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REPORT

OF

THE AUDITOR-GENERAL

ON

**COUNTY GOVERNMENT OF TAITA
TAVETA EDUCATION FUND**

**FOR THE YEAR ENDED
30 JUNE, 2021**





**COUNTY GOVERNMENT OF TAITA TAVETA
EDUCATION FUND/BOARD**

AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021**

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

TAITA TAVETA COUNTY EDUCATION FUND

Reports and Financial Statements

For the year ended June 30, 2021

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TAITA TAVETA COUNTY EDUCATION FUND
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1. 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. The Fund is wholly owned by the County Government of Taita Taveta and is domiciled in Kenya.

The fund's objectives 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.

b) 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.

c) Board of Trustees/Fund Administration Committee

Ref	Position	Name
1	Chairman of the Board	David Mombo
2	Vice Chairperson	Leah K. Kamau
2	Chief Officer	Simon Mwachia
3	Chief Officer finance	Ag. Joyce Kambe Mwachia
4	CEO Education Fund	Philip Mwangwale
5	Fund Manager/ Administrator	Samuel Kumola
6	Member	Simon Mwakughu
7	Member	Aggrey N. Msangi
8	Member	Ven Renson Shake
9	Member	Granton Mwaliko
10	Member	Humphrey M. Mng'ongo
11	Member	Margret Kawuki
12	Member	Philisia M. Selina
13	Member	Dorcas Tama

TAITA TAVETA COUNTY EDUCATION FUND**Reports and Financial Statements****For the year ended June 30, 2021.****d) Key Management**

Ref	Position	Name
1	Simon Mwachia	CCO Education, Libraries and VTC's
2	Philip Mwangwale	CEO Education Fund
3	Fund Administrator	CPA Samuel Kumola
4	Fund Accountant	Joseph Madeda

e) Registered Offices

P.O. Box 1066-80304

Wundanyi

Taita Taveta, Kenya

f) Fund Contacts

Telephone: (254) 0713164527

E-mail: loansboardtaitataveta@gmail.com

g) Fund Bankers

1. Kenya Commercial Banks
Wundanyi Branch
P.O Box 1067 – 80304
Kenya

h) Independent Auditors

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200





Nairobi, Kenya

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2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE (or any other corporate governance body for the Fund)

Name	Details of qualifications and experience
<p>1. Philip Mwangale</p> 	<p>Philip is the CEO of the Fund and is currently pursuing Masters in Arts Counselling Psychology.</p>
<p>2. Samuel Kumola</p> 	<p>Samuel is an accountant and holds a degree and has CPAK</p>
<p>3. David Mombo</p> 	<p>Provide a concise description of each Trustee's date of birth, key academic and professional qualifications and work experience. Indicate whether the trustee is independent or an executive director and which committee of the Board the trustee chairs where applicable. David is the Chairman of the board and is currently a teacher at Kenyatta High School – Mwatate.</p>
 <p>4. Leah Kamau</p>	<p>Leah is a retired teacher and has been a School principal for over 30 years. She taught chemistry and Biology and represents the women in the Board.</p>

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For the year ended June 30, 2021.

<p>5. Dorcas Tama</p> 	<p>Dorcas is a member of the Board and is currently a student at Maseno University</p>
<p>6. Aggrey Msangi</p> 	<p>Aggrey is a member of the board</p>
<p>7. Granton Mwaliko</p> 	<p>Granton is a representative of education in the Board and is a member of KEPSHA.</p>
<p>8. Humphrey Mwandonyi</p> 	<p>Humphrey is a representative of youth in the Board</p>
<p>9. Margaret Kawuki</p>	<p>Margaret is a business lady and she completed her secondary school in 1986 from Voi secondary school.</p>

TAITA TAVETA COUNTY EDUCATION FUND

Reports and Financial Statements

For the year ended June 30, 2021.

