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REPORT

OF

THE AUDITOR-GENERAL

ON

WAJIR COUNTY BURSARY FUND

**FOR THE YEAR ENDED
30 JUNE, 2019**

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**COUNTY GOVERNMENT OF WAJIR
BURSARY FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2019**

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Wajir County Bursary Fund is established by and derives its authority and accountability from Wajir County Bursary Fund Act on 2019. The Fund is wholly owned by the County Government of Wajir and is domiciled in Kenya.

The fund's objective is to increase access to secondary school, ensure retention of students in secondary school, promote transition and completion rates, and to reduce disparities and inequalities in the provision of secondary school education as well as tertiary education.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to increase access to secondary school, ensure retention of students in secondary school, promote transition and completion rates, and to reduce disparities and inequalities in the provision of secondary school education as well as tertiary education.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Ali M Abdille	Chairman of the Board
2	Yussuf Dayib Ali	Chief Officer
3	Bare Idris Amin	Chief officer Finance
4	Hassan Omar	Committee Member
5	Ali Abdi Abukar	Committee Member
6	Habiba M Shurie	Committee Member
7	Bare A Kassim	Committee Member

d) Key Management

Ref	Name	Position
1	Abdullahi Mohamed Hassan	CCO Finance
2	Hussein Diriye	Fund Accountant
3	Yussuf Dayib	County Chief Officer
4	Issa Kuresh Abdille	Fund Manager/ Administrator

e) County Executive Headquarters

County Government of Wajir
P.O. Box 11-30500
County Headquarters.
Wajir
KENYA

f) County Executive Contacts

E-mail: info@wajir.go.ke
Twitter [@WajirCountyKE](https://twitter.com/WajirCountyKE)
Website: www.Wajir.go.ke

g) Wajir County Bursary Fund's Bankers

1. First Community Bank

Wajir Branch
P.O. Box 426-70200
Wajir, Kenya






h) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

i) Principal Legal Adviser

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

2. THE BOARD OF TRUSTEES/ MANAGEMENT

Name	Details of qualifications and experience
<p>1. Ali Mohamed Abdille</p> 	<p>He was born on 1953, Academic qualification of O level with over 35 years of experience in the teaching profession. Chairs Wajir county Bursary Committee</p>
<p>2. Bare A Kaasim</p> 	<p>He was born on 1953, Academic qualification of O level with 34-year experience in the teaching profession. He is a committee Member of the Wajir County Bursary Committee.</p>
<p>3. Hassan Omar</p> 	<p>He was Born on 1953, Academic qualification of O level with 36 years of experience in teaching profession. He is a committee member of the Wajir county Bursary committee.</p>
<p>4. Habiba M Shurie</p> 	<p>She was born on 1958 with bachelor in Education (Arts). She has 40 years' experience in the teaching profession. She is a Committee Member of the Wajir County Bursary Committee.</p>
<p>5. Ali Abdi Abukar</p> 	<p>He was born 1950, Academic qualification of O level with 37 years in the teaching profession. He is a Committee Member of the Wajir County Bursary Committee.</p>

6. Halima Nur



She was born on 1958, Academic qualification certificate in Early Childhood Education with 40 years' experience in the teaching profession, She is a Committee Member of the Wajir County Bursary Committee.

3. MANAGEMENT TEAM

Name	Details of qualifications and experience
1. Yussuf Dayib Ali	Born 1973 with Masters in Business Administration and with 16 years of experience. He is the accounting officer of the fund.
2. Issa K. Abdille	Born 1988 with master's in Public Policy and Administration and with 12 years of experience. He is the fund administrator
3. Hussein Diriye	Born 1989 with Masters in Business Administration (Finance) and with 11 years of experience. He is also CPA(K) He is the accountant of the Fund

4. THE FUND CHAIRPERSON'S REPORT

It is my pleasure to present the Wajir County Bursary Fund's financial statements for the period ending 30th June 2019. The financial statements present the financial performance of the County Bursary Fund over the past year.

