

Scanned

REPUBLIC OF KENYA

PARLIAMENT OF KENYA LIBRARY



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

PAPERS LAID	
DATE	19/11/2022
TABLED BY	SEN MATURITY WHIP
COMMITTEE	---
CLERK AT THE TABLE	A. MACHARIA

KWALE COUNTY BURSARY FUND

FOR THE YEAR ENDED 30 JUNE, 2021

1000





KWALE COUNTY BURSARY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30 2021

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



**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021**

Table of Contents

1. KEY ENTITY INFORMATION AND MANAGEMENT	3
2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE	6
3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES	9
4. MANAGEMENT TEAM	10
5. BOARD/FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT /CECM EDUCATION	11
6. REPORT OF THE FUND MANAGER/ ADMINISTRATOR	12
7. CORPORATE GOVERNANCE STATEMENT	14
8. MANAGEMENT DISCUSSION AND ANALYSIS	16
9. REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE	18
10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	19
11. REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR KWALE COUNTY BURSARY FUND	21
12. FINANCIAL STATEMENTS	22
13.NOTES TO THE FINANCIAL STATEMENTS	48
14. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	64
15.APPENDIX I: INTER-ENTITY TRANSFERS	65

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

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

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to;

Support needy and high performing students in special schools, secondary schools, technical colleges, medium level colleges, vocational training centres and recognized universities within and outside Kenya.

Mission: To raise education standards in the county.

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

c) Board of Trustees/Fund Administration Committee

1	Chief Officer finance	Alex Onduko Thomas
2	Fund Manager/ Administrator	JumaMwagutaNzao
3	Committee Members	MwanahamisiHamisiBilashaka
4	Committee Members	James Ndegwa Hali
5	Committee Members	Rukia Said Beduni
6	Committee Members	Sebastian MdawidaMwasicha
7	Committee Members	Paul Ole Rongiti
8	Committee Members	Barika Ali Kiponda

(This section will be applicable for Public Funds that have a Board of Trustees/Fund Administration Committee. Input names of all the members who held office during the period)

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

d) Key Management

1	Fund Manager/ Administrator	JumaMwagutaNzao
2	Fund Accountant	ZaituniMlingo

e) Fiduciary Oversight Arrangements

The following have a responsibility of overseeing the activities of the fund;

1	County Assembly	
2	County Bursary Committee	
3	County Ward Bursary Committee	
4	Directorate Internal Audit	Alex Makanga
5	Directorate Accounting Services	Vincent ChirimaMbito

f) Fund Contacts

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

g) Fund Bankers

Equity Bank
P.O Box 167 -80403
Kwale

h) Independent Auditors

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

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

i) Controller of Budget

Office of the Controller of Budget

Bima House 12th Floor

P.O BOX 35616-000100

NAIROBI

j) Principal Legal Adviser



The County Legal Officer

Office of the Governor

P.O. Box 4 – 80403

Kwale

2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE

<p>1.</p> 	<p>Date of birth: 22nd December 1969 Qualification: Certified Public Accountant of Kenya. Education: He holds a Masters of Business Administration (finance); He holds a Kenya advance certificate of education and also a Kenya certificate of education. Experience: 2013 to-date chief officer finance and economic planning. Senior Management course KSG Mombasa Strategic Leadership Development Programme KSG Nairobi 2011-2013: Town treasurer Town council of Kajiado. 2010-2011: Town treasurer Municipal council of Migori 2005-2010: Town treasurer Municipal council of Busia. 1990-2005: Accountant county council of Nakuru.</p>
<p>2.</p> 	<p>JumaNzao Date of Birth 9 May 1978 Appointed as Chief Officer in the Department of Education in February, 2021. He holds a Masters of Science Degree in Governance and Leadership from Jomo Kenyatta University of Agriculture and Technology, He also holds a Degree in Education from University of Nairobi He has 3 years' experience in the teaching profession from (2002-2005), 11 years' experience in development administration worked for ActionAid International and Plan International in different capacities i.e. Programme Assistant, Programme Facilitator, Project Officer, Programme Coordinator, and Programme Manager from 2006 to 2015. In 2015, he joined Kwale County Government as a Project Officer for the Youth Action for Open Governance and Accountability project funded by the European Union in partnership with Plan International. Until his appointment as Chief Officer for the department of Public Service and Administration in June 2019</p>

3.



Mwanamisi Hamisi Bilashaka

Date of Birth: 10/10/1970

Appointed as County Bursary Committee Member on 17th February, 2021.

Holds Masters in Education, Planning and Policy.

She is currently working as Chief Principal at Mama Ngina Girls High School.

Previously worked as a Head teacher at Matuga Girls High School from 2003 to 2017.

She also served as a Head teacher at Kombeni Girls Secondary School from 1998 to 2003 and as a teacher from 1994 to 1998 at Ribe Girls Secondary School.

4.



Mr. Paul Karduni Rongit

Date of Birth: 28/12/1973.

Appointed as County Bursary Committee Member on 17th February, 2021.

He is P1 trained Teachers

Currently working as Head Teacher at Nyango Primary School in Kinango Sub County.

He has 20 years of experience in the education sector.

5.



Rukia Saidi Beduni

Date of Birth: 4/01/1962.

Appointed as County Bursary Committee Member on 17th February, 2021.

She is a degree holder in Education and Special needs. Currently working as a Head Teacher at Waa Boarding Primary School.

Rukia has 39 years of experience in the Education Sector.



James Ndegwa Hali

Date of Birth: 1980

Appointed as County Bursary Committee Member on 17th February, 2021.

Diploma in social Ministry.

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



7. **Barika Ali Kiponda**

Date of Birth: 20/06/1987

Appointed as County Bursary Committee Member on 17th February, 2021.

