity to express my sincere gratitude and appreciation to the county government, development partners, stakeholders, management, staff and fellow board members for their support which made us achieve these results.

I look forward to your continued support in the year **2023/2024**.

Signed:



---

**Fredrick Kasiwa Nguma**

**Scholarship Fund Board Chairperson**

## 5. REPORT OF THE FUND MANAGER/ ADMINISTRATOR

It is my pleasure to present The Kilifi Ward Scholarship Fund financial statements for the year ended **June 30, 2023**. The financial statements present the financial performance of the fund over the past year.

The Scholarship fund came into existence after the enactment of Ward Scholarship Fund Act 2013 which was later repealed under section 37 of the Kilifi County Ward Scholarship Fund Act 2018. The Kilifi County Ward Scholarship Fund Act 2018 is currently undergoing amendment.

### Financial Performance

#### a) Revenue

In the year ended **30 June, 2023**, the fund budgeted for **Kshs 350,000,000** which was received from the County Treasury as shown in the table below;

Revenue classification	budget (Kshs)	Actual (Kshs)	Realization (%)
Transfers from County Govt.	350,000,000.00	350,000,000.00	100%
<b>Total income</b>	<b>350,000,000.00</b>	<b>350,000,000.00</b>	

#### b) Expenditure;

The fund started the year with an amount of **Kshs. 12,624,853.14** being balance brought down and received **Kshs. 350,000,000** being the years' allocation.

During the year, it spent a total of **Kshs 357,184,581.10**. This amount represented **Kshs 343,515,045.10** as bursaries and the remaining **Kshs 13,669,536** being administration expenses.

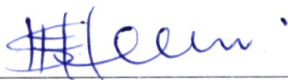
**Kilifi County Ward Scholarship Fund**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2023**

**c) Cash flows**

In the FY **2022/2023**, the budgeted funds were received in various tranches as follows: **Kshs 175,000,000** in February 2023, **Kshs 70,000,000** in April 2023 and **Kshs 105,000,000** in June 2023.

**d) Conclusion**

We endeavour to fast-track the amendment of the Kilifi County Ward Scholarship Act , 2018 and subsequently come up with the Scholarship Policy and Regulations 2023 in a bid to improve the management of the Fund in the subsequent years.

Signed: 

**CPA Neema Sirya**

**Fund Administrator**

**ICPAK Member Number:18885**

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

In this financial year the fund received all of its allocation of **Kshs 350,000,000** and had a balance brought forward of **Kshs 12,624,853.14** which represented **100%** of its expected revenue and spent **Kshs 343,515,045.10** on bursaries and **Kshs 13,669,536** on Administration expenses representing **98.67%** and **93.6%** of the expected expenditure respectively.

The scholarship fund had its share of challenges as follows:

- The fund is inadequate to cater for all needy and deserving beneficiaries within Kilifi County.
- Political interference
- Lack of a robust system to run the daily operations of the fund.

In this coming year, the Fund will collaborate with all the stake holders to ensure that it overcomes the above challenges

### Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each County Government entity shall prepare the Financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Kilifi Ward Scholarship Fund are to:

- a) Provide bursary for needy and bright students within Kilifi county.

**Kilifi County Ward Scholarship Fund**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2023**

**Below we provide the progress on attaining the stated objectives**

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Bursary/ Education	To support bright and needy students to access quality education	Increased number of 55,516 students accessed education in the County in the year under review.	80 % of students retained in school / transitioned to next level institutions	In FY 22/23 The bursary access was 100%

## 7. Corporate Governance Statement

### THE BOARD

The Kilifi Ward Scholarship Fund established by The Kilifi County Ward scholarship fund Act 2013. Its mandate is to cushion households from impacts of poverty, and table economy and the effects of HIV / AIDS by increasing access, retention and completion rates in primary, secondary and tertiary learning institutions and to provide for the procedure applicable to and requirements for scholarship allocation.

The Fund main purpose is therefore to provide funds to be used for granting scholarships to assist needy and deserving students.

The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the scholarship Fund board at its apex.

### BOARD MEETINGS

The Scholarship board meets quarterly or as required in order to monitor the implementation of the fund's strategic plan and achievement of the set targets.

