

REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

PAPERS LAID	
DATE	28/02/2022
TABLED BY	SML
COMMITTEE	-
CLERK AT THE TABLE	Deen

REPORT

OF

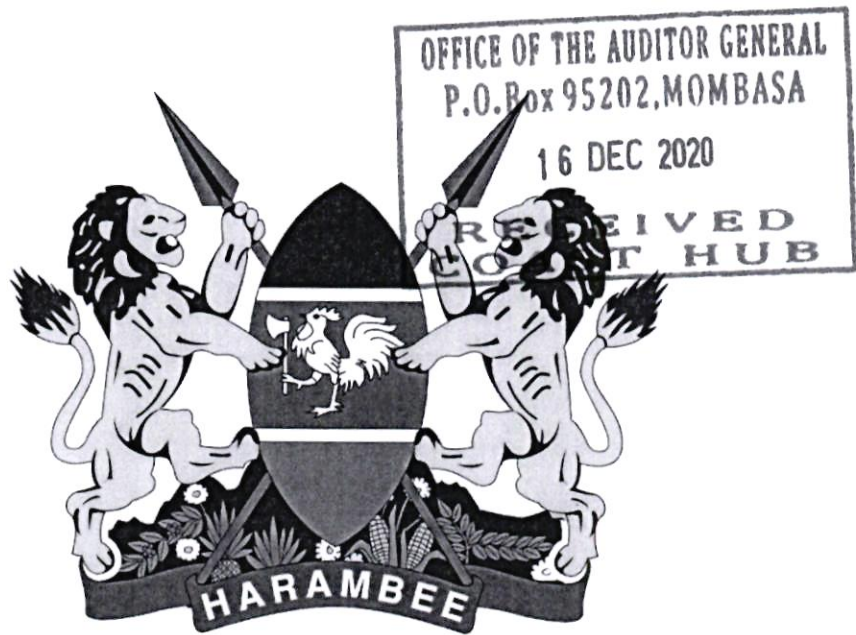
THE AUDITOR-GENERAL

ON

KWALE COUNTY BURSARY FUND

**FOR THE YEAR ENDED
30 JUNE, 2020**





KWALE COUNTY BURSARY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2020

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 30 June 2020

CONTENTS

CONTENTS	1
1. KEY ENTITY INFORMATION AND MANAGEMENT	2
2. FUND ADMINISTRATION COMMITTEE	4
3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES	6
4. MANAGEMENT TEAM	7
5. REPORT BY THE CECM	8
6. REPORT OF THE FUND ADMINISTRATOR	9
7. CORPORATE GOVERNANCE STATEMENT	10
8. MANAGEMENT DISCUSSION AND ANALYSIS	12
9. REPORT OF THE TRUSTEES	14
10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	15
11. REPORT OF THE INDEPENDENT AUDITOR	16
12. FINANCIAL STATEMENTS	17
12.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020	17
12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020	18
12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020	19
12.4. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020	20
12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2020	22
12.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	23
12.7. NOTES TO THE FINANCIAL STATEMENTS	38
13. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	53

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended June 30 2020

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, as amended in 2015. 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.

Mission: To raise education standards in the county.

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

c. Fund Administration Committee

Ref	Name	Position
1	Mangale Munga	CEC-Education
2	Juma Mwaguta Nzao	Fund Administrator
3	Alex Onduko Thomas	Chief Officer - Finance and Economic Planning

d. Key Management

Ref	Name	Position
1	Juma Mwaguta Nzao	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 2020

