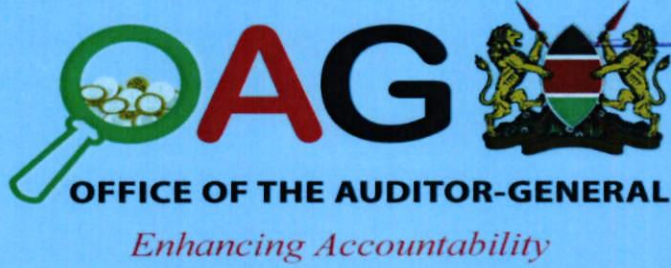


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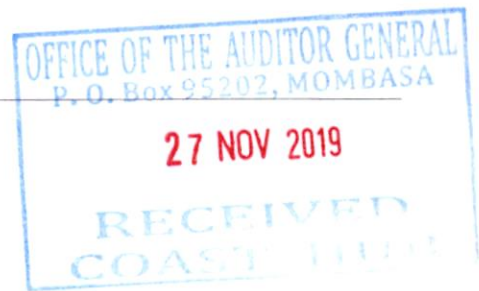
KWALE COUNTY BURSARY FUND

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

DATE	13/11/2021
TABLED BY	Deputy Senate majority wh...
COMMITTEE	
CLERK AT THE TABLE	Harriet M.



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



KWALE COUNTY BURSARY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED
JUNE 30 2019

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 2019**

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**Kwale County Bursary Fund
Reports and Financial Statements
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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

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

b) The Fund's objective 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.

c) Mission: To raise education standards in the county.

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

d) Fund Administration Committee

Ref	Name	Position
1	Mangale Munga	CEC-Education
2	Mishi Salim Mwakaole	Fund Administrator
3	Alex Onduko Thomas	Chief Officer - Finance and Economic Planning

e) Key Management

Ref	Name	Position
1	Mishi Salim Mwakaole	Fund Administrator
2	Zaituni Abdurahman Mlingo	Fund Accountant

(Include all positions regarded as top management for the Fund).

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

f) Fund Contacts

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

2. Fund Bankers

Equity Bank
P.O Box 167 -80403
Kwale

2. Independent Auditors

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

j) Controller of Budget

Office of the Controller of Budget

Bima House 12thFloor

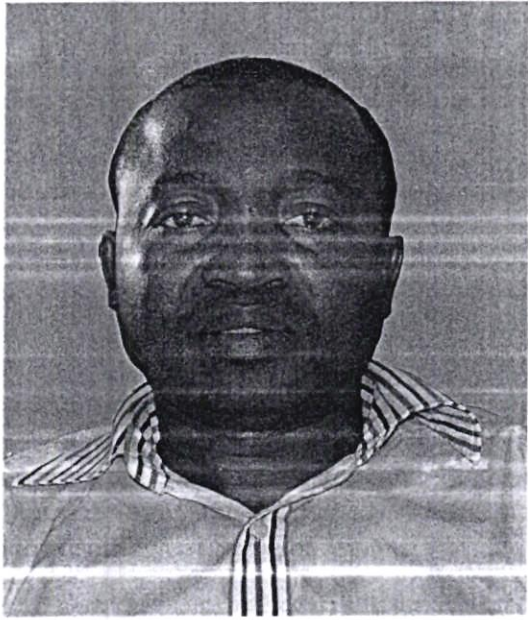

P.O BOX 35616-000100

NAIROBI


k) Principal Legal Adviser

The County Legal Officer
Office of the Governor
P.O. Box 4 – 80403
Kwale

FUND ADMINISTRATION COMMITTEE



Name	Details of qualifications and experience
	<p>Mangale Munga is a holder of bachelor's degree in Education from Kenyatta University.</p> <p>Before appointment as the C.E.C. in charge of Education in Kwale County Government he was the chairman Kenya National Union of Teachers (KNUT) coast region and executive secretary Kenya National Union of Teachers (KNUT) Kwale County.</p> <p>He has been in the education sector for seventeen years before the appointment and served as an administrator in education for more than five years.</p> <p>He grew through the education system and promoted learning of Mathematics and Kiswahili in Msambweni Sub County.</p>
	<p>Alex Onduko</p> <p>Date of birth: 22nd December 1969</p> <p>Qualification: Certified Public Accountant of Kenya.</p> <p>Education: He holds a Masters of Business Administration (finance); He holds a Kenya advance certificate of education and also a Kenya certificate of education.</p> <p>Experience: 2013 to-date chief officer finance and economic planning.</p> <p>Senior Management course KSG Mombasa</p> <p>Strategic Leadership Development Programme KSG Nairobi</p> <p>2011-2013: Town treasurer Town council of Kajiado.</p> <p>2010-2011: Town treasurer</p>

**Kwale County Bursary Fund
Reports and Financial Statements
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	<p>Municipal council of Migori</p> <p>2005-2010: Town treasurer Municipal council of Busia.</p> <p>1990-2005: Accountant county council of Nakuru</p>
 A black and white portrait of a woman wearing a headscarf, looking directly at the camera.	<p>Mishi Salim Mwakaole was appointed as a Fund Administrator of Kwale County Bursary Fund after her appointment as Chief officer department of Education County Government of Kwale in 2014.</p> <p>She Graduated from the University of Nairobi in 1995 with a Bachelor Degree in Education.</p> <p>Until her appointment as Fund Administrator, she served in different capacities in the Teachers Service Commission rising to a position of assistant deputy director- teacher management.</p>