The Scholarship board also plays an oversight role over all other financial and operational issues. In the year under review the board held several meetings of which are tabulated below:

Name of board Member	Designation	13 <sup>th</sup> Jan, 2023	2 <sup>nd</sup> May,23	16 <sup>th</sup> May,23	11 <sup>TH</sup> August,23
Fredrick Nguma	Board Chair	Attended	Attended	Attended	Attended
Eliud Kalama	Member	Attended	Attended	Attended	Attended
Winnie Luwali Wakati	Member	Attended	Attended	Attended	Attended
Neema Sirya	Secretary	Attended	Not attended	Attended	Attended

### **EXISTENCE OF BOARD MEMBERS**

The board is a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable of -

- a) Suing and being sued
- b) Purchasing, acquiring, holding, charging or disposing of movable and immovable property.
- c) Borrowing money or making investments, and
- d) Doing or performing all other acts or things for the proper performance of its functions under the act which may lawfully be done or performed by a body corporate

### **PROCESS OF APPOINTMENT AND REMOVAL OF BOARD MEMBER**

The Executive Committee Members is responsible for appointment of the board members.

A member of the board may be removed from office on any one or more of the following grounds-

- a) Gross violation of the constitution or any other law;
- b) Gross misconduct whether in the performance of the member's or office holder's function or otherwise;
- c) Physical or mental incapacity to perform the functions of office;
- d) Incompetence; or
- e) Bankruptcy

### **ROLES AND FUNCTIONS OF THE BOARD**

The board shall-

- a) Ensure timely and efficient disbursement of funds to the qualifying beneficiaries' institution;
- b) Ensure efficient management of the fund;
- c) Receive and address complaints that may arise from the implementation of the Act;
- d) Administer the funds and assets of the board in such manner and for such purpose as shall promote the best interest of the board in accordance with the Act to ensure efficient management of the Fund;
- e) Perform such other duties as the board may deem necessary from time to time for the proper management of the fund.

## 8. Management Discussion and Analysis

### Financial Performance

The Fund started the financial year 2022/2023 with **Kshs 12,624,853.14** being balance brought forward from the year 2021/2022. **Kshs 350,000,000** was received during the year making the total spendable amount **Kshs 362,624,853.14** as shown in the table below;

Revenue classification	Budget	Actual
	Kshs	Kshs
Fund balance b/f	12,624,853.14	12,624,853.14
Transfers from County Govt.	350,000,000.00	350,000,000.00
Total income	<b>362,624,853.14</b>	<b>362,624,853.14</b>

The Fund was able to disburse a total of **kshs 343,515,045.10** to various learning institutions as per Ward beneficiaries' allocation schedules and administration expenses of **Kshs 136,669,536**

Kilifi County Ward Scholarship Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2023

**Kilifi County Ward Scholarship Fund**  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2023

**Beneficiary allocation Schedule by Ward**

S/NO	Ward	Bal b/d (A)	Allocation(B)	Actual Expenditure(C)	Bank Charges(D)	Bal c/d(E)
1	ADU	174,000.00	9,700,000.00	9,874,000.00		
2	BAMBA	36,000.00	9,700,000.00	9,736,000.00		
3	CHASIMBA	57,100.00	9,700,000.00	9,757,100.00		
4	DABASO	500,625.00	9,700,000.00	10,200,625.00		
5	GANDA	330,245.00	9,700,000.00	10,030,245.00		
6	GANZE	176,230.00	9,700,000.00	9,876,230.00		
7	GARASHI		9,700,000.00	9,506,000.00		194,000.00
8	GONGONI	473,000.00	9,700,000.00	10,173,000.00		
9	JARIBUNI	237,500.00	9,700,000.00	9,937,500.00		
10	JILORE	503,000.00	9,700,000.00	10,203,000.00		
11	JUNJU		9,700,000.00	9,674,000.00		26,000.00
12	KAKUYUNI	430,742.00	9,700,000.00	10,130,742.00		
13	KALOLENI	84,000.00	9,700,000.00	9,237,880.22		546,119.78
14	KAMBE RIBE	198,500.00	9,700,000.00	9,898,500.00		
15	KAYAFUNGO		9,700,000.00	9,700,000.00		
16	KIBARANI	255,238.00	9,700,000.00	9,955,238.00		
17	MAGARINI	44,000.00	9,700,000.00	9,744,000.00		
18	MALINDI TOWN	227,500.00	9,700,000.00	9,927,500.00		
19	MARAFI		9,700,000.00	9,674,000.00		26,000.00
20	MARIAKANI		9,700,000.00	9,700,000.00		
21	MATSANGONI	266,000.00	9,700,000.00	9,966,000.00		
22	MNARANI	65,000.00	9,700,000.00	9,765,000.00		
23	MTEPANI	582,127.00	9,700,000.00	10,282,127.00		
24	MWANAMWINGA	1,053,213.00	9,700,000.00	10,753,213.00		
25	MWARAKAYA	227,000.00	9,700,000.00	9,927,000.00		
26	MWAWESA		9,700,000.00	9,649,000.00		51,000.00