Hold a Bachelor degree in Business Information Technology.

Currently working at Kenya Ferry Services as Security Assistant from 2016 to date

Previously worked at National Police Services as an Inspector.

8.



Mr. Sebastian Mdawida Mwasicho

Date of Birth: 26/12/1954

Appointed as County Bursary Committee Member on 17th February, 2021.

Trained P1 Teacher.

He Worked in the education sector serving in different position from a class teacher then promoted to SQASO. Sebastian left public service in 2009 having attained retirement age.

He is currently working in a Private ECDE college as a Principal.

**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 County Bursary Fund 2018-2022 plan are to:

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

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

Below we provide the progress on attaining the stated objectives:

Bursary and Scholarship	To promote students' enrolment, attendance, retention, performance and transition rates in schools, colleges, Vocational Training Centres and Universities.	Improved county human capital development	% Number of needy students transitioning from primary to secondary and to tertiary levels of education	In FY 20/21 we spent 157,247,684 & 166,685,588 on Secondary and Tertiary education respectively
-------------------------	---	---	--	---

4. MANAGEMENT TEAM



JumaNzao

Date of Birth 9 May 1978

appointed as Chief Officer in the Department of Education in February, 2021.

JumaNzao graduated from the University of Nairobi in 2002 with a Bachelor's Degree in Education and later completed his Masters of Science Degree in Governance and Leadership in 2018 at Jomo Kenyatta University of Agriculture and Technology. He has 3 years' experience in the teaching profession (2002-2005), 11 years' experience in development administration having worked for ActionAid International and Plan International in different capacities i.e. Programme Assistant, Programme Facilitator, Project Officer, Programme Coordinator, and Programme Manager from 2006 to 2015.

In 2015, he joined Kwale County Government as a Project Officer for the Youth Action for Open Governance and Accountability project funded by the European Union in partnership with Plan International. Until his appointment as Chief Officer for the department of Public Service and Administration in Kwale County Government in June 2019,



ZaituniAbdurahmanMlingo

Date of Birth 25 Nov 1983.

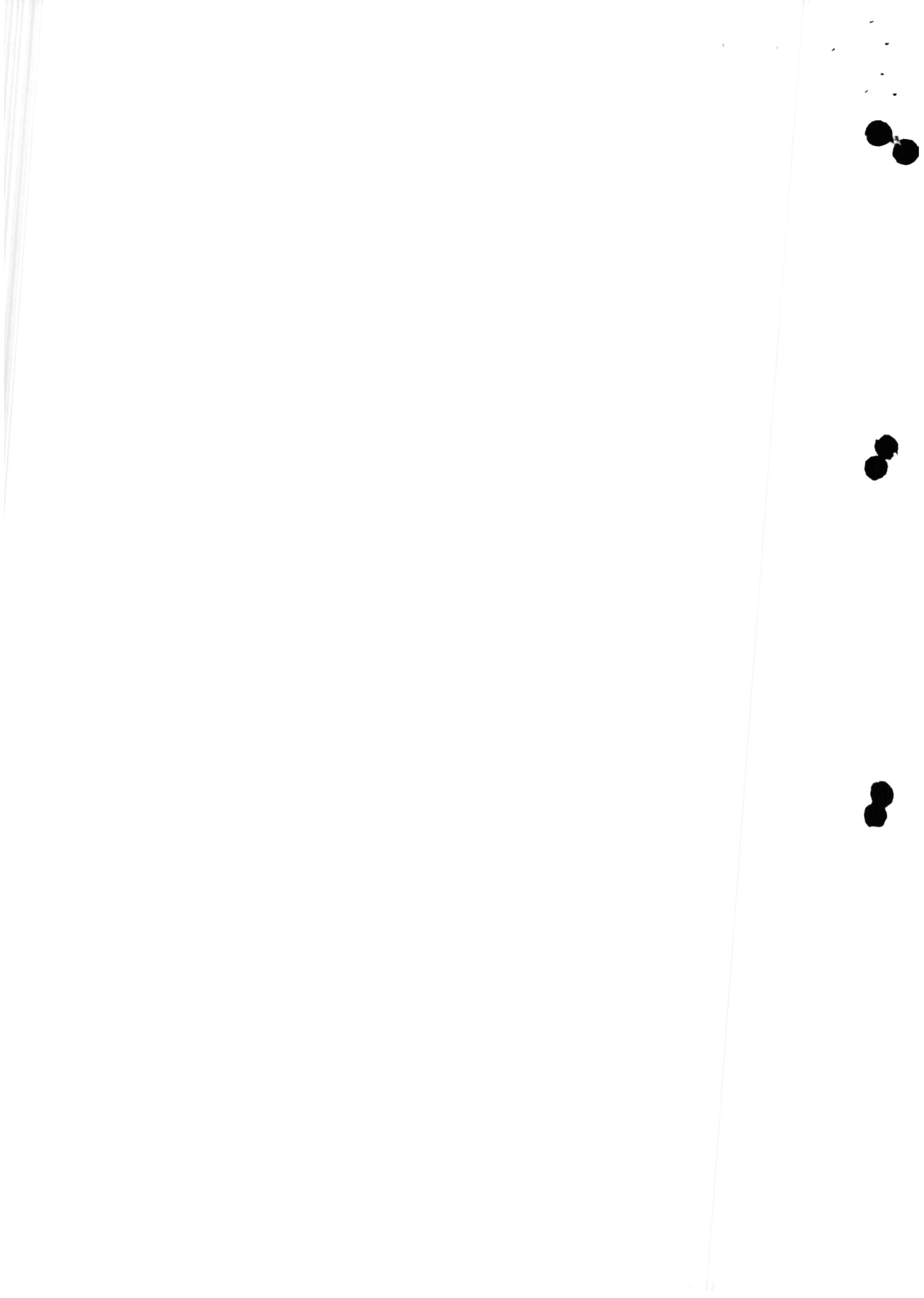
A holder of bachelor of Commerce Accounting Option from Technical university of Mombasa and also a Certified Public Accountant Finalist.

