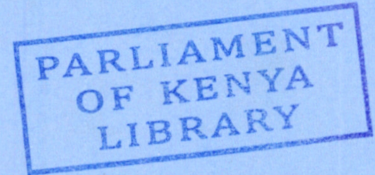


REPUBLIC OF KENYA



REPORT

OF



THE AUDITOR-GENERAL

ON

**TAITA TAVETA COUNTY EDUCATION
FUND**

**FOR THE YEAR ENDED
30 JUNE, 2025**

PAPERS LAID	
DATE	04.12.2025
TABLED BY	S.M.L
COMMITTEE	-
CLERK AT THE TABLE	Abdirahman.

OFFICE OF THE AUDITOR GENERAL
P.O.Box 95202 ,MOMBASA

15 OCT 2025

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**TAITA TAVETA COUNTY
EDUCATION FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
JUNE 30, 2025**

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

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Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

A. Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
KSHS	Kenya Shillings
CPA	Certified Public Accountant
CCO	County Chief Officer
HELB	Higher Education Loans Board
FY	Financial Year

B. Definition of Key Terms

Key Management Team- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

The Taita Taveta Education Fund is established by and derives its authority and accountability from Taita Taveta Education Fund Board Act on 2013 and the Taita Taveta County Education Fund Board Regulations 2018. The Fund is wholly owned by the County Government of Taita Taveta and is domiciled in Kenya.

The Fund's objective is to grant loans, bursaries and scholarships to assist student residents of Taita Taveta County to obtain post primary and higher education at recognized institutions within and outside Kenya.

The Fund's principal activity is to increase access to funding, promote higher education and conduct mentorship programs.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to facilitate quality basic education, promote and coordinate accessible quality life-long education for the county's sustainable development

c) Fund Administration Committee

Ref	Name	Position
1	Chairman of the Board	Elias Mberi
2	Member	Mr. Nesphory Nyange Mghana
3	Member	Bishop Joram Mwanguo
4	Member	Mdm. Asmini Mwanamina Baraka
5	Member	Mdm. Christina W. Kilimo
6	Member	Mr. Rest Mwanjala Nyambu
7	Chief Officer Education	Lonyce W. Mwakio
8	Fund Administrator	Eunice N Mwanyamba

d) Key Management team

Ref	Name	Position
1	Lonyce W. Mwakio	CCO Education, Libraries and VTC's
2	CPA Eunice N. Mwanyamba	Fund Administrator
3	CPA Rodgers G. Mwavala	Fund Accountant

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Ag. Director CPA Andrew Soghia

f) Registered Offices

P.O. Box 1066-80304

Wundanyi

Taita Taveta, Kenya

g) Fund Contacts

Telephone :(+254) 0713164527

E-mail: loansboardtaitataveta@gmail.com

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Wundanyi Branch
P.O Box 1067-80304
Kenya

Key Entity and Management (Continued)

i) Independent Auditors

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

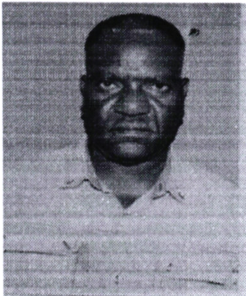

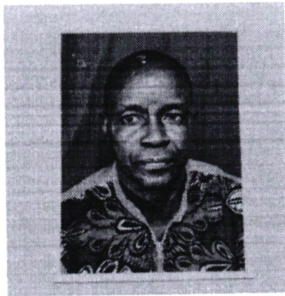
j) Principal Legal Adviser

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

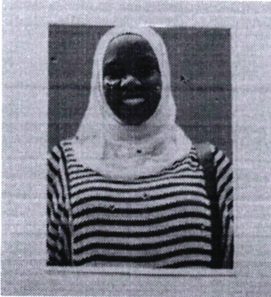
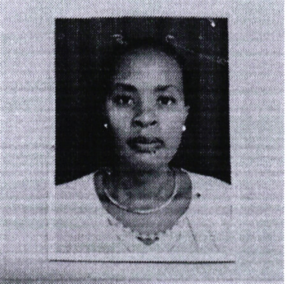
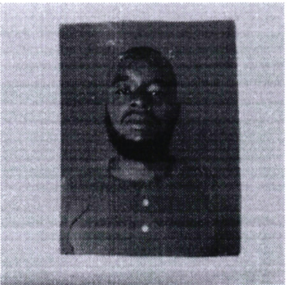
k) County Attorney