**Kilifi County Ward Scholarship Fund**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2023**

27	RABAI KISURUTINI		9,700,000.00	9,397,386.00		302,614.00
28	RURUMA	261,871.10	9,700,000.00	9,961,871.10		
29	SABAKI		9,700,000.00	9,700,000.00		
30	SHELLA	970,000.00	9,700,000.00	10,670,000.00		
31	SHIMO LA TEWA	209,900.00	9,700,000.00	9,909,900.00		
32	SOKOKE		9,700,000.00	6,550,000.00		3,150,000.00
33	SOKONI	170,000.00	9,700,000.00	9,870,000.00		
34	TEZO	371,000.00	9,700,000.00	10,071,000.00		
35	WATAMU	406,987.78	9,700,000.00	10,106,987.78		
36	BANK CHARGES			-	216,787.00	
	<b>TOTAL</b>	<b>8,527,565.88</b>	<b>339,500,000.00</b>	<b>343,515,045.10</b>	<b>216,788.00</b>	<b>4,295,733.78</b>

**EXPLANATION**

*During the financial year ended June 30, 2023, each ward received Kshs 9,700,000. Some wards did not finish their allocation the previous financial year, they finished it this financial year while others did not distribute all of their allocation and will finish it in the coming financial year. That is why some wards allocated more than Kshs 9,700,000 while others allocated less.*

**Key projects or investment.**

The Fund did not have any key projects in the financial year.

**Compliance and/or arrears with statutory obligations.**

The Fund operations are supported by the Kilifi County Government as to personnel thus it does not incur costs that may result in statutory personnel obligations/arrears.

**Major risks facing the Fund.**

The major risk that may be facing the Fund is political and other social group's interference to its operations. This is because the core activity of the Fund is the distribution of bursaries to needy students within the society. This activity attracts a lot of interest from several social groups including the political class.

## **9.Environmental Sustainability Reporting**

In order to reduce the use paper materials which have direct effect on trees which conserve our environment, the fund has adopted the use of lists of beneficiaries in soft and in the process of acquiring an application which will enable the application of bursary online so as do away with hard application papers.

The fund also devised a way of disposing its rubbish in a approved dumping sites using rubbish dust bin to avoid littering the environment leading to killing of living organism which helps in enriching the soils.

The fund secretariat staff joined other groups and organization and planted trees in various parts of the county.

## 10. Report of The Trustees

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

### Principal activities

The principal activity of the Fund is to provide bursary for needy and bright students within Kilifi County.

### Results

The results of the Fund for the year ended June 30, 2023 are set out on page **1-5**

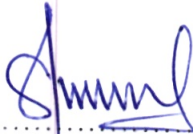
### Trustees

The members of the Board of Trustees who served during the year are shown on page **IV**.

### Auditors

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

By Order of the Board



.....  
**Fredrick Kasiwa Nguma**

**Chair of the Board**

**Date:**

## **11. Statement of Management's Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Kilifi County Ward Scholarship Fund Act, 2013 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.