The fund came into existence after the enactment of the Wajir County Bursary Fund Act in 2019. In the financial year 2018/2019, a total of Ksh. 82,000,000.00 was received as Transfers from the County Executive (County Treasury). These disbursements were aimed at supporting parents in the drought environment by;

1. Giving children of Wajir an opportunity to pursue education especially the bright and needy within our society at both Secondary and Tertiary levels.
2. Cushion households from the impact of drought and existing poverty by increasing access, retention and completion rates of secondary, universities, middle level and tertiary institutions

The fund is administered by an Executive Committee known as the Wajir County Bursary Fund Committee, which is established by the Act, and comprises of 8 members. The Board is equally assisted in its work by a management team established under this Act, in each ward, whose responsibility include receiving, vetting and approving of bursary applications and recommending deserving cases to the Committee-as per the Act.

Performance

Beneficiaries of the fund include secondary schools, middle level colleges, universities, driving schools, village polytechnics and dressmaking colleges. During the year, Ksh 1,000,000 was disbursed to support deserving cases within the County. We are working on how to increase the budgetary allocation to support more cases in coming years.

Way forward

In the financial year 2019/2020 the committee expects to receive an exponential growth in amounts to be disbursed to our students.



Ali M Abdille

Chairman

5. REPORT OF THE FUND ADMINISTRATOR

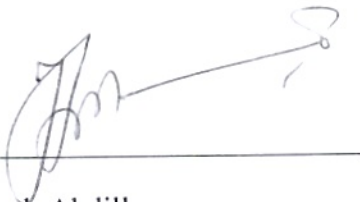
Wajir County Bursary Fund received a disbursement of KES 82,000,000 from the County Executive which was an allocation for FY 2018/ 2019 when the Bursary Act was enacted. The Bank account had an opening balance of KES 218. In FY 2018/2019 there was little disbursement to the Bursary Fund as the amounts from the previous year had not been disbursed to students following a rigorous vetting process of the needy students. Within the Year a total of KES 1,000,000 was disbursed to benefitting students. This leaves a bank balance of KES 78,555,218 which forms the accumulated surplus for the year to be carried forward in FY 2019/2020. After an additional expenditure of 3% (Kshs 2,445,000) used as fund administration.

Performance

During the year, KES 1,000,000 was disbursed to support deserving cases within the County. This was allocated to students covering full year school fees. We are working on how to increase the budgetary allocation to support more cases in coming years.

Emerging issues:

Emerging issues include the growing need of bursary which is likely to result to overdependence and High demand for bursary due to high poverty index. High Poverty index is a key risk in implementation of the Bursary Fund and we therefore urge our MCAs to approve a higher budgetary allocation with respect to the County Bursary Fund.