e. Fund Contacts

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

f. Fund Bankers

Equity Bank
P.O Box 167 -80403
Kwale

g. Independent Auditors

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

h. Controller of Budget

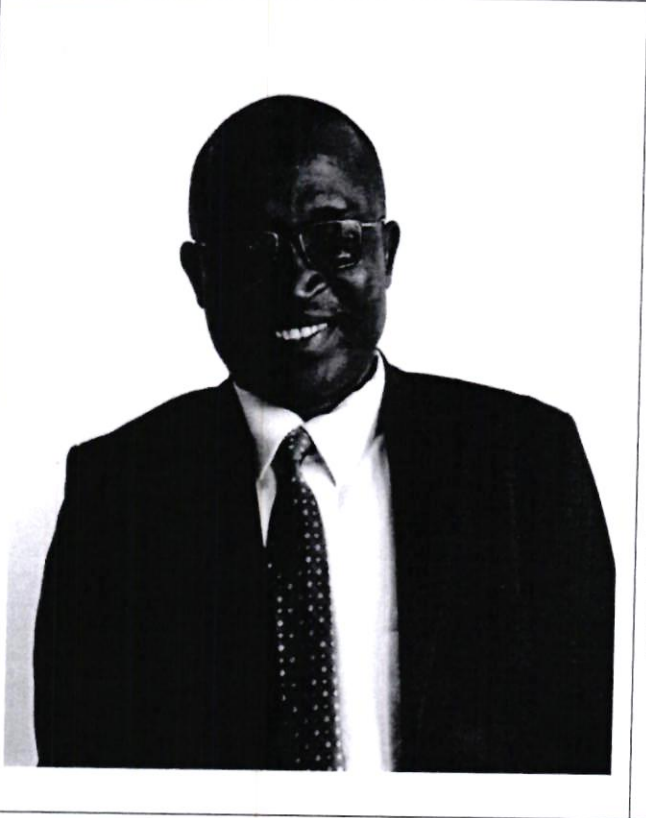
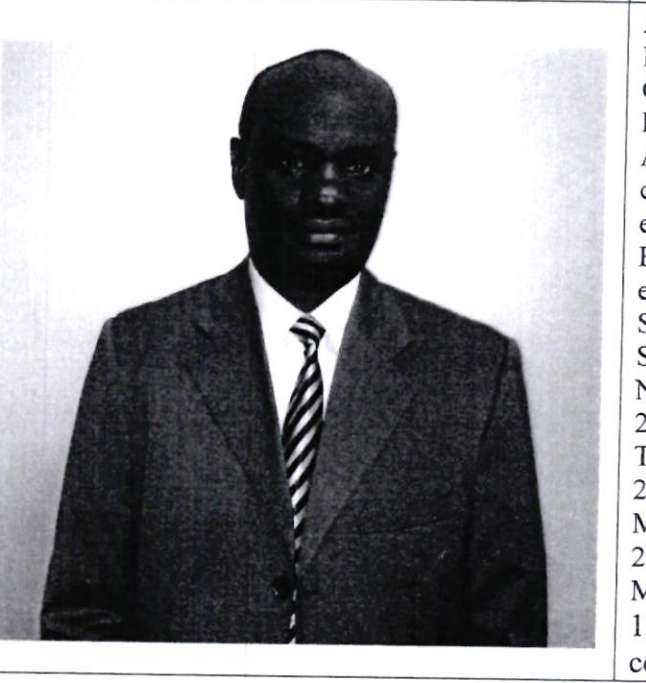
Office of the Controller of Budget
Bima House 12thFloor
P.O BOX 35616-000100
NAIROBI

i. Principal Legal Adviser

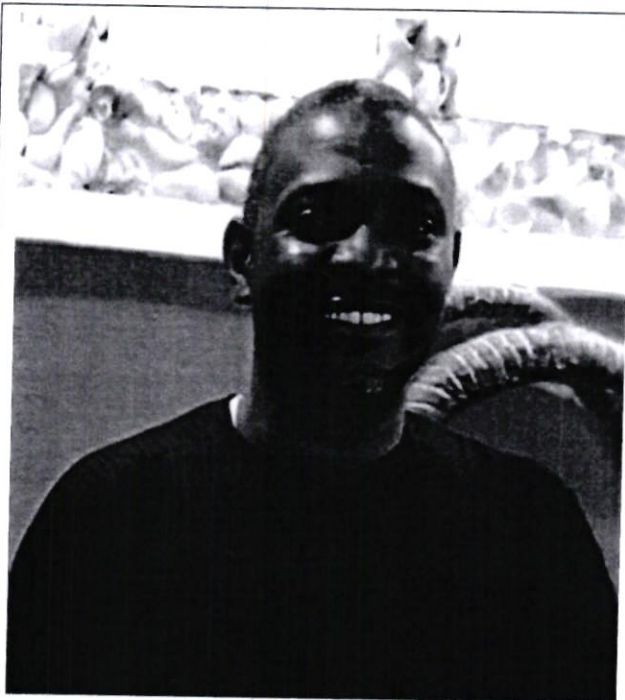
The County Legal Officer
Office of the Governor
P.O. Box 4 – 80403
Kwale