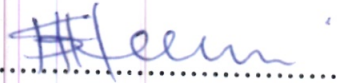
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Kilifi County Ward Scholarship Fund Act, 2018. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

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

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on **11<sup>th</sup> August, 2023** and signed on its behalf by Fredrick Nguma (Board chairperson)



**CPA Neema Sirya**  
**Fund Administrator**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
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 KILIFI COUNTY WARD SCHOLARSHIP FUND FOR THE YEAR ENDED 30 JUNE, 2023**

---

### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of the Kilifi County Ward Scholarship Fund set out on pages 1 to 28, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kilifi County Ward Scholarship 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 Kilifi County Ward Scholarship Fund Administration (Amendment) Act, 2018 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to 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, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Unconfirmed and Incomplete Board Appointments**

Information on the Kilifi Ward Scholarship Fund Board indicate that the Board is comprised of four (4) members all of whom are serving Kilifi County members of staff contrary to the provisions of Section 13(3) of the Kilifi County Ward Scholarship Fund Act, 2018 on establishment of the Board which provides for the appointment of two (2) other members one of either gender, with a minimum qualification of a degree from a University

recognized in Kenya who have served in the education sector in the County, and not being public officers, appointed by the Executive Committee member and approved by the County Assembly. In addition, the appointments and gazetting of the Board members was not provided. Further, Section 21 of the Kilifi County Ward Scholarship Fund Act, 2018 provides for the establishment of the Ward Scholarship Committees which were appointed through the Kenya Gazette Vol. CXXV – No. 36 of 17 February, 2023. However, Gongoni and Jaribuni Wards share the same members of committee.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the accrual 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 Kilifi County Ward Scholarship 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 Kilifi County Ward Scholarship 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 Kilifi County Ward Scholarship Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence and 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


24 January, 2024

**13.1 Statement of Financial Performance For The Year Ended 30 June , 2023**

Transactions			
Transfers From the County Government	1	350,000,000.00	350,000,000.00
<b>Total Revenue</b>		<b>350,000,000.00</b>	<b>350,000,000.00</b>
Expenses			
General Expenses (Bursary Payments)	3	343,515,045.10	349,334,615.00
Fund Administration Expenses	2	12,472,789.00	8,839,775.00
Finance Cost	4	220,207.00	831,395.00
<b>Total Expenses</b>		<b>356,208,041.10</b>	<b>359,005,785.00</b>
<b>Surplus/(Deficit) For the Period</b>		<b>(6,208,041.10)</b>	<b>(9,005,785.00)</b>

*(The notes set out on pages 18 to 21 form an integral part of these Financial Statements)*

  
.....  
CPA Neema Sirya  
Fund Administrator  
ICPAK Member Number:18885


  
.....  
CPA Paul Karisa  
Fund Accountant  
ICPAK Member Number:28318

Kilifi County Ward Scholarship Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2023


**13.2 Statement of Financial Position As At 30 June , 2023**

Description	Note	2022-2023 Kshs	2021-2022 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	5,440,272.04	12,624,853.14
Imprest Fund	7	0.00	0.00
Receivables	9	4,022,987.00	4,022,987.00
<b>Total Current Assets</b>		<b>9,463,259.10</b>	<b>16,647,840.14</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	8	1,964,440.00	987,900.00
<b>Total Assets</b>		<b>11,427,699.10</b>	<b>17,635,740.14</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables		-	-
<b>Non-Current Liabilities</b>			
Total Liabilities		-	-
<b>Net Assets</b>		<b>11,427,699.10</b>	<b>17,635,740.14</b>
Accumulated Surplus	6	11,427,699.10	17,635,740.14
<b>Accumulated Fund</b>		<b>11,427,699.10</b>	<b>17,635,740.14</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **11<sup>th</sup> August, 2023** and signed by:



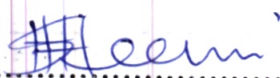
.....  
**CPA Neema Sirya**  
**Fund Administrator**  
**ICPAK Member No:18885**




.....  
**CPA Paul Karisa**  
**Fund Accountant**  
**ICPAK Member Number:28318**

**13.3 Statement of Changes in Net Assets for the year ended 30 June, 2023**

Description	Revolving Fund	Revaluation Reserve	Accumulated Surplus	Total
	Kshs	Kshs	Kshs	Kshs
<b>Balance As At 1 July 2021</b>			<b>26,641,525.55</b>	<b>26,641,525.55</b>
Surplus/(Deficit) For the Period			(9,005,785.41)	(9,005,785.41)
<b>Balance As At 30 June 2022</b>			<b>17,635,740.14</b>	<b>17,635,740.14</b>
<b>Balance As At 1 July 2022</b>			<b>17,635,740.14</b>	<b>17,635,740.14</b>
Surplus/(Deficit) For the Period			(6,208,041.10)	(6,208,041.10)
<b>Balance As At 30 June 2023</b>			<b>11,427,699.04</b>	<b>11,427,699.04</b>