	
<p>10. Philisiah Mghoi Selina</p> 	<p>Philisiah is a member of the board representing persons with disability. She attended college at Machakos Teachers Training College and Kenya Institute of Special Education.</p>
<p>11. Ven. Renson Shake</p> 	<p>Ven Renson is an Arcdeacon and is currently based in the Archdeaconry of Taveta. He holds a degree in Bachelor of Divinity.</p>
<p>12. Simon Mwakughu.</p> 	<p>Simon is a career teacher and has been a School principal for over 23 years and holds a Degree in Bachelor of Education (Arts). He represents Education in the Board and is a member of KESSHA</p>

3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'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 Taita Taveta Education Fund County Government Entity's 2018-2022(state the period of the strategic document/plan) plan are to:

- a) Increase number of students accessing loans.
- b) Award bursaries to successful applicants.
- c) Award bursaries to all successful applicants.

TAITA TAVETA COUNTY EDUCATION FUND
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For the year ended June 30, 2021.

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

Below we provide the progress on attaining the stated objectives:





Program	Objective	Outcome	Indicator	Performance
Taita Taveta Education fund board	Objective 1.To increase no. of students accessing loans	Students awarded loans	350 students were awarded loans in 2020/2021	IN F/Y 2020/2021 No. increased from 124 students to 350 students
Taita Taveta education fund board	Objective 2. To award bursaries	Bursaries	8,300 Students were awarded bursaries in 2020/2021	In F/Y 2020/21 no. increased from 300 to 8,300 students
Taita Taveta Education and fund board	Objective 3 To award scholarships	Scholarships awarded	250 students awarded scholarships in 2020/2021	In f/y 2020/2021 number remained the same due to covid -19 pandemic

TAITA TAVETA COUNTY EDUCATION FUND

Reports and Financial Statements

For the year ended June 30, 2021.

4. MANAGEMENT TEAM

Name	Details of qualifications and experience
1. <i>Insert each key Manager's passport-size photo and name,</i> CCO Education 	CCO Education, Libraries and VTCs
2. Philip Mwangwale 	Philip is the CEO of the Fund and is currently pursuing Masters in Arts Counselling Psychology
3. CPA Samuel Kumola 	Samuel is the fund administrator, holds a degree in accounting and is a CPA K
4. Joseph Madeda 	Joseph is an accountant and holds a degree in Bachelor of Commerce

5. BOARD/FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

It is my pleasure to present, on behalf of the Taita Taveta County Education Fund Board financial statements for the year ended 30th June 2021. The financial statements present the financial performance of the fund over the past year.

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 Education Fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for resource mobilization and financing capabilities with an objective of ensuring that the fund's going concern is secured.

The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long-term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

Board and Management Changes

Initially the board had 11 members; but one member passed on. Therefore, the board was reconstituted to ten members where the organisational arrangement is expected to enhance efficiency in service delivery.

Review of performance

Income

In the year ended 30th June 2021, the Taita Taveta Education Fund had projected revenue of Kshs 137,500,000 consisting of; Kshs. 137,500,000 from Exchequer releases.

Expenditures

The total expenditures during the period amounted to KShs. 79,464,480 representing an absorption rate of 99.3%. The expenditure .During the year, the fund transferred ksh 9,000,000 to higher education Loans Board to cater for loans, the beneficiaries being students of TaitaTaveta County.

TAITA TAVETA COUNTY EDUCATION FUND

Reports and Financial Statements

For the year ended June 30, 2021.

Future outlook

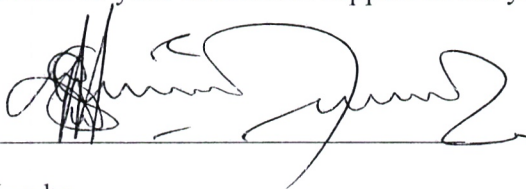
The outlook of the Fund for 2020/2021 looks brighter. The fund focus is looking to build a sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the county government and development partners to the realization of its mandate.

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 2021/2022.

Signed: _____



David Mombo

Board Chairman

TAITA TAVETA COUNTY EDUCATION FUND

Reports and Financial Statements

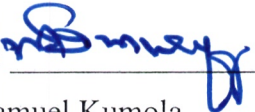
For the year ended June 30, 2021.

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.

In the financial year , the budget allocation for the fund was a total of Kshs.137,500,000 (shillings) of which Kshs 78,375,000 will cater for bursaries, Kshs 20,625,000 for Scholarships,Kshs loans and Kshs. 4,125,000 administrative costs.