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended June 30 2020

2. FUND ADMINISTRATION COMMITTEE

	Details of qualifications and experience
	<p>Mangale Munga Date of Birth 4th April 1974 A holder of bachelor's degree in Education from Kenyatta University. 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. 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. He grew through the education system and promoted learning of Mathematics and Kiswahili in Msambweni Sub County.</p>
	<p>Alex Onduko Date of birth: 22nd December 1969 Qualification: Certified Public Accountant of Kenya. Education: He holds a Masters of Business Administration (finance); He holds a Kenya advance certificate of education and also a Kenya certificate of education. Experience: 2013 to-date chief officer finance and economic planning. Senior Management course KSG Mombasa Strategic Leadership Development Programme KSG Nairobi 2011-2013: Town treasurer Town council of Kajiado. 2010-2011: Town treasurer Municipal council of Migori 2005-2010: Town treasurer Municipal council of Busia. 1990-2005: Accountant county council of Nakuru</p>

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended June 30 2020



JUMA MWAGUTA NZAO – Ag. CHIEF OFFICER EDUCATION

Mr. Juma Nzao
Date of Birth 9 May 1978
appointed as Acting Chief Officer in the Department of Education in February, 2020.
Juma Nzao graduated from the University of Nairobi in 2002 with a Bachelor’s Degree in Education and later completed his Masters of Science Degree in Governance and Leadership in 2018 at Jomo Kenyatta University of Agriculture and Technology. He has 3 years’ experience in the teaching profession (2002-2005), 11 years’ experience in development administration having worked for ActionAid International and Plan International in different capacities i.e. Programme Assistant, Programme Facilitator, Project Officer, Programme Coordinator, and Programme Manager from 2006 to 2015.

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

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended June 30 2020

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
 PREDETERMINED OBJECTIVES**

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the County Bursary Fund 2018-2022 plan are to:

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

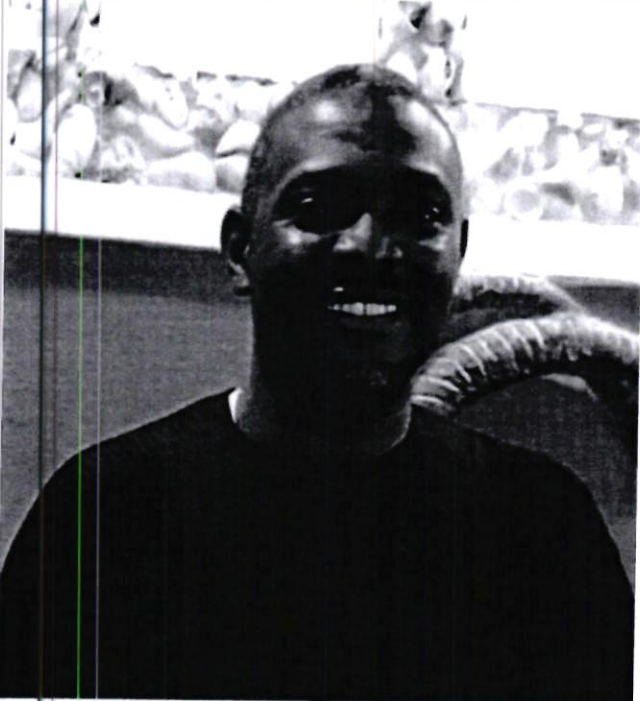
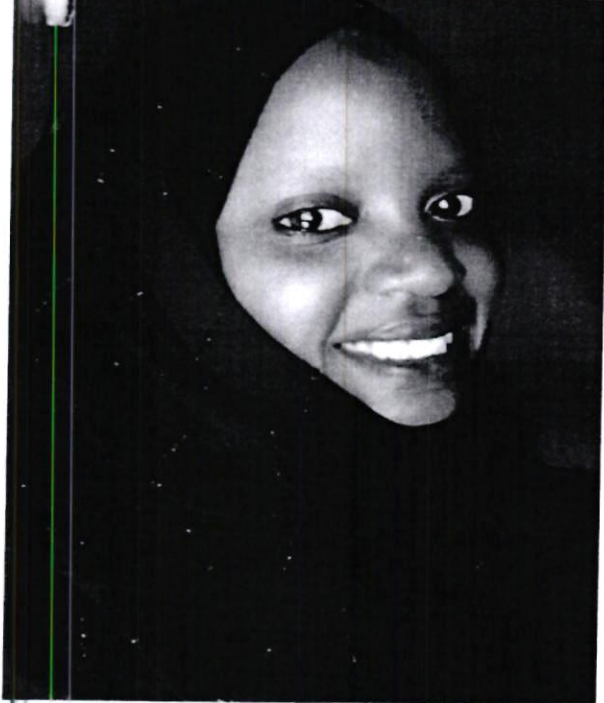
Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Bursary and Scholarship	To promote students' enrolment, attendance, retention, performance and transition rates in schools, colleges, Vocational Training Centres and Universities.	Improved county human capital development	% Number of needy students transitioning from primary to secondary and to tertiary levels of education	In FY 2019/ 2020 Ksh 287,681,691 was spent on 22,569 No. of needy Students for Secondary Education and Ksh 90,731,952 was spent on 5,000 No. of needy students for Tertiary education