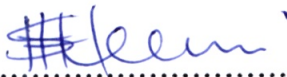
  
.....  
CPA Neema Sirya  
Administrator of the Fund  
ICPAK Member Number:18885

  
.....  
CPA Paul Karisa  
Fund Accountant  
ICPAK Member Number:28318

Kilifi County Ward Scholarship Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2023

**13.4 Statement of Cash Flows for the Year Ended 30 June , 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	1	350,000,000.00	350,000,000.00
<b>Total Receipts</b>		<b>350,000,000.00</b>	<b>350,000,000.00</b>
<b>Payments</b>			
General expenses (Bursary)	3	343,515,045.10	349,334,615.00
Fund administration expenses	2	12,472,789.00	8,839,775.00
Finance Cost	4	220,207.00	831,395.41
<b>Total Payments</b>		<b>356,208,041.10</b>	<b>359,005,785.41</b>
<b>Net cash flows from operating activities</b>		<b>(6,208,041.10)</b>	<b>(9,005,785.41)</b>
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(976,540.00)	(987,900.00)
<b>Net cash flows used in Investing activities</b>		<b>(976,540.00)</b>	<b>(987,900.00)</b>
<b>Cash flows from financing activities</b>			
Net cash flows used in financing activities			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(7,184,581.10)</b>	<b>(9,993,685.41)</b>
<b>Cash and cash equivalents as at 1JULY</b>		<b>12,624,853.14</b>	<b>22,618,538.55</b>
<b>Cash and cash equivalents at 30 JUNE</b>		<b>5,440,272.04</b>	<b>12,624,853.14</b>



.....  
CPA Neema Sirya  
Administrator of the Fund  
ICPAK Member Number:18885



.....  
CPA Paul Karisa  
Fund Accountant  
ICPAK Member Number:28318

**13.5. Statement Of Comparison Of Budget And Actual Amounts For The Year Ended 30 June,2023**

Description	Original budget	adjustment	Final Budget	Actual on comparable basis	Performance difference	% Utilisation
	2022/23		2022/23	2022/23		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers From County Govt.	350,000,000.00	0.00	350,000,000.00	350,000,000.00	-	100%
Fund Bal b/f	12,624,853.14	0.00	12,624,852.54	12,624,852.54	-	100%
<b>Total Income</b>	<b>362,624,853.14</b>	<b>0.00</b>	<b>362,624,852.54</b>	<b>362,624,852.54</b>	<b>-</b>	<b>100%</b>
Expenses						
General Expenses	348,027,565.88	0.00	348,027,565.88	343,515,045.10	4,512,520.78	99%
General Administration Costs	13,347,287.26	0.00	13,347,287.26	12,472,789.00	874,498.26	93%
Finance Cost	250,000.00	0.00	250,000.00	220,207.00	29,793.00	88%
PPE	1,000,000.00	0.00	1,000,000.00	976,540.00	23,460.00	98%
<b>Total Expenditure</b>	<b>362,624,853.14</b>	<b>0.00</b>	<b>362,624,853.14</b>	<b>357,184,581.10</b>	<b>5,440,272.04</b>	<b>98%</b>
Accumulated Surplus	0.00	0.00	0.00	5,440,272.04	(5,440,272.04)	

## **13.6 Summary of Significant Accounting Policies**

### **1. General Information**

Kilifi County Ward Scholarship Fund is established by and derives its authority and accountability from Kilifi County Ward Scholarship Fund Act 2013. The entity is wholly owned by the Kilifi County Government and is domiciled in Kenya. The entity's principal activity is to provide bursary for needy and bright students within Kilifi County.