Issa Kuresh Abdille

Fund Administrator

6. CORPORATE GOVERNANCE STATEMENT

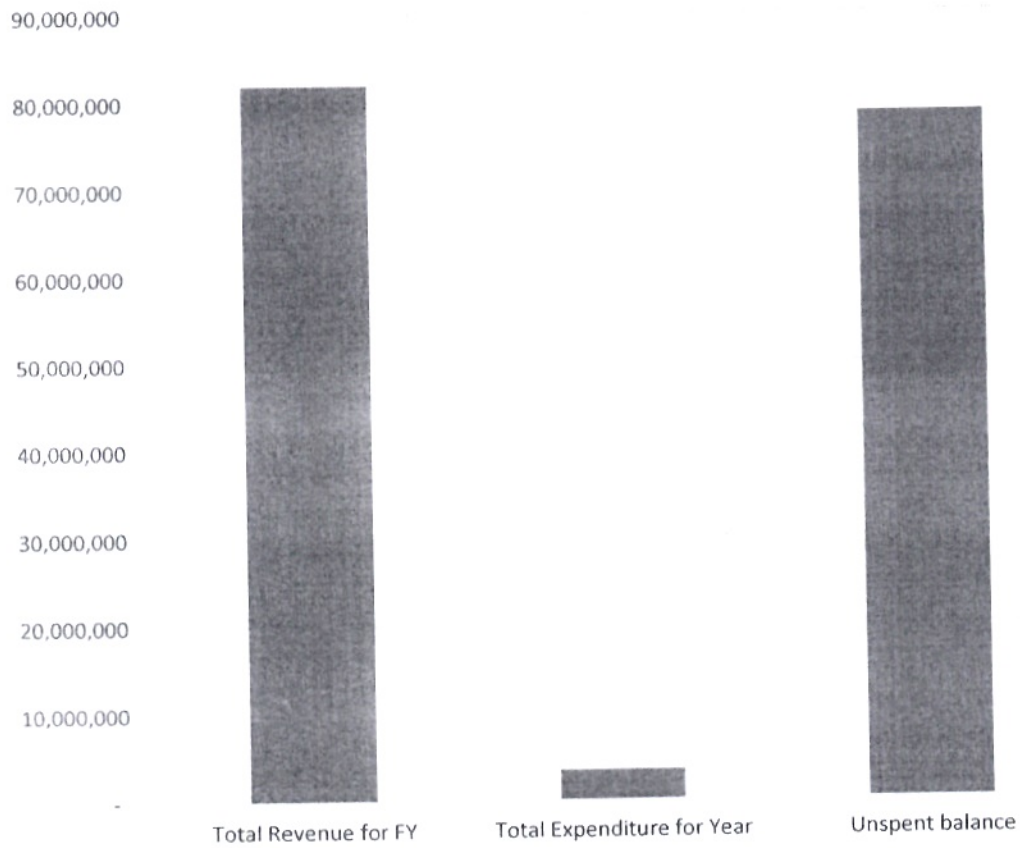
The Wajir County Bursary Fund is made up of 8 Administration Committee members. Members meet to deliberate on the performance of the management team by evaluating and considering bursary awards to the students. Based on the Budget allocation, the committee members are not remunerated from the fund. In the coming years we will be able to report on the governance structure based on:

- a. number of Fund Administration Committee meetings held and the attendance to those meetings by members,
- b. succession plan,
- c. existence of a service charter,
- d. process of appointment and removal of trustees/ Administration Committee members,
- e. roles and functions of the Administration Committee members,
- f. induction and training, Administration Committee members and member's performance,
- g. conflict of interest,
- h. board remuneration,
- i. ethics and conduct as well as governance audit undertaken if any

7. MANAGEMENT DISCUSSION AND ANALYSIS

During the year, KES 1,000,000 was disbursed to support deserving cases within the County. This was allocated to students covering full year school fees. We are working on how to increase the budgetary allocation to support more cases in coming years. Below is the graphical representation of the fund's performance in the financial year 2018/2019.

**Bursary Fund's Performance for FY
2018/2019**



8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Sustainability strategy and profile

The Wajir County Development Agenda is informed by the need to increase and expand sustainable development opportunities and build people's capacities to enable them create wealth and transform their lives for growth and prosperity. The County Envisions being a competitive, industrialized and socio-economically self-sustaining and securing county. This will be attained by providing quality and efficient services through innovative and sustainable utilization of resources for a better quality of life of all citizens of Wajir County. This the county intends to attain and sustain it through creation of a county culture anchored on; Transparency; Inclusiveness and Equity; Empowerment; Quality and result oriented in provision of the county services

The County has projects implementation was greatly affected by the Covid-19 Pandemic in the second half of the year. Most of the County programs and projects were deferred and great focus given to fighting the pandemic.

