REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

GARISSA COUNTY SCHOLARSHIP FUND

FOR THE YEAR ENDED 30 JUNE, 2024

GARISSA COUNTY SCHOLARSHIP FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDING JUNE 30, 2024

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

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1. Acronyms and Definition of Key Terms

a) Acronyms

CECM	County Executive Committee Member
CIDP	County Integrated Development Plan
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KSHS	Kenya Shillings
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board

b) Definition of Key Terms

Fiduciary Management: The key management personnel who had financial responsibility.

2. Key Entity Information and Management

a) Background information

Garissa Scholarship Fund is established by and derives its authority and accountability from Garissa County Scholarship Fund Act 2014 *on* September. The Fund is wholly owned by the County Government of Garissa and is domiciled in Kenya.

The fund's objective is to assist the bright and needy students within Garissa County with bursary for all levels of Education

The Fund's principal activity is issue of Bursary to the needy and bright students.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to issue bursaries to needy students.

c) Board of Fund Management Committee

Ref	Name	Position
1	Sophia Hassan farah	Chairman
2	Mohamed Mohamud Abdullahi	V/Chairman
3	Abdullahi Diis Mohamed	Member
4	Salatho Hassan Farah	Member
5	Hassan Abdullahi Adan	Member
6	Salah Hassan Shafat	Member
7	Ali Ahmed Hassan	Member
8	Ifrah Aress Hussein	Member

d) Key Management

Ref	Name	Position
1	Hon Abass Abdullahi Khaar	CECM Finance
2	Adan Harun Abdi	Chief Officer Finance and Economic Planning
3	Abdi Omar Mohamed	Administrator of the Fund
4	Mohamud Adan Osman	Fund Accountant

e) Fiduciary Oversight Arrangements

	Name	Position
1	Zeinab Hussein Dunto	Internal Auditor
2	Adan Harun Abdi	Chief Officer Finance and Economic Planning
3	Mahat Abdikadir	Budget Committee Chair

f) Registered Offices

P.O. Box 563-70100
Garissa, KENYA

g) Fund Contacts

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

h) Fund Bankers

1. First Community Bank
   Garissa Branch
   A/c No. 0009579101

   National Bank
   Garissa Branch
   01040256372800

i) Independent Auditors

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

j) Principal Legal Adviser

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

3. Garissa County Scholarship Fund Management Committee

Name	Details of qualifications and experience
1. Hassan Abdullahi Aden	BSc Banking and Finance, Programme support officer DRC
2. Salatho Hassan Farah	Diploma in Accounting, Cashier private school
3. Abdullahi Diis Mohamed	BSc Business Administration, AG. Director County administration
4. Mohamed Mohamud Abdullahi	BSc Environmental Science, Environmental officer- IRC
5. Sophia Hassan farah	Diploma Community Development- Community Development Officer
6. Salah Hassan Shafat	BSc Education- Teacher
7. Ali Ahmed Hassan	BSc Education- Teacher
8. Ifrah Aress Hussein	Diploma Community Development-Community Health Worker

4. Key Management Team

Name	Details of qualifications and experience
Hon Abass Abdullahi Khaar	CECM Finance- serve as NDMA coordinator
Adan Harun Abdi	Chief Officer Finance and Economic Planning- served as chief officer Agriculture currently Chief officer Finance
Abdi Omar Mohamed	Fund Accountant-Senior Finance officer special programme currently fund Accountant Scholarship.
Mohamud Adan Osman	Fund Accountant-Served as Principal Accountant before becoming the bursary fund accountant

5. Board/Fund Chairperson's Report

The office of the Chairperson for the fund is responsible for the fund allocated to support bright and needy students within the County in line with the County Scholarship Act 2014 section 5

1. Changes in Fund Management Committee

The scholarship Management Committee comprises of Seven (7) members as highlighted in Scholarship Act under sub section (2) of the act.

2. Review of the Fund's Performance

The program has benefited bright and needy students and it has reduced financial burden to the students and parents and guardians within the county thus enabling eligible and interested students to reach their full potential academically.