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

MANAGEMENT TEAM

Name	Details of qualifications and experience
	<p>Mishi Salim Mwakaole was appointed as a Fund Administrator of Kwale County Bursary Fund after her appointment as Chief officer department of Education County Government of Kwale in 2014.</p> <p>She Graduated from the University of Nairobi in 1995 with a Bachelor Degree in Education.</p> <p>Until her appointment as Fund Administrator, she served in different capacities in the Teachers Service Commission rising to a position of assistant deputy director- teacher management.</p>
	<p>Ms Zaituni Abdurahman Mlingo was appointed as Principal Accountant in Oct 2013.</p> <p>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.</p> <p>She worked with the defunct local authority in 2009 to 2013 as an Accounts Assistant before her appointment with County Government of Kwale</p> <p>She is a Member of Institutes of Certified Public Accountants Kenya (ICPAK) and also Association of Women accountants Kenya (AWAK)</p>

Note: The Fund Administrator will feature under both the 'Board' and 'Management'.

REPORT BY THE CECM

The Kwale 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. Through the bursary fund the county envisages that the quality of education obtained by the kwale residents shall improve and subsequently the lives of the people of Kwale shall be transformed through education

Since its inception, the county has experienced a significant increase in access to educational institutions. Of significance are the special programs funded through the bursary fund where students admitted to national schools and universities through the Kenya Universities and Colleges Placement Service are offered sponsorship. Since 2014, the total number of beneficiaries in national schools currently stands at 4,508 while those in public universities are 1862.

Considering the increased demand for bursary due to the high poverty levels and the increased thirst for education among Kwale residents the budgetary allocation is becoming insufficient. In view of this, county government looks forward to source for additional funds through engaging other education partners and stakeholders to support the bursary kitty.

We are also exploring possibilities of establishing a revolving fund for students in colleges and universities to make the bursary fund sustainable in future. Apart from sustainability, this will also promote accountability amongst the youth.

The bursary fund management is keen to ensure prudent use of the funds allocated annually through adherence to all statutory requirements in its operations to ensure the bursary fund meets the expected outcome.


HON. MANGALE MUNGA NDEGWA

CECM MEMBER

DEPARTMENT OF EDUCATION



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

REPORT OF THE FUND ADMINISTRATOR

The bursary fund started in the year 2014/2015. It was established through the Kwale County Bursary Fund Act, 2014. The establishment of the fund was necessitated by the need to address the low standards of education in the county, High poverty levels among the Kwale residents had contributed to low transition and completion rates at all education levels since parents could not raise school fees for their children.

It is against this background that the county thought it is prudent to have the fund in place to offer financial support to the needy and bright students.

The purpose of the fund is to raise the standards of education within the county through financial support to needy and 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 finances its operations through exchequer from county treasury after approval by the controller of budget. This is the only source of revenue. The Fund cost is bursary for students studying in Kenya, bursary for students studying abroad and administrative cost.

In the Financial year 2018/2019, the county bursary fund had a budgetary allocation of Kenya shillings 400,000,000 (Four Hundred and Fifteen million only) which was distributed among the 20 wards within the county.

During the Financial Year 2018/2019 the Fund received a total of 400,000,000 (Four Hundred Million only) from county treasury. This was spent in various categories as follows: 131,004,538 for tertiary level, 259,466,318 for secondary level and 1,529,143.52 for India sponsored students' fees, stipends, rent, medical expenses and electricity.