Was appointed as Principal Accountant in Oct 2013.

She is currently the head of accounts in Education department in Kwale County Government. She is also in charge of Kwale county Bursary Fund Financial matters.

She worked with the defunct local authority in 2009 to 2013 as an Accounts Assistant before her appointment with County Government of Kwale

She is a Member of Institutes of Certified Public Accountants Kenya (ICPAK) and also Association of Women accountants Kenya (AWAK)



**5. BOARD/FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S
REPORT/CECM EDUCATION**

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

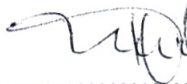
The Kwale County Bursary Fund by law is expected to operate under the direction and management of the County Bursary Fund Committee. This committee is now in place; however, it was formed late in the financial year. This committee will play an active role in managing the fund in financial year 2021-2022.

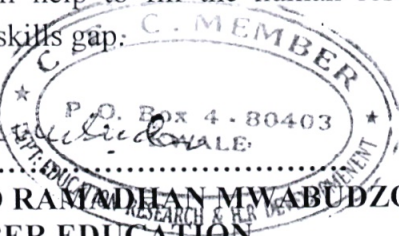
The fund achieved impressive results over the reporting period; with a total of Ksh 324,551,685.47 disbursed to students in different categories of learning institutions. Specifically; 2,326 students in tertiary learning institutions and institutions of higher learning including universities received a total of Ksh 157,247,684. A total of 3,335 students who are pursuing secondary school education in national schools received a total of Ksh 166,685,588 while students studying in India received a total of Ksh 618,413.47 to cater for their upkeep and travel expenses.

Since the beginning of this fund in 2014, 5,220 national school students got scholarships; 3,286 university students have been received scholarships to pursue degree courses in different fields. During the financial year 2020-2021, a total of 30,079 students received bursary to enable them continue with their studies in county and extra county schools.

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

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


.....
HON. HEMED RAMADHAN MWABUDZO
CECM MEMBER EDUCATION



6. REPORT OF THE FUND MANAGER/ ADMINISTRATOR

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

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

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

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

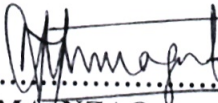
The fund raises its funds through exchequer allocations after approval by the controller of budget. The act also allows the fund to raise funds through donors and other well-wishers. In the financial year 2020-2021 the budgetary allocation to the fund was Ksh 400 million. This was then distributed equally among the twenty wards translating to an allocation of Ksh 20 million per ward. The fund also received Ksh 4.5 million which is a balance that was brought forward from previous years making a total of Ksh 404.5 million.

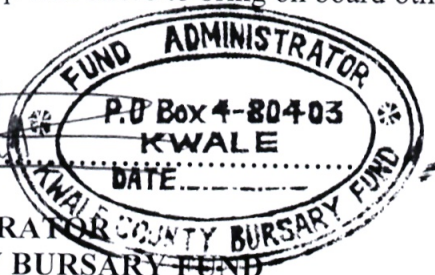
**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

During the Financial Year 2020-2021, the fund spent a total of Kshs324,551,685.47 the broad student categories are students in tertiary institutions (including universities), secondary schools students and students who were studying in India. During the reporting period, students pursuing tertiary education received support amounting to Ksh 157,247,684 secondary school students received Ksh 166,685,588 while students studying in India received allowances amounting to Ksh 618,413.47. The expenditure for students studying in India was for their stipends, rent, travel and electricity expenses.

The fund has achieved tremendous progress over the years. A total of 5220 students have so far received scholarships for their secondary school education in national schools since the beginning of the fund; during the reporting period a total of 3,335 students were supported in national secondary schools and 2,326 received scholarships to support them to pursue different degree courses in universities; since the beginning of this program. The fund also provided bursary to a total of 30,079 students in county and extra county secondary schools.

This program has restored hope among students in Kwale. More and more students from poor family backgrounds are working harder, performing better, performing and qualifying for bursary or scholarship. Equally, the COVID-19 pandemic necessitated containment measures including school closures over a long period leading to revision of term dates. As a result, two academic years are falling in the financial year 2021-2022. Consequently, the annual allocation of Ksh 400 million to the bursary fund may not be sufficient to cater for the escalated education financing needs. The demand for scholarships and bursary is therefore increasing to levels that cannot be sustained by the current fund limit of Ksh 400 Million. In order to fund management and county leadership will strive to bring on board other donors to compliment the fund.


.....
JUMA NZAO
FUND ADMINISTRATOR
KWALE COUNTY BURSARY FUND



7. CORPORATE GOVERNANCE STATEMENT

The bursary fund was established with one major objective of improving the education standards of Kwale County which is a recipe for improving the socio-economic standards of the people. The “**ELIMU NI SASA**” Initiative which is the main driving force of the fund has seen increased enrolment in our Learning Institutions, increased retention rates, high transition rates, and increased access to education opportunities in the County. Kwale County Bursary fund is managed by two committees, County Bursary Committee and Ward Bursary Committees as envisaged in the Kwale County Bursary Act 2014.