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended June 30 2020

4. MANAGEMENT TEAM

	Details of qualifications and experience
	<p>Mr. Juma Nzao Date of Birth 9 May 1978 appointed as Acting Chief Officer in the Department of Education in February, 2020. Juma Nzao graduated from the University of Nairobi in 2002 with a Bachelor's Degree in Education and later completed his Masters of Science Degree in Governance and Leadership in 2018 at Jomo Kenyatta University of Agriculture and Technology. He has 3 years' experience in the teaching profession (2002-2005), 11 years' experience in development administration having worked for ActionAid International and Plan International in different capacities i.e. Programme Assistant, Programme Facilitator, Project Officer, Programme Coordinator, and Programme Manager from 2006 to 2015.</p> <p>In 2015, he joined Kwale County Government as a Project Officer for the Youth Action for Open Governance and Accountability project funded by the European Union in partnership with Plan International. Until his appointment as Chief Officer for the department of Public Service and Administration in Kwale County Government in June 2019, he served as a Project Officer at Kesho Kenya in Kwale.</p>
	<p>Zaituni Abdurahman Mlingo Date of Birth 25 Nov 1983 Was appointed as Principal Accountant in Oct 2013. She is currently the head of accounts in Education department in Kwale county Government. She is also in charge of Kwale county Bursary Fund Financial matters.</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 She is a Member of Institutes of Certified Public Accountants Kenya (ICPAK) and also Association of Women accountants Kenya (AWAK)</p>

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended June 30 2020

5. 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.

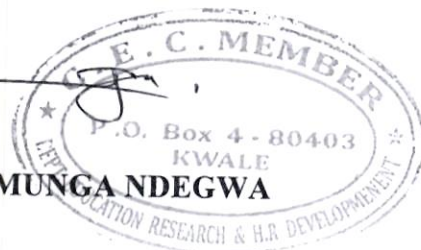
We are also exploring possibilities of establishing a revolving fund for students in colleges and universities to make the bursary fund sustainable in future. Apart from sustainability, this will also promote accountability amongst the youth.

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 2020

6. 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 as amended in 2015. 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.

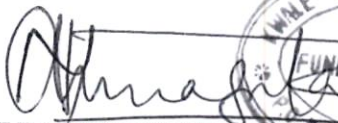
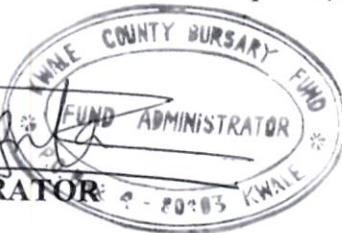
It is against this background that the county thought it is prudent to have the fund in place to offer financial support to the needy and bright students.