MISHI SALIM MWKAOLE

FUND ADMINISTRATOR

KWALE COUNTY BURSARY FUND

1. MANAGEMENT DISCUSSION AND ANALYSIS

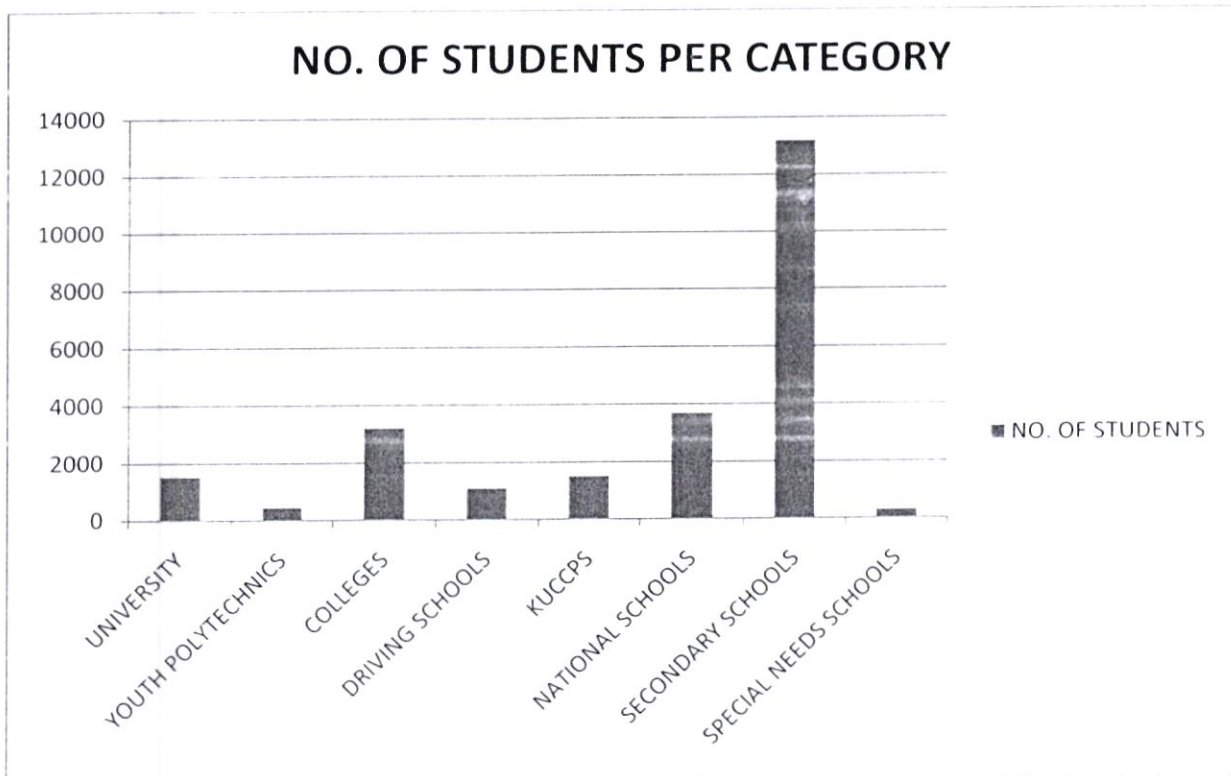
The Fund receives its revenue from county Treasury through exchequer. Its main expenditure is bursary and little goes to the administrative cost. The Funds operations follow strictly the guidelines of the PFM Act and Procurement procedures as required by the Law.

Since its inception the Fund has been fully sponsoring students in National schools and those admitted to universities through the Kenya Universities and Colleges Placement Service (KUCCPS) this has motivated many primary and secondary school students in Kwale County to perform better in national examinations in order to secure the county sponsorship.

It is important to note that the program has played a key role in increasing the number of students enrolling in National schools and universities through KUCCPS from 254 to **4,508** and 162 to **1,862** for National schools and KUCCPS respectively, making a percentage increase of 94% and 91%.respectively. Students studying in other institutions besides the above mentioned have continuously been benefiting from bursaries.

The fund distribution performance for the financial year 2018/2019 for all categories is depicted in the graph below.

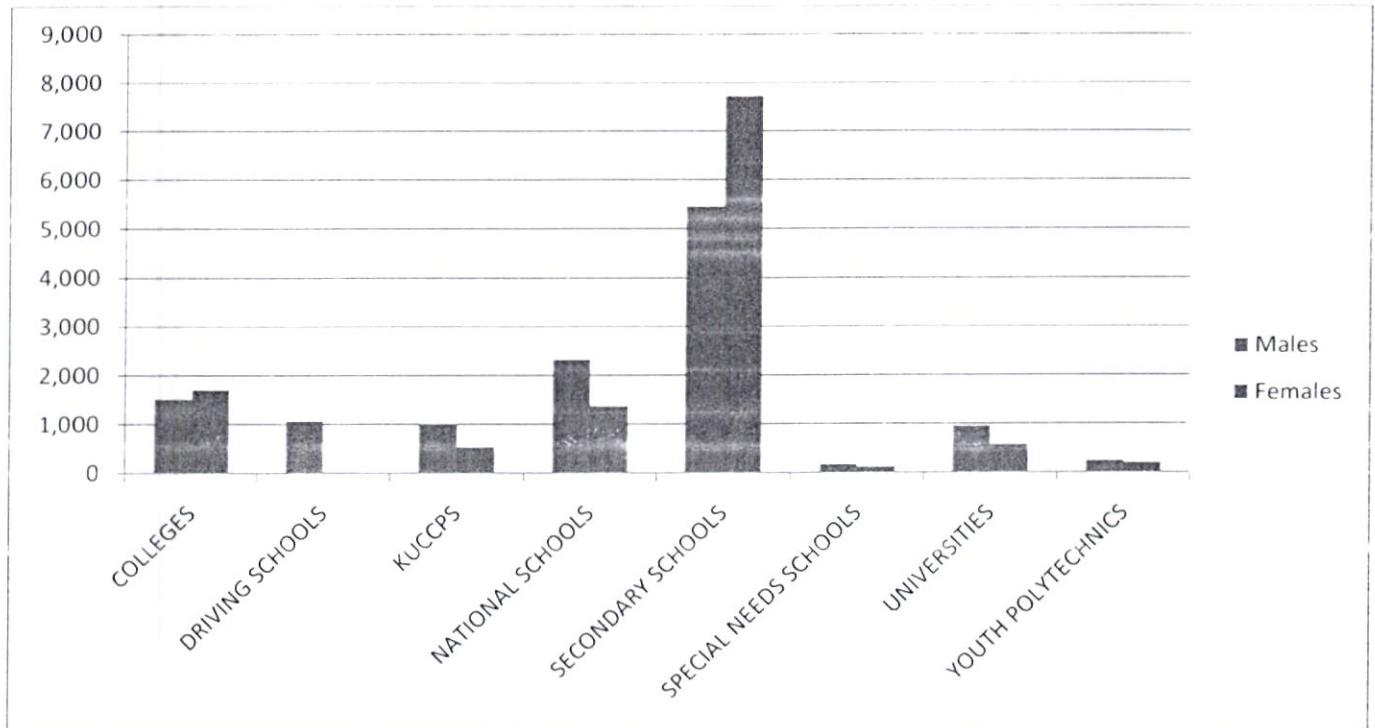
A graphical representation of the Bursary per Category



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

The below graph shows the No of male and female students that joined tertiary and secondary education in the F/Y 2018/2019

Number of male and female beneficiaries per category



During the year more male students joined tertiary education as compared to female students.