My wish is that the budget shall be fully funded.

Signed: 
CPA Samuel Kumola



7. CORPORATE GOVERNANCE STATEMENT

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.

Ownership

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

Current Constitution and Appointment of Board Members

The Governor shall be the Patron of the board who shall;

- Appoint a Chairman with the approval of the County Assembly;
- Appoint the Secretary to the board who shall be the Chief Executive Officer of the board with approval of the County Assembly.
- The following representatives are also in the board
 - a) a vice Chair elected by the members;
 - b) a representative of the finance docket;
 - c) a representative of the youth;
 - d) a representative of persons with disabilities
 - e) three members representing special interest group namely;
 - Administration; Mr Aggrey Ndelejai
 - Religion; Ven Renson Shake
 - Education; Simon Mwakughu

The legal advisor appointed by the Governor

Key responsibilities of the Board Members

The Taita Taveta Education Fund Board has undertaken the following

- Formulated sound policies for regulating the management the Fund
- Set the criteria and conditions governing the granting of loans
- Held public information and engagement forums in the County to facilitate public participation
- Held its four mandatory meetings as prescribed in the Act.

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).

Board Meetings

Board and committee attendance for the period.

Members	14.01.2021	02.02.2021	26.02.2021	19.03.2021
Mombo David	✓	✓	✓	✓
Leah Kamau	✓	✓	✓	✓
GrantonMwaliko	✓	✓	✓	✓
Dorcas Tama	✓	✓	✓	✓
Simon Mwakughu	✓	✓	✓	✓
Humphrey M. Mng'ong'o	✓	✓	✓	✓
Ven Renson Shake	✓	✓	✓	✓
Margaret Kawuki	✓	✓	✓	✓
Samuel Kumola	✓	✓	✓	✓
Philip Mwangwale	✓	✓	✓	✓
Philisia Mghoi	✓	✓	✓	✓

TAITA TAVETA COUNTY EDUCATION FUND
Reports and Financial Statements
For the year ended June 30, 2021.

8. MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial performance

The Taita Taveta Education Fund Board budget allocation has not matched the actual funding. The only source of funding is the County government since its inception.

Financial Information

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

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 the County loans and HELB products.

Any County that intends to make a breakthrough in industrialization and technological development must begin by ensuring that it has a critical mass of well qualified personnel.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Corporate social responsibility is an integral part of our culture. As a responsible organisation, we respect the interests of our stakeholders – our employees, customers, suppliers and the wider community and we actively seek opportunities both to improve the environment and to contribute to the well-being of the communities around us.

During the financial year 2020/21, the Taita Taveta County Education Fund Board carried out its first (1) corporate social responsibility activities. These included collaborating with the county government in mentorship program which was conducted in the four sub-counties.

We are looking forward to getting involved more in of these and other areas, and the management team has been tasked with coming up with more CSR ideas.

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

a. Sustainability strategy and profile

The Taita Taveta County Education Fund Board has continued to structure its programs towards career development that will improve the man power needed in various sector in the county and beyond.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING (CONTINUED)

b. 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.

c. 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 motivation and satisfactory work performance.

Additionally, the Taita Taveta County Education Fund Board has completed the renovation and equipping of its offices in Taita Sub-County hence providing the necessary office space and equipment needed for effective and efficient service delivery to its residents and other stakeholders.

d. Community Engagements-

The Taita Taveta County Education Fund Board through its 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 proposed projects, progress reports, budgets, etc having a bearing on service delivery.

10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *(The Fund should state the appropriate legislation establishing the Fund)* 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, 2021. 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 *(quote the applicable legislation establishing the County Public Fund)*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, 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.

TAITA TAVETA COUNTY EDUCATION FUND

Reports and Financial Statements

For the year ended June 30, 2021.