### **2. Statement of compliance and basis of preparation**

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

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

### **3. Adoption of new and revised standards**

- (i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2023

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

- (ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023 Standard Effective date and impact:

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

Kilifi County Ward Scholarship Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2023

Standard	Effective date and impact:
IPSAS resulting from IPSAS 41, Financial Instruments	<p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued</p>
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January</p>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis</p>

Standard	Effective date and impact:
	<p>for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**(iii) Early adoption of standards**

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

## 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

##### a) Interest income

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

##### b) Budget information

The original budget for **FY 2022-2023** was approved by the Board on **18<sup>th</sup> January 2023**. 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 did not record additional appropriations in the FY 2022-2023.

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

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

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

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

### **Summary of Significant Accounting Policies (Continued)**

#### **c) Property, plant and equipment**

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

#### **d) Intangible Assets**

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

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

#### **a) Financial instruments**

##### **Financial assets**

##### **Initial recognition and measurement**

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

##### **Loans and receivables**

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

## 13.6 Summary of Significant Accounting Policies

### **(Continued) Held-to-maturity**

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

### **Impairment of financial assets**

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

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

### **Financial liabilities**

#### **Initial recognition and measurement**

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

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

#### **Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are not recognized as well as through the effective interest method amortization process.

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

### **Summary of Significant Accounting Policies (Continued)**

#### **b) 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.

#### **c) Provisions**

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

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

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

#### **Contingent liabilities**

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

### **Summary of Significant Accounting Policies (Continued) Contingent assets**

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

#### **d) Nature and purpose of reserves**

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

#### **e) 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.

#### **f) 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.

#### **g) 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.

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

**h) 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.

**i) 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.

**j) 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.

**k) Comparative figures**

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

**l) Events after the reporting period**

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

**m) Ultimate and Holding Entity**

The entity is a County Public Fund established by Kilifi County Ward Scholarship Fund Act, 2013 which was subsequently amended in 2018 and 2020 under the Department of Education and ICT. Its ultimate parent is the County Government of Kilifi.

**n) Currency**

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

## Summary of Significant Accounting Policies (Continued)

### 5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

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

#### b) Useful lives and residual values

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

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

#### c) Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

s

### 13.7 Notes to The Financial Statements

#### 1. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
1 <sup>st</sup> tranche	175,000,000.00	175,000,000.00
2 <sup>nd</sup> tranche	70,000,000.00	60,000,000.00
3 <sup>rd</sup> tranche	105,000,000.00	10,000,000.00
4 <sup>th</sup> tranche	0.00	105,000,000.00
<b>Total</b>	<b>350,000,000.00</b>	<b>350,000,000.00</b>

#### 2. Fund Administration Expenses

Description	2022/23	2021/22
	Kshs.	Kshs.
Board & Committee Allowances	5,174,500.00	5,382,157.00
Routine Maintenance	642,604.00	38,500.00
Domestic Subsistence Allowances	3,843,160.00	1,217,565.00
General Office Supplies	1,622,185.00	1,355,908.00
Membership & Subscription	22,400.00	0.00
Printing & publishing	84,290.00	3,020.00
Hospitality	733,650.00	681,265.00
Communication	80,000.00	43,360.00
Training Expenses	236,000.00	118,000.00
Fuel & Lubricants	34,000.00	0.00
<b>TOTAL</b>	<b>12,472,789.00</b>	<b>8,839,775.00</b>

#### 3. General Expenses (Bursary Issued)

Description	2022-2023	2020-2021
	Kshs	Kshs
Bursaries	343,515,045.10	349,334,615.00
<b>Total</b>	<b>343,515,045.10</b>	<b>349,334,615.00</b>

**Notes to The Financial Statements (Continued)**

**4. Finance Costs**

Description	2022/23	2021/22
	Kshs.	Kshs.
Bank Charges	340,207.00	831,395.41
Less: Refunds	(120,000.00)	0.00
<b>Total</b>	<b>220,207.00</b>	<b>831,395.41</b>

**5. Cash and cash equivalents**

Description	2022/23	2021/22
	Kshs	Kshs
Bursary Account 01001068274900	4,295,733.78	8,527,565.88
Administration Account 1060261812680	1,144,538.26	4,097,287.96
<b>Total Cash and Cash Equivalents</b>	<b>5,440,272.04</b>	<b>12,624,853.14</b>

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

Description		2022/23	2021/22
Financial Institution	Account number	Kshs	Kshs
<b>a) Current Account</b>			
National Bank Account	01001068274900	4,295,733.78	8,527,565.88
Equity Bank of Kenya Account	1060261812680	1,144,538.26	4,097,287.96
<b>Total</b>		<b>5,440,272.04</b>	<b>12,624,853.14</b>

Kilifi County Ward Scholarship Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2023

Notes To The Financial Statements Continued.....