2. Environmental performance

As outlined in the County 2018-2022 CIDP, Environment is one of the key thematic areas that the county has put a lot of focus in its development's agendas. Land is a natural resource which can be sustainably used to satisfy man's unlimited needs and wants as long as the concept of scarcity is recognized. Cognizant of the need for responsible land use for environmental sustainability, The County has developed a number of policies, programmes and structures guiding environmental matters within the County.

3. Employee welfare

Wajir County Recognises the value of its employees in the implementation and long-term sustainability of its development strategy. As a result, it has always ensured a fair recruitment process where competences and qualification has been key in hiring of its employees to ensure value from its human resource. All recruitments observe the one third Gender rule and the inclusivity. All senior management staff from the level of county directors and above are placed under performance Contract while the junior staff are under performance Appraisal system.

This is aimed at inculcating a results culture and also helps to identify skills Gap for capacity building and future development the County staff as they inform approvals for Promotion and training for carrier growth. For a better and health work force, the county has also placed all staff under a medical cover which on terms as provided by the Salaries and Remuneration Commission's guideline of Employee Medical benefits.

4. Market place practices

The County embraces diversity and offers services to all county residents without discrimination. All county fees and charges are levied after wide consultation with the citizens through public participation.

5. Community Engagements

The County has been engaging its citizens in all its development programmes through public participation in all the county plans, Budget and legislations. This participation ensures that the views of the citizen are included from planning to implementation stages. Participation is done by the county through its established participation structures such as, the County Budget and Economic Forum, The County Citizen education and Civic Education Unit etc.

By Order of the Board



ALI M ABDILLE

Chair of the Fund Administration Committee

9. REPORT OF THE TRUSTEES

The Wajir Bursary Fund Administration Committee submit their report together with the audited financial statements for the year ended June 30, 2019, which show the state of the Fund affairs.

9.1 principal activities

the fund's principal activity is to receive bursary funds as appropriated in the County's Approved budget estimates and disburse the funds as stipulated in the Act to enable children of the Wajir County pursue their education.

9.2 Performance

The performance of the Fund for the year ended June 30, 2019, are set out from page 10

9.3 Administration Committee

The members of the Administration Committee who served during the year are shown on page 05 .There were no changes in the administration Committee during the financial year.

9.4 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.

By Order of the Board



Ali M Abdille

Chairman,

Wajir County Bursary Fund

10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and County Bursary Fund Act 2019. 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, 2019, and of the Fund's financial position as at that date.

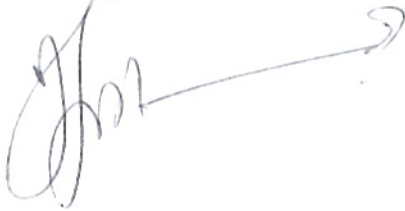
The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on September 29 2019 and signed on its behalf by:



Issa Kuresh Abdille

Administrator of the Wajir 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 WAJIR COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2019

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, gazetted 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

Disclaimer of Opinion

I have audited the accompanying financial statements of Wajir County Bursary Fund set out on pages 17 to 34, which comprise the statement of financial position as at 30 June, 2019 and the statement of financial performance, statement of changes in net

assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Failure to Submit Prior Years Financial Statements

Wajir County Bursary Fund was established in the year 2014. However, Management did not submit financial statements for the financial years ended 30 June; 2015, 2016, 2017 and 2018.

As a result, the opening balances in the financial statements for the financial year under review could not be confirmed.

2. Discrepancies in the Financial Statements

The financial statements for the year under review contain the following:

- i). Information about management team does not contain photographs of the team members as required by the PSASB reporting template.
- ii). The statement of financial position, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts do not have page numbers.
- iii). Referencing of note numbers on the face of the financial statements is not consistent with the notes in support of the balances in the financial statements.
- iv). No explanatory note has been provided for expenditures totalling Kshs.1,000,000 reported to have spent on scholarships and other educational benefits reflected in the statement of financial performance. As a result, the accuracy and validity of the balance could not be confirmed.