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

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30th Jun 2021 and signed on its behalf by:

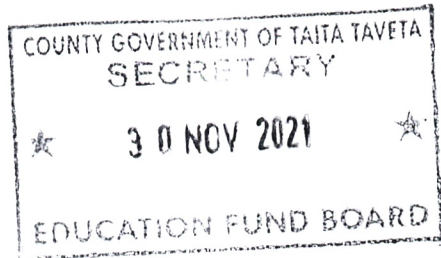
 _____

Name:

CPA Samuel Kumola

ICPAK NO. 15745

FUND ADMINISTRATOR



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY GOVERNMENT OF TAITA TAVETA EDUCATION FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the County Government of Taita Taveta Education Fund set out on pages 21 to 40, which comprise the statement of financial performance for the year ended 30 June, 2021, statement of financial position as at 30 June, 2021, 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

Report of the Auditor-General on County Government of Taita Taveta Education Fund for the year ended 30 June, 2021

notes to the financial statements in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Government of Taita Taveta Education Fund as at 30 June, 2021, and 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

Undisclosed Receivable from the County Government

The statement of financial performance reflects transfers from the County Executive of Kshs.80,000,000 as further disclosed in Note 1 to the financial statements. However, records maintained by the County Executive of Taita Taveta indicate the amount transferred to the Fund as Kshs.100,000,000. The disbursement receivable of Kshs.20,000,000 has not been disclosed in the statement of financial position as receivables from non-exchange transactions.

In the circumstances, the accuracy and completeness of the receivables from non-exchange transactions could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts indicates that the Fund had budgeted to receive Kshs.137,500,000 from the County Executive of Taita Taveta but received Kshs.80,000,000 only and therefore missed its target by Kshs.57,500,000 or 42%. In addition, the Fund's total expenditure budget amounted to Kshs.137,500,000. However, the actual expenditure for the year amounted to Kshs.79,464,480, resulting in net under expenditure of Kshs.58,035,520 or 42% of the budget.

The under expenditure is largely attributed to undisbursed funds by the County Executive and could have affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability 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 terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

I also provide the Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 September, 2022

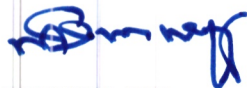
TAITA TAVETA COUNTY EDUCATION FUND
Reports and Financial Statements
For the year ended June 30, 2021.

12. FINANCIAL STATEMENTS

**12.0 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
 30th JUNE 2021.**

	Note	2020/2021	2019/2020
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from the County Government	1	80,000,000	32,100,570
Fines, penalties and other levies		-	-
		80,000,000	32,100,570
Revenue from exchange transactions			
Interest income		-	-
Other income		-	-
		-	-
Total revenue		80,000,000	32,100,570
Expenses			
Staff Costs	3	-	59,410
Fund administration expenses	2	2,088,600	982,800
Bursary and Scholarships	5	68,375,880	26,025,980
Transfers to HELB	6b	9,000,000	5,000,000
Total expenses		79,464,480	32,260,803
Surplus/(deficit) for the period		535,520	32,380

The notes set out on pages 39 to 40 form an integral part of these Financial Statements.



SIGNED BY;
 CPA Samuel Kumola
 ICPAK NO 15745
 FUND ADMINISTRATOR



SIGNED BY;
 Joseph Madeda
 FUND ACCOUNTANT

COUNTY GOVERNMENT OF TAITA TAVETA
 SECRETARY
 30 NOV 2021

COUNTY GOVERNMENT OF TAITA TAVETA
 SECRETARY
 30 NOV 2021
 EDUCATION FUND BOARD

TAITA TAVETA COUNTY EDUCATION FUND
Reports and Financial Statements
For the year ended June 30, 2021


12.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021 KShs	2019/2020 KShs
Assets			
Current assets			
Cash and cash equivalents	4	605,217.55	69,697.55
Receivables from Non- exchange transactions/HELB	6b	9,000,000	5,000,000
Prepayments			
Inventories			
Total Current assets		9,605,217.55	5,069,697.55
Non-current assets			
Long term receivables from exchange transactions		79,702,004	74,702,004
Total Non- Current assets			
Total assets		89,307,221.55	79,771,701.55
Net assets			79,771,701.55
Revolving Fund		88,702,004	79,702,004
Accumulated surplus		605,217.55	69,697.55
Total net assets and liabilities		89,307,221.55	79,771,701.55