3. Future Outlook of the Fund

The office of the Chairperson on Scholarship Committee Request H.E the Governor, Garissa County to allocate more funds to this program in order to assist and help more students with specialized studies to achieve and accomplish their goals. Also, the Garissa County Government under the leadership of H.E the Governor in years to develop professional and technical skills.

During the financial year under audit, the fund received Ksh 50,000,000 and utilized the fund fully

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Name: Sophia Hassan Farah

Chairperson

6. Report of The Fund Administrator

The Scholarship Fund was established in 2014 with the gazettement of the Garissa County Scholarship Fund Act of 2014.

The challenges faced by the fund includes.
The following are among the challenges faced by the funds Administrator: -

Delay in the release of the funds. The county treasury releases the funds when schools are closing putting the department in awkward position to pay the beneficiaries school fees.

Way forward

- There is also a request to harmonize the fund with CDF and national Government bursary fund to avoid double allocation and improve efficiency.
- The Manifesto of H.E the Governor has detailed to source funds from donors and well-wishers to avoid reliance on the exchequer disbursement.

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Name: Abdi Omar Mohamed

Fund Administrator

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

Introduction

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

The key development objectives of the Garissa County Scholarship Fund for F/Y 2023/2024 plan are to:

a) Provide bursary for needy students.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Bursary/ Education	To support bright and needy students to access quality education	Increased number of students accessing education in the County	Increased number of student retained in school / transitioned to next level institutions	95% utilization of funds allocated in the year 2023/2024

8. Statement of Corporate Governance

The Fund management committee is nominated and appointed by the County executive committee member for finance with the approval of the county assembly.
Roles of the Board include; To oversight bursary distribution, to formulate policies for regulating disbursement and management of bursaries and scholarship, advice the executive member on bursary disbursement and management, to grant bursaries and scholarships, to approve list of beneficiaries, to fund rise in support of the fund, and to perform any other functions for the better implementation of the fund regulations. The Board /committee serves for a period of three years and eligible for reappointment for another one term.

9. Management Discussion and Analysis

The fund had a total budget of Kshs.50, 000, 000 during the financial year. However, the fund received Ksh 50,000,000 from the County Treasury and this amount was fully utilized for disbursement of bursary and other fund operational expenses The Fund Management would like to appeal to the county treasury and National treasury to ensure that in future funds are released in time to facilitate bursary disbursements to needy students as per the budget.

10. Environmental and Sustainability Reporting

The environmental performance consideration includes the use of renewable resources, improved energy and water efficiency, increase reuse and recycling, and reduction of hazardous waste and toxic pollutants Improve water safety through providing enough aluminium sulphate which was procured for treatment of wells and other water reservoirs. Increase efficiency in waste management services through Maintaining garbage transportation vehicles and trailers for waste disposal.

11. Report of Fund Management Committee

The Trustees/Fund Management Committee submit their report together with the audited financial statements for the year ending June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund include giving bursaries and scholarships to needy students within the county.

Results

The results of the Fund for the year ending June 30, 2024 are set out.

Trustees

The members of the Board of Trustees /Fund Management Committee members who served during the year are shown under note/section 2 (in *the key entity information and management)*

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. The Auditor-General carried out the audit of the *Garissa County Scholarship fund* for the year endinJune 30, 2024 in accordance to section 23 of the Public Audit Act, 2015.

By Order of Board

Member of the Board

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the year of each financial year, the Administrator of a County Public Fund established by 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 Garissa County Scholarship 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 year ending June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the year ending June 30, 2024, and of the Fund's financial position as at that date. The Administrator 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 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 30th/9 2024 and signed on its behalf by:

....

Fund Administrator

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON GARISSA COUNTY SCHOLARSHIP FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Garissa County Scholarship Fund set out on pages 1 to 23 which comprise of the statement of financial position as at

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

In my opinion, except for the effect of matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Garissa County Scholarship Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Garissa County Scholarship Act, 2014 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Bursary Payments

The statement of financial performance reflects general expenses of Kshs.48,775,343 as disclosed in Note 3 to the financial statements. Included in the amount is Kshs.48,635,423 in respect of bursaries. However, bursary payments totalling Kshs.5,378,000 were not supported by acknowledgment documents.