County Attorney
County Government of Taita Taveta
P.O Box 1066
Wundanyi



3. Fund Administration Committee

<p>1. Mr. Elias Mberi</p> 	<p>Mr. Elias Mberi is currently working as the Chairperson of County Parent Association- Taita Taveta for both Primary and Secondary schools. He is also working with Elimu Scholarship Programme selection process as a member of Taita Taveta Community Advisory Committee. Born in 1971, he was a Councillor at Voi West ward, Voi Sub-County.</p> <p>Has a Diploma and a Degree in Community Development and Biblical studies.</p> <p>Mr. Elias also participated in a training course in Business management under the Directorate of person management.</p> <p>He is the Chairperson of the Taita Taveta Education Fund Board committee.</p>
<p>2. Mr. Nesphory Nyange Mghana</p> 	<p>Mr. Nesphory is currently an Assistant Director of Education MOE - Taveta Sub-County since 2017. Born in 7th September, 1978.</p> <p>He holds a Masters of Education from UON and a Bachelor's Degree in Education (Business studies and Maths) from the same University.</p> <p>He has also worked as a head-teacher at St. Annes Elimu Centre Catholic School.</p>
<p>3. Bishop Joram Mwanguo</p> 	<p>Bishop Joram has been a member of the Ward Climate Change Planning Committee.</p> <p>Born in 7th July, 1967.</p> <p>He has a Master's degree in Leadership and Management in Education.</p> <p>He also has a Bachelor Degree of Education.</p> <p>He has worked at Kasighau Ranch Board of</p>




**Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

	<p>Management with 9 years of experience. In the board, he represents the religious special group (Christians).</p>
<p>4. Mdm. Asmini Mwanamina Baraka</p> 	<p>Mdm. Asmini works as a high school teacher with 16 years in experience teaching Kiswahili and Geography. Born in 21st July 1988. She has a Master's in Education (Education in Emergencies) from University of Nairobi. She has a Bachelor's Degree of Education (Arts) from University of Nairobi. In the Board, she represents the religious special group (Muslims)</p>
<p>5. Mdm. Christina W. Kilimo</p> 	<p>Mdm. Christina is a high school teacher by profession with 8 years of experience. Born in 26th September, 1989 She has a Degree in Bachelor of Education (Arts) from Kenyatta University. She has taught several high schools and is currently pursuing her Masters in Arts (English and Linguistics) She represents the youth (females) in the board.</p>
<p>6. Mr. Rest Mwanjala Nyambu</p> 	<p>Mr Rest works at ICEA LION Insurance as a financial advisor from 2023 to date. Born in 17th August 1996 He has a Degree in Bachelor of Commerce from Machakos University. His work experience also includes census enumerator at Taita Taveta County 2019. He represents the youth (males) in the board.</p>

**Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

<p>7. Lonyce. W Mwakio</p> 	<p>Lonyce is the CCO of the Department of Education, Libraries and VTCs. She holds a master of Arts degree from the University of Nairobi and a Bachelors of Education degree from Egerton University.</p> <p>Born in 28th October 1983.</p> <p>She has worked with TSC as a secondary school teacher for the last 17years.</p> <p>She is an ex-officio member to the board</p>
<p>8. Eunice N. Mwanyamba</p> 	<p>Eunice is an accountant by profession.</p> <p>Born in 29th December 1992</p> <p>She holds a Bachelors degree in Commerce - finance from Kenyatta University</p> <p>She is a Certified Public Accountants of Kenya and a member of ICPAK.</p> <p>She is the Fund Administrator and also the secretary to the Board as an ex-officio member.</p>