In secondary education the female students are more than the male students.

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

REPORT OF THE TRUSTEES

The Trustees submit their report together with the Financial Statements for the year ended June 30, 2019 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are sponsoring needy and bright students

Results

The results of the Fund for the year ended June 30, 2019 are set out on page 13

Auditors

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 *Kwale County Bursary Fund* for the year/period ended June 30, 2019 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

By Order of the Board

Member of the Board

Date: 26/9/19

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

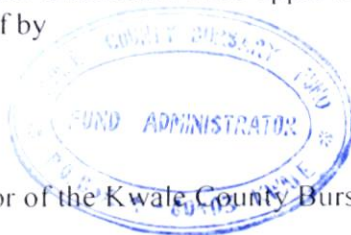
The Administrator of the Kwale County Bursary Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30TH 2019. This responsibility includes: (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 Kwale 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). 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 30TH 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 Kwale 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

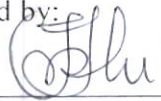
The Fund's financial statements were approved by the Board on 26/9 2019 and signed on its behalf by



Fund Administrator of the Kwale County Bursary

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

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 26/9 2019 and signed by:



Administrator of the Fund
Mishi Salim Mwakaole





Fund Accountant
Zaituni Abdurahaman Mlingo

ICPAK NO. 17232

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

e) STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH
 JUNE 2019

	Original budget 2019	Adjustments 2019	Final budget 2019	Actual on comparable basis 2019	Performance difference 2019	% utilization 2019
Revenue	Ksh'	Ksh's	Ksh's	Ksh's	Ksh's	
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.	400,000,000	-	400,000,000	400,000,000	-	100%
Interest income	-	-	-	-	-	0%
Other income	-	-	-	-	-	0%
Total income	400,000,000	-	400,000,000	400,000,000	-	100%
Expenses						
Bursaries	392,000,000	-	392,000,000	392,000,000	-	100%
Fund administration expenses	8,000,000	-	8,000,000	7,601,390	398,610	95%
Finance cost	-	-	-	-	-	0%
Total expenditure	400,000,000	-	400,000,000	399,601,390	398,610	100%
Surplus for the period				398,610		

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. 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.

f) 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	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

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 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 which are covered purely under Public Sector combinations as amalgamations.

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2018.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2018 for the period 1st July 2018 to 30 June 2019 as required by the law. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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 as per the statement of financial performance has been presented in financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on straight line basis. Cost of the Asset 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 classifieds 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an 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 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)

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

SUMMARY OF 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.

10. Nature and purpose of reserves

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

11. 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. Balances in the financial statements are restated in the respective Financial Years

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

20. Currency

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



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**Kwale County Bursary Fund
Reports and Financial Statements
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 company'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:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2019				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
	-	-	-	-
At 30 June 2018	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

**Kwale County Bursary Fund
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The entity has significant concentration of credit risk on amounts due from 0

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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2018				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

**Kwale County Bursary Fund
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SUMMARY OF 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.

i. Foreign currency risk

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

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

	Kshs	Other currencies Kshs	Total Ksh's
At 30 June 2019			
Financial assets (investments, cash ,debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

**Kwale County Bursary Fund
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Kshs	Kshs	Ksh's
2019			
Euro	10%	-	-
USD	10%	-	-
2018		-	-
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

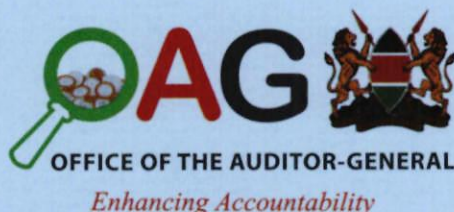
Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KWALE COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kwale County Bursary Fund set out on pages 13 to 48, which comprise of the statement of financial position as at 30 June, 2019, 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, the financial statements present fairly, in all material respects, the financial position of the Kwale County Bursary Fund as at 30 June, 2019, 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 Kwale County Bursary Fund Act, 2014 and the Public Finance Management Act, 2012

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of 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 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.

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

1.0 Failure to Constitute County Bursary Committee

As reported in the previous year, the Kwale County Bursary Fund was established and commenced operations on 05 September, 2014. However, there was no evidence that a county bursary committee had been constituted contrary to Section 7(1) and Section 11 of the Kwale County Bursary Fund Act, 2014 which requires that a county committee shall be established to be an oversight body, approve disbursement of bursaries and monitor allocations of bursaries to ensure needy and deserving students benefit among other functions.

Consequently, the Management is in breach of the law.