In the circumstances, the financial statements do not comply with the reporting format prescribed by the Public Sector Accounting Standards Board.

3. Shortfall of Revenue and Under-Expenditure

The statement of comparison of budget and actual amounts reflects an income budget and total expenditure budget totalling Kshs.82,000,000 and Kshs.3,445,000 resulting to an under-expenditure of Kshs.78,555,000 or 96% of the budget.

In addition, the statement further reflects total income and expenditure budgets of Kshs.82,000,000 and Kshs.3,460,000 resulting to a revenue shortfall of Kshs.78,540,000.

The shortfall of revenue income and under-expenditure implied that most of the Fund's programmes and activities for the year under review were not implemented.

4. Late Submission of Financial Statements

The financial statements of the Fund for the financial year under review were submitted to the Auditor-General on 16 December 2021 close to thirty (30) months after the close of the year. The delayed submission was contrary to Section 116(7) of the Public Finance Management Act, 2012 and Section 47(1) of the Public Audit Act, 2015 which require financial statements to be submitted to the Auditor-General within three months after the end of the financial year to which they relate.

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

5. Unapproved Budget

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects a budget of Kshs.82,000,000. However, review of documents provided for audit indicated that contrary to Section 149(2) of the Public Finance Management Act, 2012 the budget was not approved by the County Executive member for Finance.

In the circumstances, the budget was prepared and approved by management contrary to the law.

6. Unsecured Financial Data

That Fund's cash book was maintained in MS Excel Workbook. There was no evidence of any measures taken to secure the financial data by backing it up in separate media.

In the circumstances, the data was at risk of loss through damage or loss of computer where data was domiciled..

7. Lack of Audit Committee

Contrary to the requirements of Section 155(5) of the Public Finance Management Act, 2012, the County Executive under which the Fund is established had not established an Audit Committee. As a result, internal control, risk management and governance were not properly established.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1) (a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and Those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the Fund's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer

of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of Fund 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 September, 2022

12. FINANCIAL STATEMENTS

12.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2019

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from the County Government	2	82,000,000	
Total revenue		82,000,000	
Expenses			
Fund administration expenses	6	2,445,000	
General expenses	7	1,000,000	
Finance costs	8	-	
Total expenses		3,445,000	
Other gains/losses			
Gain/loss on disposal of assets	9		
Surplus/(deficit) for the period		78,555,000	

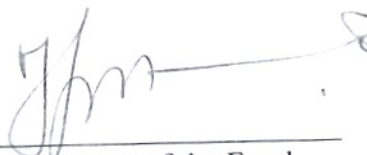
The notes set out on pages 33 to 38 form an integral part of these Financial Statements

Wajir County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2019

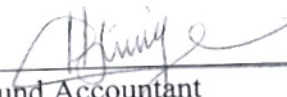
12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2018/2019 Kshs	2017/2018 Kshs
Assets			
Current assets			
Cash and cash equivalents	10	78,555,218	218
Total assets		78,555,218	218
Total liabilities		-	-
Net assets			
Accumulated surplus		78,555,218	218
Total net assets and liabilities		78,555,218	218

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 29th September 2019 and signed by:



Administrator of the Fund
Name: ISSA KURESH ABDILLE




Fund Accountant
Name: HUSSEIN DIRIYE
ICPAK Member Number: 15013

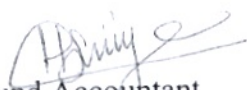
**Wajir County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2019**

12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2019

	Revolving Fund	Revaluation Reserve	Retained Earnings	Accumulated surplus	Total
		Kshs		Kshs	Kshs
Balance as at 1 July 2018				-	-
Surplus/(deficit) for the period				218	218
Funds received during the year				-	-
Balance as at 30 June 2019				218	218
Balance as at 1 July 2019				218	218
Surplus for the period				78,555,000	78,555,000
Funds received during the year				-	-
Balance as at 30 June 2020				78,555,218	78,555,218