**6. Accumulated Fund**

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance b/d	17,635,740.14	26,641,525.25
Surplus/(deficit) for the year	(6,208,041.10)	(9,005,785.41)
Balance c/d	11,427,699.04	17,635,740.14

**7. Imprest Fund**

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance b/d	0.00	0.00
Add: Amount paid	6,034,290.00	5,852,480.00
	6,034,290.00	5,852,480.00
Less: Amount surrendered	6,034,290.00	5,852,480.00
Balance c/d	0.00	0.00

**8. Property, plant and equipment**

Description	Furniture and fittings	Computers and Accessories	Office Printers	Total
	Kshs	Kshs		Kshs
At 1 <sup>st</sup> July 2022	151,200.00	818,700.00	18,000.00	987,900.00
Additions	45,500.00	271,500.00	659,540.00	976,540.00
Disposals	-	-	-	-
Transfers/Adjustments	-	-	-	-
At 30 <sup>th</sup> June 2023	196,700.00	1,090,200.00	677,540.00	1,964,440.00
<b>Depreciation And Impairment</b>				
Depreciation	-	-	-	-
Impairment	-	-	-	-
At 30 <sup>th</sup> June 2023	196,700.00	1,090,200.00	677,540.00	1,964,440.00
Net Book Values	196,700.00	1,090,200.00	677,540.00	1,964,440.00

Notes To The Financial Statements Continued.....

9. Other receivables

Description	2022/23	2021/22
	Kshs	Kshs
Balance b/d	4,022,987.00	-
Add: Debtor for the year	-	4,022,987.00
	4,022,987.00	4,022,987.00
Less: Amount received	-	-
Balance c/d	4,022,987.00	4,022,987.00

## Other Disclosures

### 1. 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 Members;

#### b) Related party transactions

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

#### c) Key management remuneration

	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

#### d) Due from related parties

	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
<b>Total</b>	-	-

**e) Due to related parties**

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	-	-

**Contingent assets and contingent liabilities**

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

**3. 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 no exposure to credit risk.

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has a liquidity risk management policy of not maintaining any payables but issue cheques only when funds are availed by the County Treasury.

**Other Disclosures 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 no foreign currency transactions.

**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	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	11,427,699.04	17,635,739.00
<b>Total funds</b>	<b>11,427,699.04</b>	<b>17,635,739.00</b>
Total borrowings	-	-
Less: cash and bank balances	5,440,272.04	12,624,853.14
<b>Net debt/(excess cash and cash equivalents)</b>	<b>(5,440,272.04)</b>	<b>( 12,624,853.14)</b>
<b>Gearing</b>	-	-

#### 14. 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. These issues were responded to exhaustively and concluded as shown below;

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date When you Expect the issue to be resolved)
1.	<p>The statement of financial position reflects cash and cash equivalents of <b>Kshs. 12,624,853</b> as at 30 June, 2022 while the statement of cash flows reflects a balance of <b>Kshs. 16,647,840</b>, resulting in an unreconciled variance of <b>Kshs. 4,022,987</b>.</p> <p>In the circumstances the accuracy and completeness of the cash and equivalents balance of <b>Kshs 12,624,853</b> could not be confirmed.</p>	<p><b>The variance of Kshs 4,022,987 in the cash flow statement was as a result of omission which occurred under cash flows from operating activities where a change in current assets and liabilities line item was not indicated. This line was supposed to show the increase/decrease in accounts receivables as shown in the corrected cash flow statement below;</b></p>	Not resolved but responses submitted for determination	