2.0 Inadequacy of the Enabling Legislation

The Kwale County Bursary Fund Act, 2014 does not provide for keeping of books of accounts and preparation of the financial statements in line with Section 149 (2-b) of the Public Finance Management Act, 2012 which provides that "in carrying out a responsibility imposed by subsection (1), an accounting officer shall, in respect of the entity concerned ensure that the entity keeps financial and accounting records that comply with this Act"

Further, contrary to Regulation 198 of the Public Finance Management (County Governments) Regulations, 2015, the Kwale County Bursary Fund Act, 2014 does not provide for the winding up procedure of the Fund. Consequently, the operations of the Fund did not comply fully with the Public Finance Management Act, 2012.

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of an Audit Committee

Kwale County Bursary Fund had not established an audit committee as at the time of audit, in October 2019, contrary to Regulation 167(1) of the Public Finance Management Regulations (County Governments), 2015 which provides that "each county government entity shall establish an audit committee to among other functions support the accounting officers with regard to their responsibilities on effective risk management, internal controls and governance of the Fund,

Therefore, the effectiveness of Fund's internal controls and risk management is not assured.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 County Bursary Committee

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standard (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 overall governance.

In preparing the financial statements, Management is responsible for assessing the ability of Kwale County Bursary Fund to continue 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 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 County Bursary Committee is responsible for overseeing the 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 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 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 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 going concern 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 Kwale County Bursary Fund to cease to continue 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.



Nancy Gathungu

AUDITOR-GENERAL

Nairobi

15 October, 2021

Report of the Auditor-General on Kwale County Bursary Fund for the year ended 30 June, 2019

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

3. FINANCIAL STATEMENTS

a) STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Note	FY2018/2019 Ksh's	FY2017/2018 KShs
Revenue from non-exchange transactions			
Public contribution sand donations	1	-	-
Transfers from the County Government	2	400,000,000	415,000,000
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions		-	-
Interest income	4	-	-
Other income	5	-	-
Total revenue		400,000,000	415,000,000.
Expenses			
Bursaries	6	392,000,000	406,700,000
Staff Cost	7	1,440,000	1,440,900
Fund Administration expenses	8	6,161,390	6,875,736
Finance costs	9	-	-
Total expenses		399,601,390	415,015,736.
Gain/Loss on disposal of assets	10	-	-
Surplus/(deficit)for the period		398,610	(15,736)

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 26/9 2019 and signed by:



Administrator of the Fund
Mishi Salim Mwakaole




Fund Accountant
Zaituni Abdurahaman Mlingo
ICPAK NO. 17232

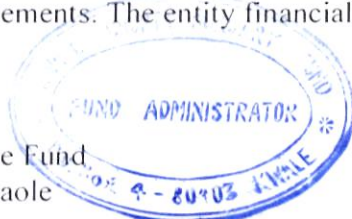
Kwale County Bursary Fund
 Reports and Financial Statements
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b) STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	FY2018/2019 Ksh's	FY2017/2018 Kshs
Assets			
Current assets			
Cash and cash equivalents	11	263,176.00	22,192,951.00
Current portion of long term receivables from exchange transactions	12	-	-
Prepayments	13		
Receivables (Bursary balance for F/Y 17/18)	13	44,500,000.00	44,500,000.00
Inventories	14	-	-
Total Current Assets		44,763,176.00	66,692,951.00
Non-current assets			
Property, plant and equipment	15	600,263.00	216,687.00
Intangible assets	16	-	-
Long term receivables from exchange transactions	13	-	-
Short term receivables		-	-
		600,263.00	216,687.00
Total Assets		45,363,439.00	66,909,638.00
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	22	-	63,654,616.00
Total current liabilities		-	63,654,616.00
Non-current liabilities			
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	19	-	-
Total liabilities		-	63,654,616.00
Net assets		45,363,439.00	3,255,022.00
Revolving Fund			-
Reserves			-
Accumulated Surplus		45,363,439.00	3,255,022.00
Total net Assets and Liabilities		45,363,439.00	3,255,022.00

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 26/9 2019 and signed by:

Administrator of the Fund
 Mishi Salim Mwakaole



Fund Accountant
 Zaituni Abdurahaman Mlingo
 ICPAK NO. 17232




**Kwale County Bursary Fund
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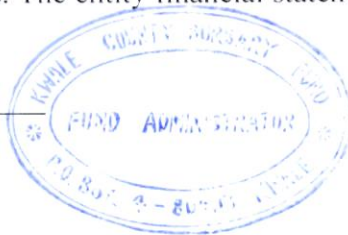
**c) STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30
JUNE 2019**


	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Ksh's
Balance as at 1 July 2017	-	-	3,270,758	3,270,758
Surplus/(deficit) for the period	-	-	(15,736)	(15,736)
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2018			3,255,022	3,255,022
Prior Year Adjustments Note 22			41,709,808	41,709,808
Balance as at 1 July 2018	-	-	44,964,830	44,964,830
Surplus/(deficit) for the period		-	398,610	398,610
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	-	-	45,363,439	45,363,439

(Provide details on the nature and purpose of reserves)

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 26/9 2019 and signed by:


Administrator of the Fund
Mishi Salim Mwakaole




Fund Accountant
Zaituni Abdurahaman Mlingo
ICPAK NO. 17232

d) STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	FY2018/2019	FY2017/2018
		Ksh's	Ksh's
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government	2	400,000,000	370,500,000
Interest received		-	-
Receipts from other operating activities		-	-
Total Receipts		400,000,000	370,500,000
Payments			
Bursaries	6	413,944,753	348,434,480
Fund Administration expenses	8	6,065,022	6,807,308
Staff Cost	7	1,440,000	1,440,000
Finance cost	9	-	-
Total Payments		421,449,775	356,681,788
Net cash flows from operating activities	21	(21,449,775)	13,818,212
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	15	(480,000)	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		(480,000)	-
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		(21,929,775)	13,818,212
Cash and cash equivalents at 1 JULY	11	22,192,951	8,374,739
Cash and cash equivalents at 30 JUNE	11	263,176	22,192,951

**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30TH 2019**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) 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:

	2019		2018
	Kshs		Kshs
Revaluation reserve	-	-	-
Revolving fund	-	-	-
Accumulated surplus	-	-	-
Total funds	-	-	-
Total borrowings	-	-	-
Less: cash and bank balances	(-)		(-)
Net debt/(excess cash and cash equivalents)	-	-	-
Gearing	%		%

**Kwale County Bursary Fund
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For the year ended June 30TH 2019**

g) NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY2018/2019	FY2017/2018
	Kshs	Kshs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	FY2018/2019	FY2017/2018
	Kshs	Kshs
Transfers from County Govt. – operations	400,000,000	415,000,000
Payments by County on behalf of the entity	-	-
Total	400,000,000	415,000,000

3. Fines, penalties and other levies

Description	FY2018/2019	FY2017/2018
	Kshs	Kshs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY 2018/2019	FY 2017/2018
Interest income from loans(mortgage or car loans	-	-
Total interest income	-	-

5. Other income

Description	FY2018/2019	FY2017/2018
	Ksh's	Kshs
Insurance recoveries	0	0
Income from sale of tender documents	0	0
Miscellaneous income		
Total other income	0	0



**Kwale County Bursary Fund
Reports and Financial Statements
For the year ended June 30TH 2019**

6. Bursaries

Description	FY2018/2019	FY2017/2018
	Ksh's	Ksh's
Loan processing costs	-	-
Scholarships and other Educational Benefits - Tertiary Education	131,004,538	90,850,979
Scholarships and other Educational Benefits - Secondary Education	259,466,318	246,480,801
Educational Allowance	1,529,144	10,972,379
Scholarships and Other Educational Benefits	-	130,322
Scholarships and Other Educational benefit (To be received)	-	58,265,520
Total	392,000,000	406,700,000

7. Staff costs

Description	FY2018/2019	FY2017/2018
	Ksh's	Ksh's
Salaries and wages	-	-
Staff gratuity	-	-
Committee Sitting Allow	1,440,000	1,440,000
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	1,440,000	1,440,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Fund Administrative Expenses.

Description	FY2018/2019	FY2017/2018
	Kshs	Kshs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	1,062,300	1,876,000
Rental costs	-	-
Security costs	-	-
Travel allow	-	844,774
Telecommunication	-	-
Hospitality & Subsistence Allow	3,909,350	3,365,886
Depreciation and amortization costs	96,428.00	68,428
Other expenses	1,093,312	720,648
Total	6,161,390	6,875,736

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY2018/2019	FY2017/2018
	Kshs	Kshs
Interest on Bankoverdrafts	0	0
Interest on loans from banks	0	0
Total	0	0

10. Gain on disposal of assets

Description	FY2018/2019	FY2017/2018
	Kshs	Kshs
Property plant and equipment	0	0
Intangible assets	0	0
Total	0	0

11. Cash and cash equivalents

Description	FY2018/2019	FY2017/2018
	Kshs	Kshs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	263,176	22,192,951
Others	-	-
Total cash and cash equivalents	263,176	22,192,951

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial institution	Account number	FY 2018/2019	FY 2017/2018
		Kshs	Kshs
a) Fixed deposits account			
Sub- total		-	-
b) On - call deposits			
Sub- total		-	-
c) Current account			
Equity Bank	1580263149560	263,176	22,192,951
Sub- total		263,176	22,192,951
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		263,176	22,192,951

12. Receivables from exchange transactions

Description	FY 2018/2019	FY 2017/2018
	Kshs	Kshs
Current Receivables		
Interest receivable	0	0
Current loan repayments due	0	0
Other exchange debtors	0	0
Less:impairment allowance	(0)	(0)
Total Current receivables	0	0
Non Current receivables		
Long term loan repayments due	0	0
Total Noncurrent receivables	0	0
Total receivables from exchange transactions	0	0

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13. Receivables (Bursary balance F/Y 2017/18)

Bursary Balances	FY2018/2019
WARD	KShs
BONGWE/GOMBATO	1,800,380
DZOMBO	1,233,908
KASEMENI	1,889,209
KINANGO	1,902,177
KINONDO	1,851,324
KUBO SOUTH	1,901,449
MACKINON ROAD	1,904,732
MKONGANI	1,892,160
MWAVUMBO	1,864,490
MWERENI	1,802,105
NDAVAYA	1,845,633
PONGWE/KIKONENI	1,241,657
PUMA	1,911,448
RAMISI	1,665,606
SAMBURU	1,858,606
TIWI	1,812,659
TSIMBA/GOLINI	1,637,802
UKUNDA	10,692,585
VANGA	1,897,267
WAA/NGOMBENI	1,894,803
Total	44,500,000