At the County level there is a County bursary committee with the following mandates:-

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

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

- County Executive Committee Member in charge of Education
- Chief Officer in charge of Finance and economic planning who shall be secretary
- Members of the public, that is,
 - 1 representative of learning institutions
 - 1 representative from women
 - 1 representative from youth
 - 1 representative from persons with disabilities
 - 1 representative from marginalized groups
 - 2 representatives from religious bodies
 - 1 representative from a civil society dealing with education matters

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

- Invite applications for fees support.
- Receive applications.
- Scrutinize and verify all applicants supporting documents submitted by the applicants.
- Identify beneficiaries of the Bursary Fund.
- Verify all allocated bursaries to beneficiaries.
- Prepare a data bank of all the beneficiaries;
- Sensitizing the community on procedures for application, time for application, deadlines and qualifications for funding.



**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

- Prepare and display separate list of applicants and beneficiaries indicating the amount awarded per beneficiary for public viewing.
- Forward to the County Bursary Committee minutes and records of nominated bursary beneficiaries; and
- Look for other sources of funds and donors.

Ward bursary Committees are democratically elected by citizens in their respective wards. Ward administrators are secretaries of the ward bursary committees. The members of the ward bursary committee are:-

- The ward administrator who is the Secretary
- Five representatives elected by residents from the village units within the ward
- Three members elected by residents from village units within the ward to represent marginalized groups (Youth, Women and Persons with disabilities)

The chairperson of the committee is elected by representatives to the ward bursary committee. For deliberations, the ward committee is to have four sittings in a year while the County Bursary Committee is also to have four (4) numbers of meetings. Members of both committees are entitled to sitting allowances and not wages.

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

The County bursary committee period in office is two years. The two years period is renewable but one cannot serve for more than two terms. For the ward bursary committee, the period in office is a 5 year term. Immediately the committee assumes office, the Department of Education has an elaborate 2 days programme for training members on their roles so as to enable them execute their mandates.

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

8. MANAGEMENT DISCUSSION AND ANALYSIS

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

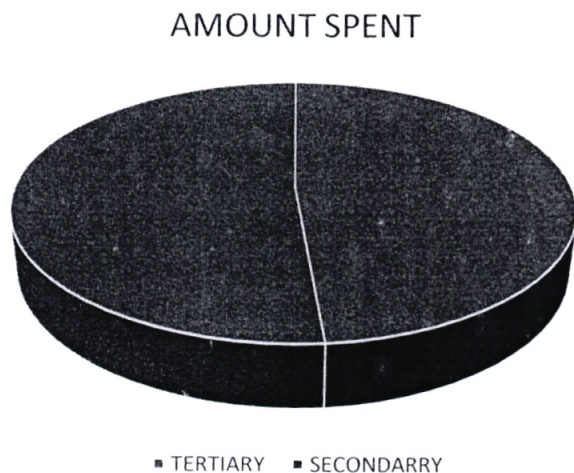
In the Financial 20-21 a total of Ksh 324,551,685.47 was disbursed to students in different categories of learning institutions. Specifically; 2,326 students in tertiary learning institutions and institutions of higher learning including universities received a total of Ksh 157,247,684. A total of 3,335 students who are pursuing secondary school education in national schools received a total of Ksh 166,685,588 while students studying in India received a total of Ksh 618,413.47 to cater for their upkeep and travel expenses.

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

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

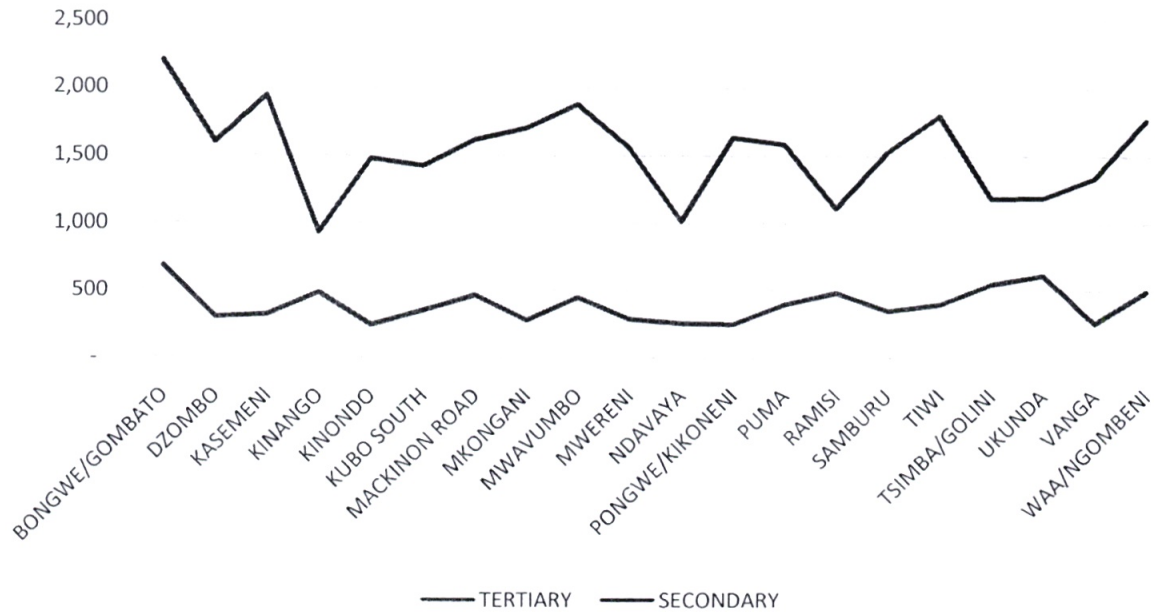
The Fund distribution performance for the financial year 2020/2021 is depicted in the graph and pie charts below.