4. Management Team

<p>1. Lonyce. W Mwakio</p> 	<p>Lonyce is the CCO of the Department of Education, Libraries and VTCs. Born in 28th October 1983 She holds a master of Arts degree from the University of Nairobi and a Bachelors of Education degree from Egerton University. She has worked with TSC as a secondary school teacher for the last 17years. She is an ex-officio member to the board</p>
<p>2. Eunice N. Mwanyamba</p> 	<p>Eunice is an accountant by profession. Born in 29th December 1992 She holds a Bachelors degree in Commerce - finance from Kenyatta University She is a Certified Public Accountants of Kenya and a member of ICPAK. She is the Fund Administrator and also the secretary to the Board as an ex-officio member</p>
<p>3. Rodgers G. Mwavala</p> 	<p>Rodgers is an accountant by profession. Born in 20th September 1984 He is a CPA K and a member of ICPAK. He is also pursuing his degree in finance. Has worked with Taita Taveta County Executive since 2021. He has also worked as an accountant in private sector (Transport Industry) for 13 years.</p>

5. Fund Chairperson's Report

It is my pleasure to present, on behalf of the Taita Taveta County Education Fund Board the financial statements for the period ended 30th June 2025. The financial statements present the financial performance of the fund over the financial year 2024/2025.

The Taita Taveta Education Fund was established with the aim of:

- I. Cushioning households from impact of poverty by increasing access, retention and completion rates in primary, secondary and tertiary learning institutions.
- II. Enabling our children an opportunity to pursue further education especially the bright and needy.

Sustainability

The Taita Taveta County Education Fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability through resource mobilization and financing by the County Government with an objective of ensuring that the fund's going concern is secured.

Board and management Changes

During the financial year under review a new board was instituted subject to expiry of the previous board membership. No changes were made in the management team.

Review of Fund's performance

Income

In the period ended 30th June 2025, the Taita Taveta County Education Fund had projected revenue of Kshs 243,902,439 from the Exchequer releases. The total amount received in the period was ksh113, 083,333.00

Expenditures

The total expenditure during the period amounted to KShs.94,412,215 representing an absorption rate of 39%

Future outlook of the Fund

The fund focus is looking to build a sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to sustainable loans portfolio, continued support from the county government and support from development partners to the realization of its mandate.

Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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 continued support which made us achieve these results.

I look forward to your continued support in the year 2025/2026

Name: PHAS T.M. WABERU Signature:  Date: 14/10/2025

Chairperson of the Fund

6. Report of The Fund Administrator

The Taita Taveta County Education Fund Board was established by Taita Taveta County Education Fund Board Act, 2013 to provide for the management of an education fund to be used for granting loans, bursaries and scholarships to assist resident students of Taita Taveta County to obtain post primary and higher education.

During the financial year engagements were made with stakeholders in a view to developing good relations and enriching beneficiaries with both academic and life skills. The fund endeavors to promote an inclusive approach towards quality basic education. I am pleased to note that more than 20,000 students benefited from the fund in the FY 2024/2025.

The original budget for financial year 2024/2025 was approved by the County Assembly in June 2024 totalling to Kshs. 243,902,439. In the quarter under review the fund managed to disburse a total amount of Ksh.70,440,501 to bursaries and Ksh.22,092,018 to scholarship.

Since the inception of the fund a total number of 771 have students have benefited from scholarship programme, over 50,000 students have received bursaries while over 2,000 students have benefited from Higher Education Loans. This has greatly improved literacy levels in the County Government of Taita Taveta.

Over the years there has been an increase in the budgeted amounts in each programme therefore providing adequate financing to the fund to achieve its objectives economically, efficiently and effectively.

Late fee payment for scholarship beneficiaries has been attributed to late disbursement of funds to the Education Fund. This has also impacted negatively the timely disbursement of bursaries. The Education Fund has also faced the challenge of not realizing its full budget hindering maximum delivery of its objectives.

The Education Fund is guided and complies with all legislative and regulatory requirements to ensuring that effective systems are in place to help mitigate risks. The County Government of Taita Taveta has in place an Internal Audit team that provides oversight to the Education Fund.