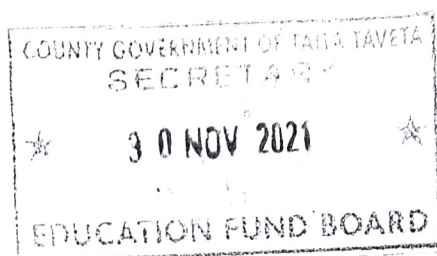
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/6 2021 and signed by:



SIGNED BY;
 CPA Samuel Kumola
 ICPAK NO. 15745
 FUND ADMINISTRATOR



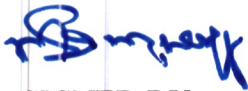
SIGNED BY;
 Joseph Madeda
 FUND ACCOUNTANT



TAITA TAVETA COUNTY EDUCATION FUND
Reports and Financial Statements
For the year ended June 30, 2021

12.2 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2019	74,702,004		69,697	74,771,701
Surplus/(deficit) for the period				
Funds received during the year	5,000,000			5,000,000
Prior year adjustment				
Balance as at 30 June 2020				
Balance as at 1 July 2020	79,702,004			79,771,701
Surplus/(deficit) for the period			535,520	535,520
Funds received during the year	9,000,000			9,000,000
Revaluation gain				
Balance as at 30 June 2021	88,702,004		605,217.55	89,307,221.55



SIGNED BY;
 CPA Samuel Kumola
 ICPAK NO.15745
 FUND ADMINISTRATOR



SIGNED BY;
 Joseph Madeda
 FUND ACCOUNTANT

COUNTY GOVERNMENT OF TAITA TAVETA
 SECRETARY
 ★ 30 NOV 2021 ★
 EDUCATION FUND BOARD

COUNTY GOVERNMENT OF TAITA TAVETA
 SECRETARY
 ★ 30 NOV 2021 ★
 EDUCATION FUND BOARD

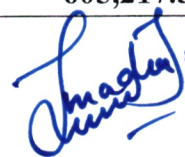
TAITA TAVETA COUNTY EDUCATION FUND
Reports and Financial Statements
For the year ended June 30, 2021

12.3 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	80,000,000	32,100,570
Total Receipts		80,000,000	32,100,570
Payments			
Staff costs	3	-	59,410
Fund administration expenses	2	2,088,600	982,800
Bursary & Scholarships	5	68,375,880	26,025,980
Transfers to HELB	6b	9,000,000	5,000,000
Total Payments		79,464,480	32,068,190
Net cash flows from operating activities		535,520	32,380
Cash flows from investing activities			
Net cash flows used in investing activities			
Cash flows from financing activities			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		535,520	32,380
Cash and cash equivalents at 1 JULY 2020		69,697.55	37,318
Cash and cash equivalents at 30 JUNE 2021	4	605,217.55	69,697.55



SIGNED BY;
 CPA Samuel Kumola
 ICPAK NO. 15745
 FUND ADMINISTRATOR



SIGNED BY;
 Joseph Mateda
 FUND ACCOUNTANT

COUNTY GOVERNMENT OF TAITA TAVETA
 SECRETARY
 30 NOV 2021
 EDUCATION FUND BOARD

COUNTY GOVERNMENT OF TAITA TAVETA
 SECRETARY
 30 NOV 2021
 EDUCATION FUND BOARD

TAITA TAVETA COUNTY EDUCATION FUND

Reports and Financial Statements

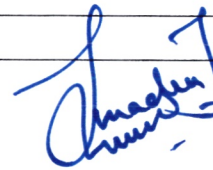
For the year ended June 30, 2021

12.4 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2021.