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, and 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 2019/2020, the county bursary fund had a budgetary allocation of Kenya shillings 400,000,000 (Four Hundred Million only) which was distributed among the 20 wards within the County. The Fund also received Kshs 40,000,000 which was part of the balance for the F/Y 2017-2018

During the Financial Year 2019/2020. The Fund spent Kshs 402,104,653 in various categories as follows: Kshs 113,629,709 for tertiary level, Kshs 288,052,433 for secondary level and Kshs 422,512 for India sponsored students' stipends, rent, and electricity expenses.

FUND ADMINISTRATOR

JUMA MWAGUTA NZAO

KWALE COUNTY BURSARY FUND

7. CORPORATE GOVERNANCE STATEMENT

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

Kwale County Bursary fund is managed by two committees, County Bursary Committee and Ward Bursary Committees as envisaged in the Kwale County Bursary Act 2014.

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

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

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

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

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

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

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended June 30 2020

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

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

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

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

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

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

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

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended June 30 2020

8. MANAGEMENT DISCUSSION AND ANALYSIS

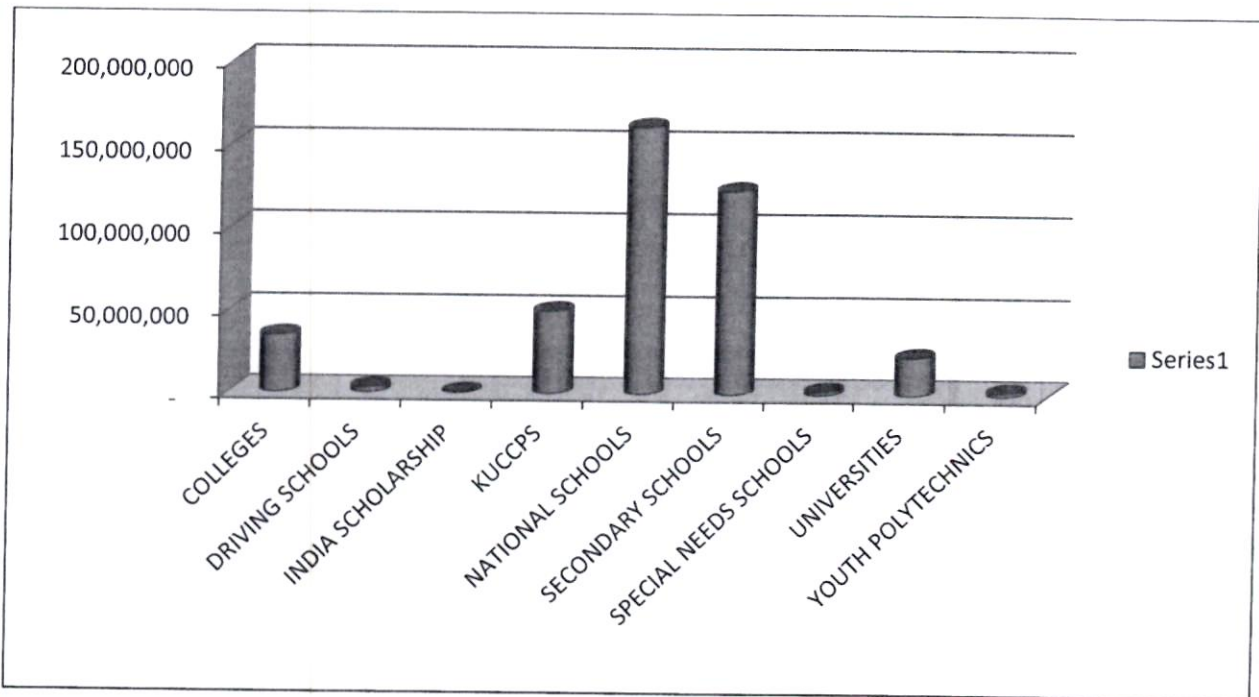
The Fund receives its revenue from County Treasury through exchequer. Its main expenditure is bursary and 2% is used to finance the Funds 'administrative cost.