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



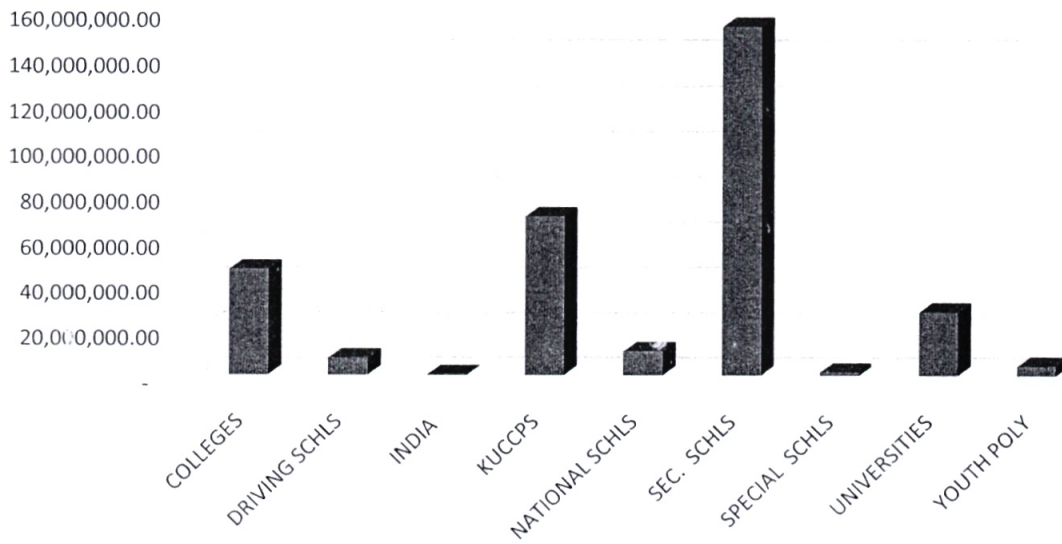
Ward Beneficiaries in Tertiary and Secondary Levels Financial years 2020/2021

**NO OF STUDENTS BENEFITTED IN TERTIARY AND SECONDARY
PER WARD FOR THE YEAR 2020/2021**



The Graph below shows the amount spent on Bursary in various Categories

AMOUNT SPENT IN DIFFERENT CATEGORIES THE F/Y 20-21



9. REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Fund affairs.

10.1 Principal activities

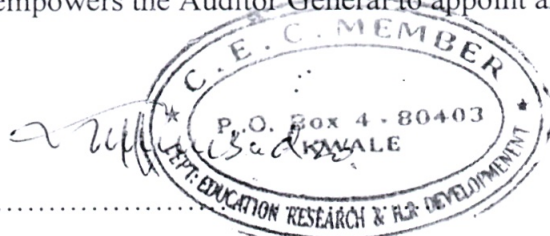
The principal activities of the Fund are Support needy and high performing students in special schools, secondary schools, technical colleges, medium level colleges, vocational training centres and recognized universities within and outside Kenya.

10.2 Performance

The performance of the Fund for the year ended June 30, 2021, are set out on page 22

10.4 Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. Certified Public Accountants were nominated by the Auditor General to carry out the audit of the County Bursary Fund for the year/period ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.



Hemed Ramadhan Mwabudzo

CECM Education

Date: 6/4/2022

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 Bursary Fund established by Kwale County Bursary Fund Act 2014, as amended in 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Bursary 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 Bursary 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 Kwale County Bursary Fund Act 2014, as amended in 2015. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date.

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

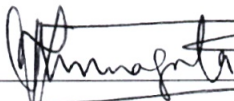
The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Bursary 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.

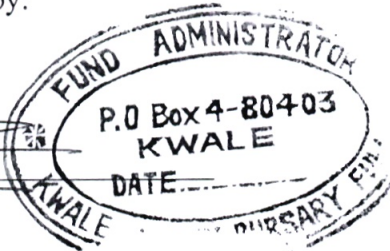
Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 6/4/ 2022
and signed on its behalf by:

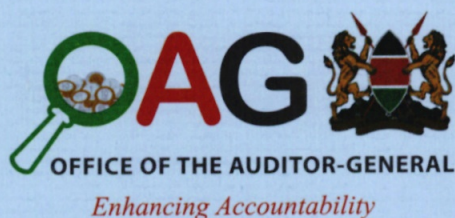


JUMA NZAO
FUND ADMINISTRATOR
KWALE COUNTY BURSARY FUND



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 KWALE COUNTY BURSARY 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 Kwale County Bursary Fund set out on pages 22 to 64, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net

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

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

Basis for Qualified Opinion

Inaccuracies in the Financial Statements

The financial statements for the year ended 30 June, 2021 submitted for audit review contained anomalies as detailed below:

- i. The statement of financial performance indicates that general expenses are disclosed in Note 6A instead of Note 7 to the financial statements. The totals for staff cost as disclosed at Note 6A is Nil balance instead Kshs.1,440,000 as reflected in the statement. Further, the statement indicates that finance cost amounting to Kshs.4,741,618 is at Note 7 instead of Note 8 which indicates the finance cost as Nil. In addition, the total expenses of Kshs.398,181,618 are wrongly presented as other gains/ losses in the statement of financial performance.
- ii. Note 15 to the financial statements reflects the cost of furniture and fittings as nil as at 1 July, 2020 instead of Kshs.480,000 as at 30 June, 2020 and 30 June, 2021. Further, the note reflects the cost of computer and office equipment as Nil as at 1 July, 2020 instead of the balance of Kshs.552,902 as at 30 June, 2020.
- iii. Note 21 to the financial statements reflects a surplus of Kshs.1,858,457 instead of Kshs.1,818,382 as per statement of financial performance, resulting to a variance of Kshs.40,075 which was not reconciled or explained.

In the circumstances, the accuracy of the financial statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kwale County Bursary 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 reflects a final expenditure budget of Kshs.404,500,000 and total actual expenditure of Kshs.331,095,489 or 82%, resulting in under expenditure of Kshs.73,404,511 or 18%.