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Wajir County Bursary Fund financial statements were approved on 29th September 2019 and signed by:


Administrator of the Fund
ISSA KURESH ABDILLE


Fund Accountant
CPA HUSSEIN DIRIYE
ICPAK Member Number: 15013

Wajir County Bursary Fund
Reports and Financial Statements
For the year ended June 30, 2019

12.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018-2019	FY 2017-2018
		KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	82,000,000	
Total Receipts		82,000,000	
Payments			
Fund administration expenses	2	2,445,000	
Bursary and Scholarship	3	1,000,000	
Total Payments		3,445,000	
Net cash flows from operating activities		78,555,000	
Adjusted for:			
Decrease/(Increase) in Accounts receivable:		-	
Increase/(Decrease) in Accounts Payable:		-	
Cash flows from investing activities			
Net cash flows used in investing activities		-	
Cash flows from financing activities			
Net cash flows used in financing activities		-	
Net increase/(decrease) in cash and cash equivalents		78,555,000	
Cash and cash equivalents at 1 JULY		218	218
Cash and cash equivalents at 30 JUNE		78,555,218	218

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12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2019	2019	2019	2019	2019	2019
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from County Govt.	82,000,000		82,000,000	82,000,000	0	100%
Total income	82,000,000		82,000,000	82,000,000	0	100%
Expenses						
Fund administration expenses	2,460,000		2,460,000	2,445,000	15,000	99%
Scholarships and other Educational Benefits	1,000,000		1,000,000	1,000,000	-	100%
Total expenditure	3,460,000		3,460,000	3,445,000	15,000	100%
Surplus for the period			78,540,000	78,555,000	(15,000)	100%

12.6. 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.

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <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;

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2022 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: <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

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.

4. Budget information

The original budget for FY 2018/2019 was approved by the County Assembly on 30th June 2019. 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 Wajir County Bursary Fund upon receiving the respective approvals in order to conclude the final budget.

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

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

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

5. Property, plant and equipment

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

6. 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.

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by 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 cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

8. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

9. 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.

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.

10. Nature and purpose of reserves

The Wajir County Bursary fund creates and maintains reserves in terms of specific requirements.

11. Changes in accounting policies and estimates

The Wajir County Bursary Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

12. Employee benefits – Retirement benefit plans

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

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

13. 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.

14. 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.

15. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

16. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The Wajir County Bursary Fund is a County Public Fund established by Wajir County Bursary Fund Act 2019 under the Department of Education, Youth, Gender and Social Service. Its ultimate parent is the County Government of Wajir.

20. Currency

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

21. Significant judgments and sources of estimation uncertainty

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

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

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.

Useful lives and residual values

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

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

Provisions

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

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

22. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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.

b) Liquidity risk management

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

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

c) Market risk

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

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

The Fund's Finance Department is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

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

i. Foreign currency risk

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

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

ii. Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has 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

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exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

d) Capital risk management

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the Fund consist of the transfers from county executive.

12.7. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government

Description	2018/2019	2017/2018
	Kshs	Kshs
Transfers from County Govt. – operations	82,000,000	
Total	82,000,000	

2. Fund administration expenses

Description	2018/2019	2017/2018
	KShs	Kshs
Administration fees	2,445,000	
Total	2,445,000	

3. Cash and cash equivalents

Description	2018/2019	2017/2018
	Kshs	Kshs
Current account	78,555,218	78,555,218
Total cash and cash equivalents	78,555,218	78,555,218

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

Financial institution	Account number	FY2018/2019	FY2018/2019
		Kshs	Kshs
a) Fixed deposits account			
First Community Bank	80004120	1,419,088	78,555,218
Grand total		1,419,088	78,555,218

4. Related party balances

a) Nature of related party relationships

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

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

13. PROGRESS ON FOLLOW UP OF AUDITOR 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	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)