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

The Funds operations follow strictly the guidelines of the PFM Act and Procurement procedures as required by the Law.

The Fund distribution performance for the financial year 2019/2020 is depicted in the graph and pie charts below.

The graph below shows the amount spent in each category

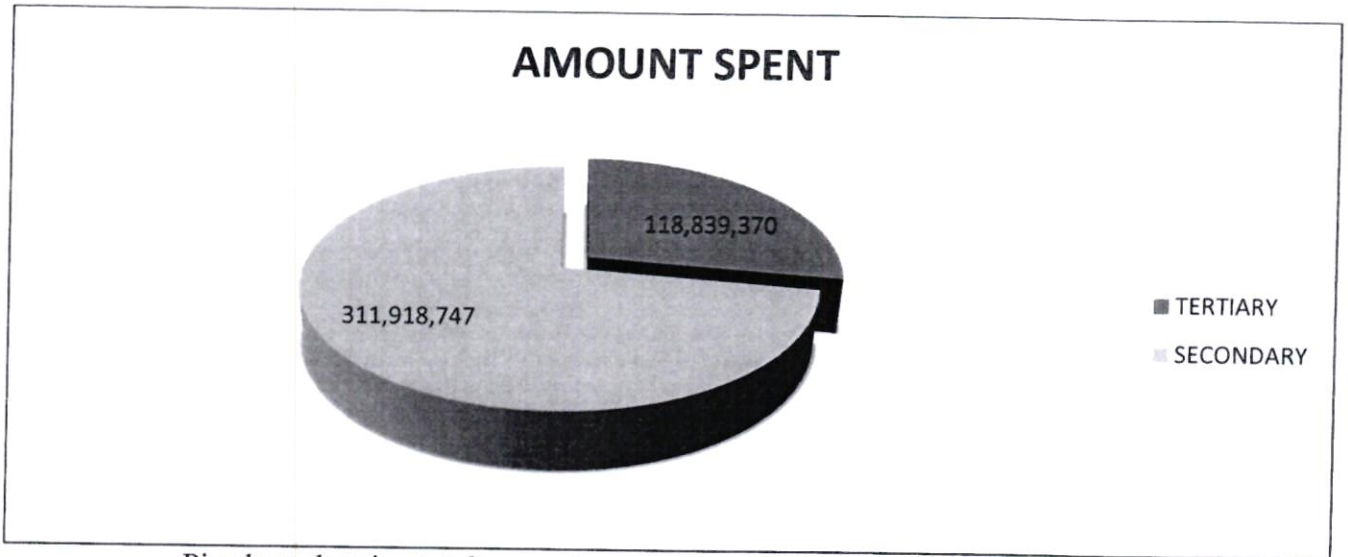


Graph depicting amount spent per category

During the Financial year 2019/2020 a bigger percentage was distributed to National schools because more students qualified to join National school.