The under expenditure may have negatively impacted on the intended beneficiaries of the fund.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Bursaries Issued to Tertiary and Secondary School Students

Note 6 to the financial statements reflects expenditure on bursaries totalling Kshs.392,000,000, out of which an amount of Kshs.391,300,000 relates to bursaries issued to tertiary and secondary school students. However, documentary evidence to confirm whether the bursaries were approved by the County Bursary Committee was not provided for audit review. This is contravention of Section 11(2) of the Kwale County Bursary Fund Act, 2014 which states, "the county bursary committee shall approve disbursements of bursaries awarded to students".

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

2. Inadequacy of the Enabling Legislation

As previously reported, the Kwale County Bursary Fund Act, 2014 does not provide for winding up of the Fund, contrary to Regulation 198 of Public Finance Management (County Governments) Regulations, 2015 which states that "the County Executive Committee Member shall provide for the management, operation and winding up procedure in the guidelines for establishing each Fund which shall be in accordance with the Act and these Regulations".

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk Management and 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 the Board of Trustees

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 its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Fund or to cease operations.

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

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

The Board of Trustees is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 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

31 August, 2022

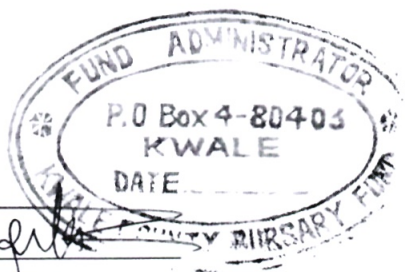
12. FINANCIAL STATEMENTS

13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2021.

	Note	2020/2021 KSh.	2019/2020 KSh.
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	400,000,000	400,000,000
Fines, penalties and other levies	3	-	-
		-	-
Revenue from exchange transactions		-	-
Interest income	4	-	-
Other income	5	-	-
Total revenue		400,000,000	400,000,000
Expenses			
Fund administration expenses	6	392,000,000	392,000,000
General expenses	6A	1,440,000	1,080,000
Finance costs	7	4,741,618	4,284,943
Total expenses		-	397,364,943
Other gains/losses		398,181,618	
Gain/loss on disposal of assets	9		-
Surplus/(deficit) for the period		1,818,382	2,635,057

The notes set out on pages 47 to 62 form an integral part of these Financial Statements.

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 6/4 2022 and signed by:



Administrator of the Fund

Name: Juma Nzao

Fund Accountant

CPA Zaituni Mlingo

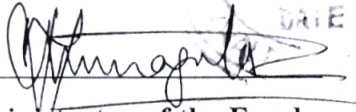
ICPAK 17232

13.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

Assets			
Current assets			
Cash and cash equivalents	10	105,789,590	32,421,609
Current portion of long- term receivables from exchange transactions	11	-	-
Receivables (Bursary balance for F/Y 17/18)	11A	-	4,500,000
Receivables from Non- exchange transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
Total Current Assets		105,789,590	36,921,609
Non-current assets			
Long term receivables from exchange transactions	11		
Property, plant and equipment	15	1,374,561	972,234
Intangible assets	16	-	-
Total assets		107,164,151	37,893,843
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
Bursary Balances for Wards	22F	99,057,052	31,605,126
Total current liabilities		99,057,052	31,605,126
Non-current liabilities			
Long term portion of borrowings	19	-	-
Non-current employee benefit obligation	20	-	-
Total liabilities		99,057,052	31,605,126
Net assets			
Revolving Fund			-
Reserves			-
Accumulated surplus		8,107,099	6,288,717
Total net assets and liabilities		107,164,151	37,893,843

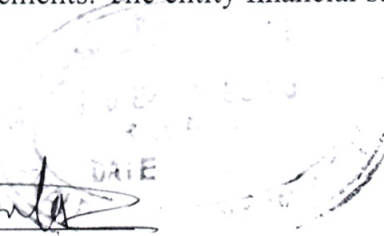
**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

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 6/4 2022 and signed by:



A handwritten signature in black ink, appearing to read 'Juma Nzao', written over a horizontal line.

Administrator of the Fund
Name: Juma Nzao



A handwritten signature in black ink, appearing to read 'Zaituni Mlingo', written over a horizontal line.

Fund Accountant
CPA Zaituni Mlingo
ICPAK 17232

13.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2021

Balance as at 1 July 2019			3,653,660	3,653,660
Surplus/(deficit) for the period	-	-	2,635,057	2,635,057
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	-	-	6,288,717	6,288,717
Balance as at 1 July 2020	-	-	6,288,717	6,288,717
Surplus/(deficit) for the period		-	1,818,382	1,858,457
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	-	-	8,107,099	8,147,174

(Provide details on the nature and purpose of reserves)

Where it is explicit in the Fund Regulations that interest earned should form part of the revolving fund, then this interest should be included in the statement of changes in net assets under this section and not part of interest income in the statement of financial performance.

13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2021

	Note	2020/2021 KShs	2019/2020 KShs
Cashflows from operating activities			
Receipts			
Public contributions and donations			
Transfers from the County Government		404,500,000	440,000,000
Interest received			
Receipts from other operating activities			
Total Receipts		404,500,000	440,000,000
Payments			
Fund administration expenses		324,548,139	402,104,653
General expenses		4,503,879	4,104,012
Finance cost	6A	1,440,000	1,080,000
Total Payments		330,429,018	407,288,665
Net cash flows from operating activities	21	74,007,982	32,711,335
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	15	(640,000)	(552,902)
Proceeds from sale of property, plant and equipment			
Proceeds from loan principal repayments			
Loan disbursements paid out			
Net cash flows used in investing activities		(640,000)	(552,902)
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 and cash equivalents		73,367,982	32,158,433
Cash and cash equivalents at 1 JULY	10	32,421,609	263,176
Cash and cash equivalents at 30 JUNE	10	105,829,666	32,421,609

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)

13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021.