The fund looks forward to realizing its full budget and continued support from the county government and its stakeholders in the subsequent financial year.

Name: Eunice N. Mwanyamba

Signature: _____

Date: 14/10/2025

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 end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund as per the County Integrated Development Plan (CIDP) for 2023 to 2027 are to;

- a) Increase access to funding
- b) To enhance accessibility and sustainability to Education Fund
- c) Ensure inclusive and equitable quality education

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Education scholarship,	Ensure inclusivity and equitability	Increased allocation for scholarship,	No. Of students supported Amount disbursed	In FY 24/25 the fund was able to disburse scholarship amounting to Ksh.22,092,018
Bursaries program	Ensure equality and lifelong opportunity for all	Increased allocation for Bursaries	No. Of students supported Amount of Bursaries disbursed	In FY 24/25 the fund was able to disburse bursaries amounting to Ksh.70,440,501

8. Corporate Governance Statement

Appointment of Board Members

The Governor shall be the Patron of the board. The board shall have nine (9) members and consist of-

- A chairperson appointed by the Governor with the approval of the County Assembly
- A vice chairperson elected by the members and shall be the opposite gender of the chairperson
- A fund administrator appointed by the County Executive Committee Member for Finance and Economic planning pursuant to the provisions of the Public Finance Management Act who shall be an ex-officio member with no voting rights
- Two representatives of the youth of the opposite gender appointed by the County Executive Committee Member for Education, Libraries and VTCs
- A representative of persons with disabilities appointed by the County Executive Committee Member for Education, Libraries and VTCs
- Members representing special interest groups (two representatives of religious groups in the County and a representative from the County Director of Education with no voting right) appointed by the County Executive Committee Member for Education, Libraries and VTCs
- The County Chief Officer In-charge Education Libraries and VTCs who shall be an ex-officio

Removal of the members

- By resignation in writing through the secretary
- If the member has a physical or mental infirmity and is unable to execute the functions of the office
- Upon his death
- If a member has been adjudged bankrupt by a competent court of law or is convicted of a criminal offence which directly or otherwise reflects adversely on his status as a member of the board

Roles and functions of the Board Members

- Formulated sound policies for regulating the management the Fund
- To solicit funds and other assistance to promote the functions of the board
- Set the criteria and conditions governing the granting of loans
- To disburse bursaries as per the advisory of the various ward bursary committees\
- To perform and exercise all other functions and powers conferred on the Board by this Act.

Induction and training

An induction was organized by the Department of Education and was conducted in February 2025 with a firm purpose to introduce the Board Members to their new responsibilities and overall knowledge about the Education Fund and the County Government of Taita Taveta as a whole.

Board Meetings

The Taita Taveta County Education Fund board holds a minimum of four sittings every financial year as required in order to monitor the implementation of the fund’s strategic plan and achievement of the targets as outlined in the charter. The board also plays an oversight role over all other financial and operational issues.

Members	05/02/2025	28/04/2025	04/06/2025	19/06/2025
Elius Mberi	✓	✓	✓	✓
Nesphory Nyange	✓	✓	✓	✓
Joram Mwanguo	✓	✓	✓	✓
Asmini Mwanamina	✓	✓	✓	✓
Christina Kilimo	✓	✓	✓	✓
Rest Nyambu	✓	✓	✓	✓
Loynce Mwakio	✓	✓	✓	✓
Eunice Mwanyamba	✓	✓	✓	✓

Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Succession Plan

The members of the Board shall hold office for a period of 3 years and may be eligible for re-appointment for one more term of three years.

Conflict of interest

There was no conflict of interest registered during this Financial Year.

Remuneration of Board Members

The Board members do not receive a salary. However, they are paid a sitting allowance for board meetings at the rate of Kshs 15,000 for the Chairperson, Kshs 12,000 for the Vice Chairperson and the other members Kshs 10,000. Per meeting. County employees are paid at the rate of Kshs 4,000 per meeting which is as per the Salaries & Remuneration Commission circular SRC/ADM/CIR/1/13(122).

Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025

9. Management Discussion and Analysis

Operational and Financial performance

The Taita Taveta Education Fund Board major source of funding is the County government since its inception.