In the circumstances, the accuracy and completeness of bursary of Kshs.5,378,000 could not be confirmed.

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

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on page iii to xiv which comprise of Key Entity Information and Management, Fund Management Committee, Key Management Team, Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Statement of Corporate Governance Statement, Management Discussion and Analysis, Environmental and

Sustainability Reporting, Report of the Fund Management Committee and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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

Non-Provision of Nomination Documents for Fund Management Committee

The financial statements indicates that the Fund Management Committee comprised of eight (8) members. However, nomination documents for the Fund Management Committee members were not provided for review. This was contrary to Section 7(1) and (2)(a) of the Garissa County Scholarship Act, 2014 which provides that there shall be the Garissa County Scholarship Fund Management Committee. The Management Committee shall comprise seven (7) members nominated by the County Executive Member each member representing a sub-county.

In the circumstances, Management was in breach of the law

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 ISSAIs 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and the Fund Administration Committee

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 December, 2024

14. Statement of Financial Performance for The Year ending June 30, 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	50,000,000	30,000,000
Total Revenue		**50,000,000**	**30,000,000**
Expenses			
Fund Administrator Expenses	2	1,200,000	834,000
General Expenses	3	48,775,343	29,159,430
Total Expenses		**(49,975,343)**	**(29,993,430)**
Surplus/(Deficit) For the Period		**24,657**	**6,570**

....
Name:
Administrator of the Fund

....
Name: [illegible]
Fund Accountant
ICPAK Member Number: 29047

15. Statement of Financial Position as at June 30, 2024

Description		2023-2024	2022-2023
		Ksh	Ksh
Assets			
Current assets			
Cash and cash equivalents	4	507,036	475,809
Non-current assets		**00**	**00**
Total assets		**507,036**	**475,809**
Liabilities			
Current liabilities		00	00
Non-current liabilities		00	00
Net assets		**507,036**	**475,809**
Accumulated surplus		507,036	6,570
Net assets		**507,036**	**482,379**

Name: ABDI OMAR
Administrator of the Fund

Name: Mohamud Osman
Fund Accountant
ICPAK Member Number: 29047

16. Statement of Changes in Net Assets for the Year ending June 30, 2024

Description	Accumulated surplus/Deficit (Kshs)	Total
Balance as at 1 July 2022	475,809	**475,809**
Surplus for the Year	6,570	**6,570**
Balance as at 30 June 2023	**482,379**	**482,379**
Balance as at 1 July 2023	482,379	**482,379**
Surplus for the Year	24,657	**24,657**
Balance as at 30 June 2024	**507,036**	**507,036**

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Name: ABDI OMAR
Administrator of the Fund

…………………………………………
Name: MOHAMUD OSMAN
Fund Accountant
ICPAK Member Number: 29047

17. Statement of Cash Flows For The Year Ending June 30, 2024

Description	Note	2023/2024 KShs	2022/2023 KShs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	50,000,000	30,000,000
Total Receipts		**50,000,000**	**30,000,000**
Payments			
Fund administration expenses	2	1,200,000	834,000
General expenses	3	48,775,343	29,159,430
Total Payments		**(49,975,343)**	**(29,993,430)**
Net cash flows from operating activities		**24,657**	**6,570**
Cash flows from financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		**24,657**	**6,570**
Cash and cash equivalents at 1 July		**482,379**	**475,809**
Cash and cash equivalents at 30 June		**507,036**	**482,379**

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Name:

Administrator of the Fund

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Name: MOHAMUD OSMAN

Fund Accountant

ICPAK Member Number: 29047

18. Statement of Comparison of Budget And Actual Amounts For The year ending June 30, 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	
Public contributions and donations			0	0	0	0
Transfers from County Govt.	50,000,000		50,000,000	50,000,000	50,000,000	100%
Total income	**50,000,000**		50,000,000	**50,000,000**	**50,000,000**	**100%**
Expenses						
Fund administration expenses	1,200,000	0	1,200,000	1,200,000	0	100%
General expenses	48,800,000	0	48,800,000	48,775,343	24,657	99.9%
Total expenditure	50,000,000		50,000,000	49,975,343	24,657	99.9%
Surplus for the period	**0**	**0**	**0**	**24,657**	**0**	**99.9%**