	2021	2021	2021	2021	
	KShs	KShs	KShs	KShs	
Revenue					
Public contributions and donations	-	-	-	-	
Transfers from County Govt.	404,500,000		404,500,000	404,500,000	100%
Interest income	-	-	-	-	0%
Other income	-	-	-	-	0%
Total income	404,500,000	-	404,500,000	404,500,000	100%
Expenses					
Fund administration expenses	396,500,000	-	396,500,000	324,551,685	82%
General expenses	8,000,000	-	8,000,000	6,543,804	82%
Finance cost	-	-	-	-	0%
Total expenditure	404,500,000	-	404,500,000	331,095,489	82%
Surplus for the period	-		-	73,404,511	

Budget notes

- a. The difference between the Original and Final Budget is as a result of Supplementary Budget.
- b. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

Reconciliations	S. Financial Performance	Comperison of Budget	Difference	Comments
Transfers from County Govt.	400,000,000	404,500,000	(4,500,000)	Receivable for previous year
Bursaries	392,000,000	324,551,685	67,448,315	Bursary Bal for the year
Fund administration expenses	6,141,534	6,543,804	(402,270)	Depreciation of Kshs 237,673 which appears only in finacialperfomance and purchase of printer Kshs 640,000 which appears in Comperison of budget

13.6 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.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) 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.
<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> <p>(a) The nature of such social benefits provided by the entity;</p>

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

Standard	Effective date and impact
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

2. 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.

3. Budget information

The original budget for FY 2020/2021 was approved by the County Assembly on 30th June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 4,500,000 for the FY 2020/2021 which were balances from previous year.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

6. Nature and purpose of reserves

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

7. 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.

8. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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. The assets depreciation is on straight line basis. 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.

2. 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)

3. 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 'loss event') and that loss event has an impact on the estimated future cashflows of the financial

Asset or the entity of financial assets that can be reliably estimated.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Evidence of impairment may include the following indicators:

- The debtors or an 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)

b) Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

4. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

5. Provisions

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

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

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

Contingent liabilities

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

9. 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.

10. 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.

11. 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/Trustee, the Fund Managers and Fund Accountant.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. 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 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.

13. Comparative figures

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

14. Events after the reporting period

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

15. Ultimate and Holding Entity

The entity is a County Bursary Fund established by Bursary Act 2014 under the Department of Education. Its ultimate parent is the County Government of Kwale.

16. Currency

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. 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

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.

18. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	Total	Fully	Partly	Impaired
At 30 June 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2020				
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)

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 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) 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.

At 30 June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2020				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

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

d) 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.

Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

At 30 June 2021			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables			
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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.

Change in Exchange Rate			
2021			
Euro	10%	-	-
USD	10%	-	-
2020			
Euro	10%	-	-
USD	10%	-	-

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) 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.

f) 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:

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

13. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2020/2021	2019/2020
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2020/2021	2019/2020
Transfers from County Govt. – operations	400,000,000	400,000,000
Payments by County on behalf of the entity	-	-
Total	400,000,000	400,000,000

3. Fines, penalties and other levies

Description	2020/2021	2019/2020
Late payment penalties	-	-
Fines	-	-
Levies	-	-
Licences	-	-
Total	-	-

(Provide brief explanation for this revenue)

4. Interest income

Description	2020/2021	2019/2020
Interest income from Mortgage loans	-	-
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	-	-

(Provide brief explanation for this revenue)

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Other income

Description	2020/21 KSh	2019/2021 KSh
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income (specify)	-	-
Total other income	-	-

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

6. Bursaries/Fund administration expenses

Description	2020/21 KSh	2019/2021 KSh
Staff costs (Note 6a)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
Scholarships and other Educational Benefits - Tertiary Education	160,000,000	112,565,512
Scholarships and other Educational Benefits - Secondary Education	231,300,000	278,992,605
Educational Allowance	700,000	441,883
Scholarships and Other Educational Benefits	-	-
Total	392,000,000	392,000,000

6A. Staff costs

Description	2020/21 KSh	2019/2021 KSh
Salaries and wages	-	-
Staff gratuity	-	-
Committee sitting Allowances	1,440,000	1,080,000
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	1,440,000	1,080,000

N/B The total amount under staff costs has been included in note 6 as part of Fund Administration Expenses chiefly because most funds do not have separate employee but rather the cost would relate to allowances drawn in line fund administration.

Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. General expenses

Description	2020/2021	2019/2020
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	1,892,575	2,609,676
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Bank Charges	1,112,270	987,836
Hospitality & Subsistence Allow	1,499,100	506,500
Depreciation and amortization costs	237,673	180,931
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses	-	-
Total	4,741,618	4,284,943

8. Finance costs

Description	2020/2021	2019/2020
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

9. Gain/(loss) on disposal of assets

Description	2020/2021	2019/2020
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Cash and cash equivalents

Description		
Car loan account	-	-
County mortgage account	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account	105,749,940	32,421,609
cash on hand	39,650	-
Others	-	-
Total cash and cash equivalents	105,789,590	32,421,609

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

Financial institution			
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc	1580263149560	105,749,940	32,421,609
Sub- total		105,749,940	32,421,609
c) Current account			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
d) Others(specify)			
Cash in transit		-	-
Cash in hand		39,650	-
Mobile Money		-	-
Sub- total		39,650	-
Grand total		105,789,590	32,421,609

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Receivables from exchange transactions