The Fund has two sub programs which are:

- i) Bursaries and Scholarship with a key output to increase access to education.
- ii) Mentorship with key output to promote quality education and training.

Below is the Financial Information since its inception

YEAR	BUDGETED	EXCHEQUER ISSUE
FY 2013/14	50,000,000	50,000,000
FY 2014/15	50,000,000	52,421,741
FY 2015/16	93,600,000	86,142,658
FY 2016/17	116,000,000	42,000,000
FY 2016/17 - TO HELB		20,000,000
FY 2017/18	121,648,046	40,700,000
FY 2017/18 – TO HELB		10,000,000
FY 2018/19	151,175,000	97,000,000
FY 2018/19 – TO HELB		8,000,000
FY 2019/2020	72,000,000	32,100,570
FY 2020/2021	137,000,000	100,000,000
FY 2021/2022	145,000,000	58,400,000
FY 2022/2023	147,840,000	142,000,000
FY 2023/2024	236,000,000	160,683,332
FY 2024/2025	243,902,439	113,083,333

Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025

The management prepares and presents its financial statements in accordance with IPSAS and submits the same to the Auditor General. It also ensures that financial transactions and information reflected in the financial statement comply with the relevant legislative and regulatory requirements.

The major risk facing the Education Fund particularly the revolving fund is the netting of loanees for repayment. To mitigate this, the Education Fund has collaborated with HELB to ensure effectiveness in repayment of loans.

It is important to note that adequate financing for the fund can be achieved through increased allocation from the County and funding from donors.

The fund has a phone number where residents of the County can enquire on issues of the fund. In line with that we have been engaging HELB to build capacity by training the ward administrators on how residents can benefit from HELB products.

10. Environmental and Sustainability Reporting

The Taita Taveta County Education Fund Board exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 3 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

i) *Sustainability strategy and profile*

The Taita Taveta County Education Fund Board has continued to structure its programs towards empowerment of Taita and Taveta residents and therefore has conducted basic assessment of available options for feasible financing tools that would ensure the fund of its long term sustainability

ii) *Environmental performance*

To promote sustainable land use and environmental conservation the Taita Taveta County Education Fund Board undertook various capacity building and provision of materials geared towards environmental protection and sustainable land use. The fund has developed a culture of minimizing wasted of paper by ensuring printing is done on both sides and use of soft copy documents as opposed to hard copy.

iii) *Employee welfare*

The Taita Taveta County Education Fund Board revamped its efforts in improving the welfare of its employees as a key ingredient to employee through motivation and satisfactory work performance.

iv) ***Market place practices-***

The fund is guided by an Act and Regulations in which there has been constituted Ward Bursary Committees which oversee the process and fairness in awarding of the funds to successful applicants. The Members of County Assembly are the patrons of the Ward Bursary Committees and therefore they oversee the day to day activities of the committees.

The management ensures that it releases communication to the public on the requirements and procedures for application of bursaries, scholarships or loans. Confidentiality of information provided by the applicants is upheld. By sponsoring students the fund promotes equity and fairness as well as right to education to student in Taita Taveta County.

v) ***Corporate Social Responsibility / Community Engagements***

The Taita Taveta County Education Fund Board together with various Departments and in collaboration with other stakeholders has been engaging in various community initiatives that have helped improved people's living standards. Several public participation exercises were conducted to collect views and contributions from the residents on issues such as proposed projects, progress reports, budgets, etc having a bearing on service delivery.

In the Financial Year under review the staff also participated in the planting of trees in the Library and Vocational Training Centre in the sub county to enhance environmental sustainability.

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

Principal activities

The principal activity/mission/ mandate of the Fund is to Provide quality basic education, promote and coordinate accessible quality life-long education for the county's sustainable development

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1

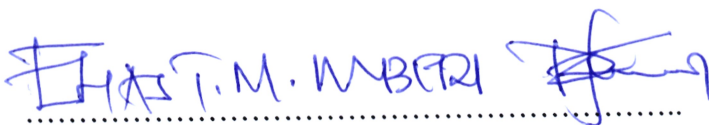
Trustees

The members of the Board of Trustees who served during the year are shown on page vi-viii .During the Financial year under review a new board was instituted subject to the expiry of the previous board's term.