14. Inventories

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Consumable stores	0	0
Spare parts and meters	0	0
Catering	0	0
Total inventories at the lower of cost and net realizable value	0	0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Totals
Cost	KShs	KShs	KShs	KShs	
At 1st July 2017	-	-	-	-	-
Additions	-	-	-	342,138	342,138.00
Disposals	(-)	(-)	-	-	(-)
Transfers/adjustments	-	(-)	-	(-)	(-)
At 30th June 2018	-	-	-	342,138	342,138.00
At 1st July 2018	-	-	-	-	-
Additions	-	-	480,000	-	480,000
Disposals	(-)	-	-	-	(-)
Transfer/adjustments	(-)	-	-	(-)	(-)
At 30th June 2019	-	-	480,000	342,138	822,138
Depreciation and impairment					
At 1st July 2017	(-)	(-)	(-)	(57,021)	(57,021)
Depreciation	(-)	(-)	(-)	(68,426)	(68,426.)
Impairment	(-)	-	-	-	(-)
At 30th June 2018	-	-	-	(125,447)	(125,447)
At 1st July 2018					
Depreciation	-	-	(28,000)	(68,428)	(96,428)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2019	-	-	(28,000)	(193,875)	(221,875)
Net book values	-	-			-
At 30th June 2018	-	-	-	216,689	216,689
At 30th June 2019	-	-	452,000	148,263	600,263

Kwale County Bursary Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	FY2018/2019	FY2017/2018
	KShs	Kshs
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	FY2018/2019	FY2017/2018
	KShs	Ksh's
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	Ksh's
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)
Change due to discount and time value for money	(-)	(-)	(-)	(-)
Transfers from non-current provisions	-	-	-	-
Total provisions	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	FY2018/2019	FY2017/2018
	KShs	Kshs
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 domestics borrowings during the period	(-)	(-)
Balance at end of the period	-	-

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

	FY2018/2019	FY2017/2018
	KShs	Kshs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyyorganisation'	-	-
Euro denominated loan from zzzorganisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays 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	FY2018/2019	FY2017/2018
	Kshs	Kshs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

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20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	Ksh's	Kshs	KShs	Kshs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Totalemployee benefits obligation	-	-	-	-

21. Cash generated from operations

	FY2018/2019	FY2017/2018
	Ksh's	Kshs
Surplus for the year before tax	398,610	(15,736.00)
Adjusted for:		
Depreciation	96,428	68,428.00
Gains/losses on disposal of assets	(-)	(-)
Interest income	(-)	(-)
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	(44,500,000.00)
Increase in payables	(21,944,813)	58,265,520.24
Net cash flow from operating activities	(21,449,775)	13,818,212.24

22. Prior Year Adjustments

Description of the error	2018 – 2019	2017 – 2018
	KShs	KShs
Adjustments on cash in hand		
Adjustments on payables (Being write off of bursary balance liabilities as they did not involve contractual obligation)	41,709,808	
Adjustments on receivables		
Totals	41,709,808	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. BURSARY BALANCES PER WARD

Ward Name	FY 2018/2019	FY 2017/2018
	KShs	KShs
BONGWE GOMBATO		2,481,696
DZOMBO		1,370,797
KASEMENI		2,624,778
KINANGO		2,783,736
KINONDO		2,769,134
KUBO SOUTH		2,639,448
MACKNON		2,882,593
MKONGANI		2,595,992
MWAVUMBO		2,532,804
MWERENI		2,979,373
NDAVAYA		3,149,101
PONGWE KIKONENI		2,183,921
PUMA		3,197,500
RAMISI		2,980,776
SAMBURU CHENGONI		2,652,320
TIWI		2,417,316
TSIMBA GOLINI		2,428,282
UKUNDA		14,600,863
VANGA		2,283,449
WAA NG'OMBENI		2,100,737
TOTAL BALANCES		63,654,616

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Bursary balances for Wards 15/16

DR		CR	
description	Amount	Description	Amount
payments during the year	391,605,311	bursary for the year	392,000,000
BALANCE C/F	394,689		
	392,000,000		392,000,000

Bursary balances for Wards 16/17

DR		CR	
Description	Amount	Description	Amount
payments during the year	416,405,594	BALANCE 15/16 B/F	394,689
BALANCE C/F	5,389,095	bursary for the year	421,400,000
	421,794,689		421,794,689

Bursary balances for Wards 17/18

DR		CR	
Description	Amount	Description	Amount
payments during the year	348,434,343	BALANCE 16/17 B/F	5,388,958
BALANCE C/F	63,654,615	bursary for the year	406,700,000
	412,088,958		412,088,958

Bursary balances for Wards 18/19

DR		CR	
Description	amount	Description	Amount
Payments during the Year	413,944,803	BALANCE 17/18 B/F	63,654,616
BALANCE C/F	41,709,813	bursary for the year	392,000,000
	455,654,651		455,654,651

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. 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

b) Related party transactions

	FY2018/2019	FY2017/2018
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	FY2018/2019	FY2017/2018
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

d) Due from related parties

	FY 2018/2019	FY 2017/2018
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	FY 2018/2019	FY 2017/2018
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

25. Contingent assets and contingent liabilities

Contingent liabilities	FY 2018/2019	FY 2017/2018
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
Total	-	-

(Give details)

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26. SUMMARY OF BURSARY PER WARD.