Description	2020/2021	2019/2020
Current Receivables		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
Total Current receivables		
Non-Current receivables		
Long term loan repayments due	-	-
Total Non- current receivables	-	-
Totalreceivables from exchange transactions	-	-

Additional disclosure on interest receivable

Description	2020/2021	2019/2020
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

11. RECEIVABLES (BURSARY BALANCES)

Ward	2020/2021 KSh	2019/2020 KSh
BongweGombato	-	182,061
Dzombo	-	142,163
Kasemeni	-	191,043
Kinango	-	192,355
Kinondo	-	187,213
Kubo South	-	192,281
Macknon	-	192,613
Mkongani	-	191,342
Mwavumbo	-	188,544
Mwereni	-	182,235
Ndavaya	-	186,637
PongweKikoneni	-	125,561
Puma	-	193,292
Ramisi	-	168,432
Samburu Chengoni	-	187,949
Tiwi	-	183,303
TsimbaGolini	-	162,392
Ukunda	-	1,067,115
Vanga	-	191,858
Waa Ng'ombeni	-	191,609
TOTAL	-	4,500,000

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Receivables from Non-Exchange transaction

Description	2020/2021	2019/2020
	KSh	KSh
Transfer from County Executive	-	-
Transfer from Fund	-	-
Totalreceivables from non-exchange transactions	-	-

13. Prepayments

Description	2020/2021	2019/2020
	KSh	KSh
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

14. Inventories

Description	2020/2021	2019/2020
	KSh	KSh
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Totalinventoriesatthelowerofcostandnetrealizablevalue	-	-

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1st July 2019	-	-	-	-	
Additions	-	-	480,000	552,902	1,032,902
Disposals	(-)	(-)	-	-	(-)
Transfers/adjustments	-	(-)	-	(-)	(-)
At 30th June 2020	-	-	480,000	552,902	1,032,902
At 1st July 2020					
Additions	-	-	-	640,000	640,000
Disposals	(-)	-	-	-	(-)
Transfer/adjustments	(-)	-	-	(-)	(-)
At 30th June 2021	-	-	-	640,000	640,000
Depreciation and impairment					
At 1 st July 2019	(-)	(-)	(28,000)	(193,865)	(221,865)
Depreciation	(-)	(-)	(48,000)	(132,931)	(180,931)
Impairment	(-)	-	-	-	(-)
At 30th June 2020	-	-	(76,000)	(326,796)	(402,796)
At 1st July 2020					
Depreciation	-	-	(48,000)	(189,673)	(237,673)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2021	-	-	(124,000)	(516,469)	(640,469)

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
Net book values	-	-	-	-	-
At 30 th June 2020	-	-	404,000	568,234	972,234
At 30 th June 2021	-	-	356,000	1,018,561	1,374,561

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	2020/2021	2019/2020
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2020/2021	2019/2020
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

18. Provisions

Description	2020/2021	2019/2020
Balance at the beginning of the year (1.07.2020)	-	-
Additional Provisions	-	-
Provision utilised	-	-
Change due to discount and time value for money	-	-
Transfers from non-current provisions	-	-
Balance at the end of the year (30.06.2021)	-	-

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description		
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
Balance at end of the period	-	-

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

Description		
External Borrowings		
Dollar denominated loan from organisation'	-	-
Sterling Pound denominated loan from organisation'	-	-
Euro denominated loan from organisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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

Description		
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

20. Employee benefit obligations

Description	Defined benefit plan	Post-employment benefits	Other Pension	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Totalemployee benefits obligation	-	-	-	-

21. Cash generated from operations

	2021/2020	2020/2019
Surplus/ (deficit) for the year before tax	1,858,457	2,635,057
Adjusted for:		
Depreciation	237,673	180,931
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	4,500,000	40,000,000
Increase in payables	67,451,861	(10,104,653)
Net cash flow from operating activities	74,047,991	32,711,335

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. 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) County Assembly;
- d) Key management;
- e) Board of Trustees;etc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

d) Due from related parties

	2020/2021 KSh	2019/2020 KSh
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

e) Due to related parties

	2020/2021 KSh	2019/2020 KSh
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

f.) Bursary Balances Per Ward

Ward Name	2020/2021 KSh	2019/2020 KSh
BongweGombato	3,544,214	1,508,746
Dzombo	5,203,081	1,242,842
Kasemeni	4,846,196	1,703,799
Kinango	6,315,395	1,682,076
Kinondo	1,282,047	1,647,232
Kubo South	6,329,788	2,054,829
Macknon	5,728,001	1,712,451
Mkongani	4,712,104	1,665,454
Mwavumbo	5,944,740	1,642,431
Mwereni	6,332,044	1,588,503
Ndavaya	6,666,935	121,273
PongweKikoneni	6,375,989	2,264,074
Puma	3,953,605	2,162,409
Ramisi	4,483,783	378,814
Samburu Chengoni	4,183,586	2,419,267
Tiwi	2,555,447	1,608,205
TsimbaGolini	5,137,057	1,548,287
Ukunda	4,909,006	2,927,018
Vanga	5,319,406	9,338
Waa Ng'ombeni	5,234,628	1,718,078
Totals	99,057,052	31,605,126

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

23. Contingent assets and contingent liabilities

Contingent liabilities	2020/2021		2019/2020	
	2021	2020	2020	2019
Court case against the Fund		-	-	-
Bank guarantees		-	-	-
Total		-	-	-

(Give details)

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

**14. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S
RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Status	Time Frame for Resolution

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.

Kwale County Bursary Fund
 Reports and Financial Statements
 For the year ended June 30, 2021.

15. APPENDIX I: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the County Executive of Kwale County Government				
FY 2020/2021				
a.	Recurrent Grants	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		Total	-	
b.	Development Grants	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		Total	-	
c.	Direct Payments	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		Total	-	