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


.....

Chair of the Board

Date: 14/10/2025
.....

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Taita Taveta Fund Board 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, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Taita Taveta Fund Board Act 2013. 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 ended June 30, 2025, 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.

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 18TH AUGUST 2025 and signed on its behalf by:



.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

Phone: +254-(20) 3214000
Email: 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 TAITA TAVETA COUNTY EDUCATION FUND FOR THE YEAR ENDED 30 JUNE, 2025

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; and,
- 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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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 Taita Taveta County Education Fund set out on pages 1 to 28, which comprise of the statement of financial position as at 30 June, 2025 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, the financial statements present fairly, in all material respects, the financial position of Taita Taveta County Education Fund as at 30 June, 2025 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 Taita Taveta County Education Fund Act, 2023 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 the Taita Taveta County Education Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My opinion is not modified in respect of this matter.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts revealed that the Fund had a revenue budget amount of Kshs.243,902,439 against actual realization of Kshs.113,083,333, resulting in under-realization of Kshs.130,819,106, or 54% of the budget. Similarly, the Fund spent a balance of Kshs.94,412,215 against actual receipts of Kshs.113,083,333 resulting to under-utilization of Kshs.18,671,118, or 17% of actual receipts.

The budget under realization and under utilization may have hindered provision of services to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, two issues were raised under the Report on Financial Statements and Lawfulness and Effectiveness in Use of Public Resources respectively. These include unsupported bursary scholarships and unsupported bursary awards. Review of the status during audit of the Fund in 2024/2025 revealed that the matters remained unresolved.

Other Information

The Management is responsible for the Other Information set out on page i to xxiii which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Fund Chairpersons report, Report of the Fund administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the trustees, Statement of Management 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.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources 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

1. Irregular Appropriation of the Fund

The Taita Taveta County Education Fund Act, 2023, Section 16 specifies appropriation of the Fund capped at 82% to be expended on bursaries and the same to be disbursed equally amongst the 20 respective wards within the County, 3 per cent on administrative costs and 15 per cent on scholarships to deserving students, equally amongst the 20 wards in the County. However, the Fund spent Kshs.70,440,501 on bursaries, Kshs.22,092,018 on scholarships and Kshs.1,701,000 on administrative costs of the Board, being 62%, 20% and 1.5% respectively.

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

2. Incomplete Board Composition

Review of records and information provided revealed that the Fund had eight (8) members in the Fund administration Committee. This is contrary to the Taita Taveta County Education Fund Act, 2023, Section 4(1) which requires a board composition

of ten (10) members. Additionally, the Fund had no representation of persons with disabilities in the Board, contrary to the requirements of Section 4(1)(e) of the Taita Taveta County Education Fund Act, 2023.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 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 THE 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 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 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 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern 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.

Those charged with 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

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 International Standards of Supreme Audit Institutions (ISSAIs). The standards require 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 ISSAIs 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 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

21 November, 2025

Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement of Financial Performance for the Year Ended 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations		-	-
Transfers From the County Government	6	113,083,333	160,683,332
Fines, Penalties and Other Levies		-	-
		113,083,333	160,683,332
Revenue From Exchange Transactions			
Interest Income		-	-
Other Income		-	-
		-	-
Total Revenue		-	-
Expenses			
Employee Costs		-	-
Use of goods and services	7	92,711,215	155,535,022
Administration costs	8	1,701,000	3,076,540
Finance Costs		-	-
Total Expenses		94,412,215	158,611,562
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		18,671,118	2,071,770.00

(The notes set out on pages 17 to 19 form an integral part of these Financial Statements)