WARD	COLLEGE S	DRIVING SCHOOLS	INDIA SCHOLARSHIP	KUCCPS	NATIONAL SCHOOLS	SECONDARY SCHOOLS	SPECIAL NEEDS SCHOOLS	UNIVERSITIES	YOUTH POLYTECHNICS	GRAND TOTAL
BONGWE/GOMBA TO	2,445,000	354,000	526,260	2,610,550	7,470,470	4,886,000	-	2,155,000	-	20,447,280
DZOMBO	1,829,500	750,000	-	2,387,605	9,473,086	4,049,944	153,790	836,479	538,000	20,018,404
KASEMENI	2,106,000	-	-	2,232,040	11,960,393	2,530,000	50,000	1,607,000	-	20,485,433
KINANGO	1,462,000	8,000	-	2,908,000	10,783,427	3,783,006	40,008	1,149,500	339,000	20,472,941
KINGONDO	2,254,000	1,312,000	-	1,642,809	3,029,700	9,705,469	86,250	2,433,590	10,000	20,473,818
KUBO SOUTH	1,755,000	10,000	-	1,582,900	6,357,000	7,980,000	105,000	2,619,000	120,000	20,528,900
MACKINON ROAD	1,940,300	10,000	-	2,497,534	6,080,108	8,950,848	279,410	610,000	95,000	20,463,200
MKONGANI	2,487,500	706,500	-	1,671,944	7,377,852	6,707,116	180,000	1,315,000	11,000	20,456,912
MWAVUMBO	1,649,294	35,000	-	2,716,395	11,220,901	3,337,050	155,500	784,306	317,500	20,215,946
MWERENI	1,386,000	1,200,000	903,634	1,859,573	9,200,216	4,868,406	135,000	957,500	35,000	20,545,329
NDAVAYA	2,015,000	615,000	-	1,512,630	6,761,547	7,547,878	35,000	1,807,730	-	20,294,785
PONGWE/KIKONE NI	2,379,076	1,220,000	-	1,714,769	6,666,166	6,977,429	248,320	1,348,850	254,000	20,808,610
PUMA	2,672,400	110,000	633,443	1,128,030	6,437,515	7,820,848	156,320	1,569,720	-	20,528,276
RAMISI	1,415,000	1,273,000	-	2,209,846	11,008,120	4,635,034	63,000	889,000	-	21,493,000
SAMBURU	3,455,000	105,000	643,928	2,248,620	5,523,362	6,640,662	226,000	1,548,100	74,000	20,464,672
TIWI	2,703,000	1,050,000	263,130	2,386,683	5,285,540	6,596,154	45,000	1,337,000	738,000	20,504,507
TSIMBA/GOLINI	1,563,000	250,000	-	3,451,900	9,257,596	4,136,108	69,000	1,326,000	-	20,353,604
UKUNDA	1,146,000	-	-	4,771,570	12,605,849	5,130,642	-	788,225	40,000	24,482,286
VANGA	1,763,372	750,000	-	1,147,650	5,457,635	9,444,121	647,280	1,243,900	30,000	20,483,958
WAA/NGOMBENI	726,000	1,033,000	-	4,246,965	10,398,319	2,929,554	143,554	945,500	-	20,422,892
GRAND TOTAL	39,152,442	10,791,500	2,970,395	46,928,013	162,354,802	119,056,269	2,818,432	27,271,400	2,601,500	413,944,753

**Kwale County Bursary Fund
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4. 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)
ADL/20/30C/17/18(4)	Presentation of Financial Statements. 1.1 Management responsibility state Administrator of County Public Fund and not Kwale county Bursary fund	The financial statements have been rectified	Fund Accountant Kwale County Bursary Fund	RESOLVED	
ADL/20/30C/17/18(4)	1.2 Statement of financial position indicates cash and cash Equivalent to be in not 10 instead of 11 as stated in Notes to the Financial Statements	The issue has been resolved the Financial statements have been corrected	Fund Accountant Kwale County Bursary Fund	RESOLVED	
ADL/20/30C/17/18(4)	Budgetary Control Performance 1.1 Revenue Budget Analysis Under realisation of revenue 44,500,000	The County treasury is aware of the balance not disbursed and has made plans to pay the same to the Fund.	Fund Administrator Kwale County Bursary Fund	Waiting for Funds disbursement	
ADL/20/30C/17/18(4)	1.2 Expenditure budget Analysis	The amount could not be	Fund Administrator Kwale	Partly	



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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)
	Under expenditure of 58,318,212	disbursed in full to the ward beneficiaries because part of the funds were received late and the K.sh of 44,500,000 was yet to be received at the end of the financial year. These balances for the Fund were carried forward to the next Financial year	County Bursary Fund	resolved	
ADL/20/30C/17/18(4)	Operationalization of the Fund. Establishment of County Bursary Committee	The Committee is in process of being formed the nominees are waiting vetting by the county Assembly.	County Assembly of Kwale	In progress	

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
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d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.