19. Notes to the Financial Statements

1. General Information

Garissa County Scholarship fund is established by and derives its authority and accountability from 2014 Act. The entity is wholly owned by the Garissa County Government and is domiciled in Kenya. The entity's principal activity is to issue of busary to the needy and bright student.

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 to published standards effective for the year year 30 June 2024

IPSASB deferred the application date of standards from 1st January 2023 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2024.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ending 31 June 2024

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

Standard	Effective date and impact:
	• 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; • 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.
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** 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: (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.
Amended to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023:** a) Amended to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

Standard	Effective date and impact:
	b) Amended to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amended to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amended to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	***Applicable 1st January 2023*** • *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amended to refer to the latest System of National Accounts (SNA 2008). • *IPSAS 39: Employee Benefits* Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • **IPSAS 29: Financial instruments: Recognition and Measurement** Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	***Applicable 1st January 2025*** 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.

Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

(iii)Early adoption of standards
The entity did not early – adopt any new or amended standards in year 2024.

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023-2024 was approved by the County Assembly on July 13,2023. 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 recorded additional appropriations of Kshs. 50,000,000 on the financial year 2023-2024 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 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 fund 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. Since establishment, the fund has been using property plant and equipment of Garissa County Executive

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 Fund determines the classification of its financial assets at initial recognition.

Loans and receivables

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

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 Fund 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 Fund determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

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

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

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

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

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

Contingent liabilities

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

Summary of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

The fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

f) Employee benefits – Retirement benefit plans

The fund 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 fund regards a related party as a person or an fund 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 fund management committee members fund administrator and fund accountant.

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 year 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 surryearered or accounted for at the year of the financial year.

k) Comparative figures

Where necessary comparative figures for the previous financial year have been amyeared 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 fund is a County Public Fund established by Garissa County Scholarship Fund Act 2014 the County Government of Garissa Department of Finance and economic planning

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 fund 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 year 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 fund. 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.

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

6. Notes to The Financial Statements

1. Transfers from County Government

Description	June 30, 2024	2022-2023
	Kshs	Kshs
Transfers From County Government	50,000,000	30,000,000

2. Fund's Administrative Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Management Committee Sitting Allowance	1,200,000	834,000
Goods and services		
Total	**1,200,000**	**834,000**

3. Fund's General Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Bursary Disbursement	48,635,423	29,138,030
Bank Charges	139,920	21,400
Total	**48,775,343**	**29,159,430**

Notes to the Financial Statements Continued

4 Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account	507,036	482,379
Total Cash And Cash Equivalents	**507,036**	**482,379**

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

		2023-2024	2022-2023
Financial Institution	Account number	Kshs	Kshs
PREMIER BANK OF KENYA	0009579101	24,657	482,379
NATIONAL BANK	01040256372800	482,379	
Total		**507,036**	**482,379**

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 Department
c) Key management;
d) Board of Trustee/Fund Management Committee

Other Disclosures Continued

2. 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 extyeared 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 fund maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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.

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 year of the reporting period are as follows:

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.

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 rendered 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.

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:

20. Progress On Follow Up of Prior Year Auditor's Recommendations

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

NO	ISSUE	MANAGEMENT COMMENT	STATUS (RESOLVED/NOT RESOLVED	TIME FRAMES
1.	Budgetary control and performance	This was affected by supplementary budget	Resolved	30th June 2024
2	Lack of risk management policy	The fund management is following up the matter	Not resolved	30th June 2024
3	Lack of ICT policy and disaster recovery plans	The fund management is following up the matter	Resolved	30th June 2024

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Name: ABDI OMAR
Administrator of the Fund

....
Name: Mohamed Hassan
Fund Accountant
ICPAK Member Number: 28047