.....
Name: Eunice N. Mwanyamba
Administrator of the Fund

14/10/2025

.....
Name: Rodgers G. Mwavala
Fund Accountant
ICPAK Member Number: 30145

14/10/2025

Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement of Financial Position As at 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	9	20,840,109	2,168,991
Investments in financial assets		-	-
Total current assets		20,840,109	2,168,991
Non-Current Assets			
Long Term Receivables from Non - Exchange Transactions	10	98,702,004	98,702,004
Total non- current assets		98,702,004	98,702,004
Total Assets (A)		119,542,113	100,870,995
Liabilities			
Current Liabilities			
Total current liabilities		-	-
Non-Current Liabilities			
Total Liabilities (B)		-	-
Net Assets (A-B)		119,542,113	100,870,995
Represented By:			
Revolving Fund	11	98,702,004	98,702,004
Accumulated Surplus	12	20,840,109	2,168,991
Net Assets		119,542,113	100,870,995

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 18th August 2025 and signed by:

.....
Name: Eunice N. Mwanyamba
Administrator of the Fund

14/10/2025

.....
Name: Rodgers G. Mwavala
Fund Accountant

ICPAK Member Number: 30145

14/10/2025

Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	98,702,004	-	-	98,702,004
Surplus/(Deficit) For the Period	-	-	2,168,991	2,168,991
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	98,702,004	-	2,168,991	100,970,995
Balance As At 1 July 2024	98,702,004	-	2,168,991	100,970,995
Surplus/(Deficit) For the Period	-	-	18,671,118	18,671,118
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2025	98,702,004	-	20,840,109	119,542,113

Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025

17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government	6	113,083,333	160,683,332
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		113,083,333	160,683,332
Payments			
Administration costs	8	(1,701,000)	(3,076,540)
Use of Goods and services	7	(92,711,215)	(155,535,022)
Finance cost		-	-
Other payments		(94,412,215)	(158,611,562)
Net cash flows from operating activities		18,671,118	2,071,770
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets			
Proceeds from sale of property, plant & equipment			
Proceeds from loan principal repayments			
Loan disbursements paid out			
Net cash flows used in investing activities		(-)	(-)
Cash flows from financing activities			
Proceeds from revolving fund receipts			
Additional borrowings			
Repayment of borrowings			
Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash & cash Equivalents		18,671,118	2,071,770
Cash and cash equivalents at 1 July	9	2,168,991	97,221
Cash and cash equivalents at 30 June 2025	9	20,840,109	2,168,991

Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	-	-	-	-	-
Receipts						
Transfers From County Govt.	243,902,439		243,902,439	113,083,333	130,819,106	46%
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Income	243,902,439	-	243,902,439	113,083,333	130,819,106	46%
Expenses						
Fund Administration Expenses	7,317,073	-	7,317,073	1,701,000	5,616,073	23%
Bursaries and Scholarship	236,585,366	-	236,585,366	92,711,215	143,874,151	39%
Finance Cost	-	-	-	-	-	-
Total Expenditure	243,902,439	-	243,902,439	94,412,215	149,490,224	39%
Capital expenditure	-	-	-	-	-	
Surplus For the Period	-	-	-	18,671,118	(18,671,118)	

Budget notes

- The total budgeted amount was 243M whereas the fund received an amount of 113M bringing it to utilization of 46%. The underutilization was as a result of cash flow challenges

Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	18,671,118
1	The difference is the opening balance as at 1 st July 2024	2,168,991
	Closing Cash and Cash Equivalent as per the statement of Cash flows	20,840,109

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

The Taita Taveta Education Fund entity is established by and derives its authority and accountability from Taita Taveta Education Fund Board Act on 2013. The fund is wholly owned by the County Government of Taita Taveta and is domiciled in Kenya. The entity's principal activity is to facilitate quality basic education, promote and coordinate accessible quality life-long education for the county's sustainable development.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

There were no new and amended standards issued in the financial year.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

IPSAS 43: Leases	<i>Applicable 1st January 2025</i> 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. 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	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:

Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Operations	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.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48:	<i>Applicable 1st January 2026</i>

**Taita Taveta County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Transfer Expenses	The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

(i) Early adoption of standards

The Taita Taveta County Education Fund Board did not early – adopt any new or amended standards in the financial year 2024/2025.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024-2025 was approved by the County Assembly on 28th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial cash flows has been presented.