	Original budget	Adjustments	Final budget	Actual on comparable basis	% Utilisation
	2021	2021	2021	2021	2021
Revenue	KShs	KShs	KShs	KShs	
Transfers from County Govt.	137,500,000		137,500,000	80,000,000	58%
Total income	137,500,000		137,500,000	80,000,000	58%
Expenses					
Staff Costs	-				
Fund administration expenses	4,125,000	-	4,125,000	2,088,600	51%
Bursary & Scholarships	99,000,000		99,000,000	68,375,880	69%
Transfers to HELB	34,375,000		34,375,000	9,000,000	26%
Total expenditure	137,500,000		137,500,000	79,464,480	58%
Surplus for the period	-		-	535,520	



SIGNED BY;
CPA Samuel Kumola
ICPAK NO. 15745
FUND ADMINISTRATOR



SIGNED BY;
Joseph Madeda
FUND ACCOUNTANT

COUNTY GOVERNMENT OF TAITA TAVETA
SECRETARY
30 NOV 2021
EDUCATION FUND BOARD

COUNTY GOVERNMENT OF TAITA TAVETA
SECRETARY
30 NOV 2021
EDUCATION FUND BOARD

12.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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.

TAITA TAVETA COUNTY EDUCATION FUND
Reports and Financial Statements
For the year ended June 30, 2021.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard/ Amendments : Applicable: 1 st January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.

TAITA TAVETA COUNTY EDUCATION FUND
Reports and Financial Statements
For the year ended June 30, 2021.

<p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>	<p><i>There was no impact</i></p>
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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.

TAITA TAVETA COUNTY EDUCATION FUND
Reports and Financial Statements
For the year ended June 30, 2021.

Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

TAITA TAVETA COUNTY EDUCATION FUND
Reports and Financial Statements
For the year ended June 30, 2021.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Early adoption of standards

The Taita Taveta Education Fund did not early – adopt any new or amended standards in year 2020/2021.

3. 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.

4. 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.

5. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred

TAITA TAVETA COUNTY EDUCATION FUND
Reports and Financial Statements
For the year ended June 30, 2021.

'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)

7. 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.

8. Provisions

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.

9. 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.

TAITA TAVETA COUNTY EDUCATION FUND
Reports and Financial Statements
For the year ended June 30, 2021.

10. 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 Board of directors, the Fund Administrator and Fund Accountant

11. 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 and Kenya commercial bank at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include amount transferred to HELB.

12. Comparative figures

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

13. Events after the reporting period

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

14. Ultimate and Holding Entity

The entity is a County Public Fund established by Taita Taveta Education Fund Act 2013 under the Department of Education, Libraries and VTCs. Its ultimate parent is the County Government of Taita Taveta.

15. Currency

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16. 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:

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



SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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

17. 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.



TAITA TAVETA COUNTY EDUCATION FUND
Reports and Financial Statements
For the year ended June 30, 2021.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) 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.

TAITA TAVETA COUNTY EDUCATION FUND

Reports and Financial Statements

For the year ended June 30, 2021.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management of interest rate risk

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

TAITA TAVETA COUNTY EDUCATION FUND**Reports and Financial Statements****For the year ended June 30, 2021.****13. NOTES TO THE FINANCIAL STATEMENTS****1. Transfers from County Government**

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – operations	80,000,000	32,100,570
Total	80,000,000	32,100,570

2. Fund administration expenses

Description	2020/2021	2019/2020
	KShs	KShs
Allowances	2,088,600	982,800
Total	2,088,600	982,800

3. Staff costs

Description	2020/2021	2019/2020
	KShs	KShs
Salaries and wages	-	59,410
Total	-	59,410

4. Cash and cash equivalents

Description	2020/2021	2019/2020
	KShs	KShs
Cash and cash equivalent b/forwad	69,697.55	37,318
Cash and Cash equivalent for the year	535,520	32,380
Total cash and cash equivalents	605,217.55	69,697.55

5. Bursary and scholarships

Description	2020/2021	2019/2020
	KShs	KShs
Bursary and Scholarship	68,375,880	26,025,980
Total receivables from non-exchange transactions	68,375,880	26,025,980

TAITA TAVETA COUNTY EDUCATION FUND

Reports and Financial Statements

For the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. 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) County Assembly;
- c) Key management;
- d) Board of Directors

b) Related party transactions

	2020/2021	2019/2020
	KShs	KShs
Transfers to related parties- HELB	9,000,000	5,000,000

TAITA TAVETA COUNTY EDUCATION FUND
Reports and Financial Statements
For the year ended June 30, 2021.