<p>2.</p>	<p>The statement of financial performance reflects general expenses (bursary payments) of Kshs. 349,334,615. However, the management did not provide the lists of bursary applicants for the year under review for audit. Further, there was no evidence to confirm that the lists of the bursary applicants, successful applicants and ward scholarship committee resolutions were submitted to the county assembly select committee as required by section 29(1) of the Kilifi County Ward Scholarship Fund Administration (Amendment) Act, 2018, that “ the chairperson of the Ward Scholarship committee shall submit to the Board, a list containing (a) the names of all the applicants and resolutions of the committee whether to accept or reject the application and: Section 29(2) that provide that the Board shall submit to the County Assembly Select Committee; (a) a list under Subsection (1) and (b) a list containing the successful scholarship applications’</p> <p>In the circumstances, accuracy, completeness and regularity of the bursary payments of Kshs. 349,334,615 could not be confirmed.</p>	<p><b>Bursary application forms are normally submitted to the ward committees in the 35 wards. The committees are supposed to keep register of applicants of the students who applied for the bursary. The fund made efforts to get these applicants registers but the committee chairmen said that they used to record applicants on lists of foolscap and kept the files in the rented offices which by the time were requesting them the offices had already been closed due to expiry of the rent agreements. Some had already rented the offices to new tenants so getting the applicants registers was not possible.</b></p>	<p>Not resolved but responses submitted for determination</p>	
-----------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------	--

3	<p>The statement of comparison of budget and actual amounts reflects both the final budget receipts and actual amounts on comparable basis of Ksh. 372,618,538 or 100% of the budget performance. Similarly, the fund expended Ksh. 359,993,685 against an approved budget of Ksh.372,618,538 resulting in under-expenditure of Ksh.12,624,853 or 3% of the budget.</p> <p>In the circumstances, the under – expenditure is likely to affect the planned activities and may impact negatively on service delivery to the public.</p>	<p><b>Normally, the fund gets the bursary money in tranches sometimes the last tranche comes towards the end of financial year and since the award of bursary follows a process which by the time the financial year ends the ward bursary committees may not have completed the process forcing them to complete the process and eventually award the bursary in the subsequent financial year.</b></p> <p><b>This situation has resulted into a balance in this case the Kshs. 12,624,853 which remains as a balance and the board allows for distribution in the subsequent year.</b></p>	<p>Not resolved but responses submitted for determination</p>	
4	<p>In the audit report of the previous year, various issues were raised and which management has indicated as resolved but remained unresolved as at 30 June, 2022. Management has not provided reasons for the delay in the resolving the prior year audit issues.</p>	<p><b>The indication that the previous year audit issues were resolved while they are not was an oversight and the management commits to provide responses so as to finalize them.</b></p>	<p>Not resolved but responses submitted for determination</p>	

<p>5</p>	<p>During the year under review, the total funds available to be shared equally among the thirty- five (35) wards for bursaries was Ksh. 339, 500,000 (97% of 350,000,000). As such, each ward was allocated Ksh. 9,700,000 for this purpose. Bursary disbursements schedule provided for audit indicated that at the end of the financial year, an amount of Ksh. 7, 180, 326 had been re-allocated among the wards as some of the wards recorded expenditures either above or below their allocations. However, reallocation concurrence of the County Executive Committee Member and the County Assembly Select Committee were not submitted for audit, contrary to Kilifi County ward Scholarship Fund Act, 2018 Section 7 (3) which states that notwithstanding Subsection 7 (1), at the end of a financial year, unspent funds by a ward may be reallocated to another ward on the concurrence of the Executive Committee Member and the County Assembly Committee.</p> <p>In the Circumstances, the Management was in breach of the law.</p>	<p><b>The wards over expenditure or allocation of bursary happens for example ward A had unspent bursary from the previous financial year, in the current year it will spend the balance unspent last financial plus the current allocation of Kshs 9,700,000 thereby spending more than the 9,700,000. So, in this case its not re allocation of bursary as stated. The under allocation or expenditure is caused by a situation where ward B for example due to one or another reason fails to spend the full allocation of Kshs 9,700,000. This situation will show that the allocation to ward B was less not because of re allocation but distribution of bursary less than what was allocated. The unspent balance is normally distributed in the following financial year. So, the Ksh. 7, 180, 326 mentioned above is not as the results of re allocation but the situations discussed above Kilifi County ward Scholarship Fund Act, 2018 Section 7 (3) where the unspent allocation of ward A after the year ends is re allocated to ward B has not yet been put into practice. The unspent allocation, as it is now, is normally spent by the respective ward in the coming year.</b></p>		
----------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--