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.

a) 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.

b) Investment property

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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

d) 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.

e) 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.

f) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

The Entity creates and maintains reserves when need be and in the year 2024/2025 did not maintain a reserve.

i) 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.

j) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) 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.

n) 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.

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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Notes To the Financial Statements Continued

6. Transfers from County Government

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfers From County Govt. –Operations	113,083,333	160,683,332
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	113,083,333	160,683,332

7. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	-	-
Bank Charges	78,696	989,142
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Transfers	100,000	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Bursaries	70,440,501	130,533,449
Scholarship	22,092,018	24,012,431
Total	92,711,215	155,535,022

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8. Administration costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Administration costs	1,701,000	3,076,540
Total	1,701,000	3,076,540

9. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	20,840,109	2,168,991
	-	-
Total Cash and Cash Equivalents	20,840,109	2,168,991

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

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Taita Taveta Education Fund	1152801015	20,840,109	2,168,991
Bank B		-	-
Sub- Total		20,840,109	2,168,991
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		20,840,109	2,168,991

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10. Receivables from NON-exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
HELB Loans	98,702,004	98,702,004
Total Receivables From Exchange Transactions	98,702,004	98,702,004

The amount of 98,702,004 is inclusive of the total amount of loans issued to students as at 30.06.2025, out of which an amount of ksh 11,770,154.42 is the total amount recovered to date which makes ksh 86,931,849.58 the outstanding loan amount. From the total amount recovered an amount of ksh 3,196,000 has been disbursed and therefore leaving a balance of ksh 8,574,154.42 as the total recoveries balance.

11. Revolving Fund

Description	2024-2025	2023-2024
	Kshs	Kshs
HELB loans	98,702,004	98,702,004
Transfer to HELB	-	-
Total	98,702,004	98,702,004

12. Accumulated surplus

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	-	-
Adjusted For:		
Balance brought forward	2,168,991	97,221
Prior year Adjustment		
Surplus/ (Deficit) For the Year	18,671,118	2,071,770
Net Cash Flow From Operating Activities	20,840,109	2,168,991

13. Related party balances

a) Nature of related party relationships

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

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

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14. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

b) Liquidity risk management

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

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

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

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.

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

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

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

i. Foreign currency risk

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

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

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

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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.

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20xx: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx – Kshs xxx).

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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	Current FY	Comparative FY
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

15. Events after the reporting period

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

16. Ultimate and Holding Entity

The Taita Taveta Education Fund Board is a County Public Fund established by Taita Taveta Education Fund Board Act 2013. Its ultimate parent is the County Government of Taita Taveta

17. Currency

The financial statements are presented in Kenya Shillings (Kshs)

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20. Annexes

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

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

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)
AOG/MR/AUD/5/7/2022/2023/15	Long outstanding receivables from non-exchange transactions.	Recoveries for all loans that were issued before service contract with HELB is in progress therefore recoverability is confirmed.	Resolved	Resolved
AOG/MRO/TT-CEFB/2023/2024/(12)	Unsupported Scholarships	The Education Fund is in receipt of acknowledgement receipts from various institutions where we have the scholarship beneficiaries	Not resolved	During the next audit exercise
AOG/MRO/TT-CEFB/2023/2024/(12)	Budgetary Control and Performance	The fund received a total amount of KSH 160,683,332 (one hundred and sixty million, six hundred and eighty three, three hundred and thirty two) against a budget of 236,000,000 (two hundred and thirty six million) leading to the under-realization. The county treasury did not transfer all amount as budgeted for due to cash flow challenges during the period under review	Not resolved	During the next audit exercise

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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)
AOG/MRO/TT-CEFB/2023/2024/(12)	Unsupported Bursary Award	Scores are awarded to the scholarship applicants as basis of selection of successful applicants. All the same there are Ward Bursary Committee submits reports in form of minutes detailing the whole selection process	Not resolved	During the next audit exercise

Fund Manager/Accounting Officer

[Handwritten Signature]

Date.....*14/10/2025*.....