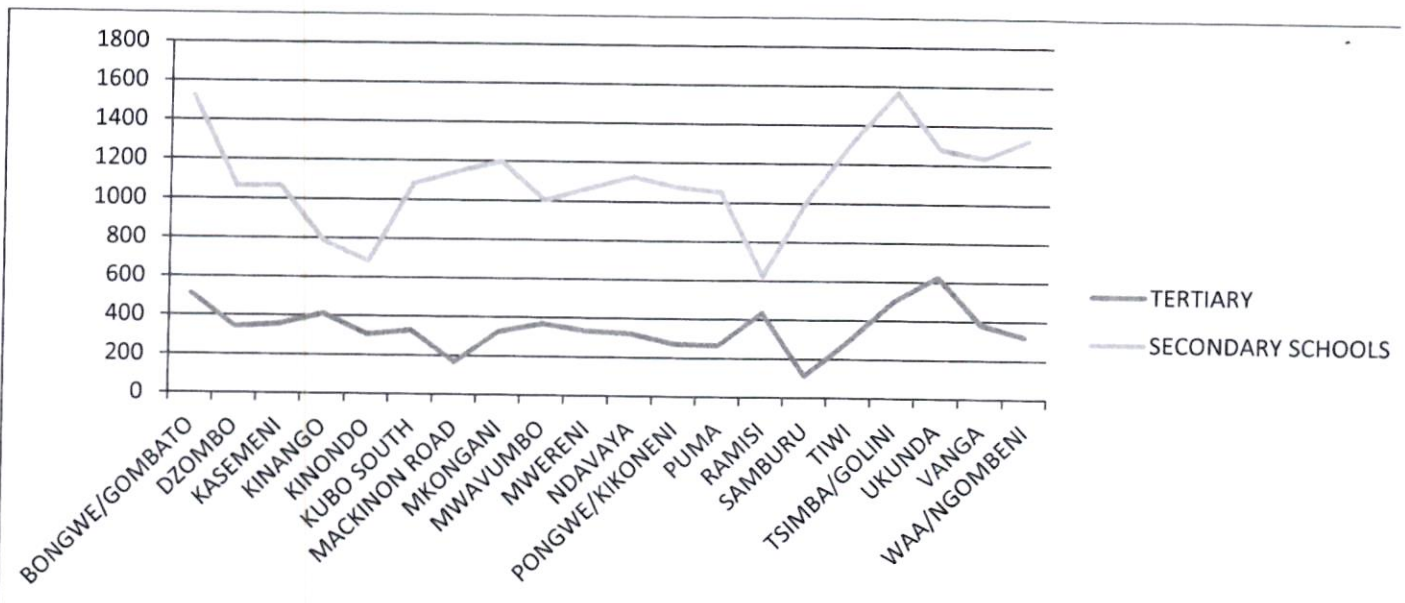
KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended June 30 2020

The pie chart below shows the amount spent in tertiary and in secondary education levels



Pie chart showing total amount spent in tertiary and secondary levels

The graph below shows Number of students in each Ward in tertiary and secondary education level



Line graph presenting number of beneficiaries per ward 19-20

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended June 30 2020

9. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2020 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 2020 are set out on page 17

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. Auditors were nominated by the Auditor General to carry out the audit of the Kwale County Bursary Fund for the year/period ended June 30 2020 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: 18/12/2020

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended June 30 2020

10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Bursary Fund established by Kwale County Bursary Fund Act 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

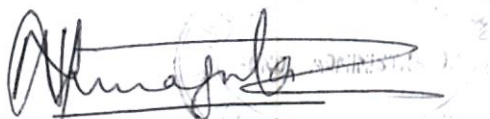
The Administrator of the County Bursary Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Bursary Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (Kwale County Bursary Fund Act). 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, 2020, 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 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

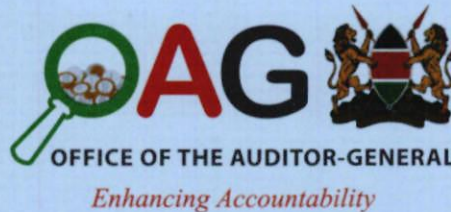
The Fund's financial statements were approved by the Board on 18/12 2020 and signed on its behalf by:



Fund Administrator
Juma Mwaguta Nzao
Kwale County Bursary Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KWALE COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kwale County Bursary Fund set out on pages 17 to 53, which comprise of the statement of financial position as at 30 June, 2020, 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, 2020, 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 the Kwale County Bursary Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.440,000,000 which was fully disbursed. Similarly, the Fund expended Kshs.407,841,567 against an approved budget of Kshs.440,000,000 resulting to an under-expenditure of Kshs.32,158,433 or 7% of the budget.

The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter 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

Inadequacy of the Enabling Legislation

The Kwale County Bursary Fund Act, 2014 does not provide for winding up of the Fund contrary to Regulation 198 of Public Finance Management (County Governments) Regulations, 2015.

In this regard, the Fund was not consistent with the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing 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

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 the Board

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 Fund's ability 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 abolish the Fund or to cease operations.

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

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

The Board members are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 overall 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 February, 2022

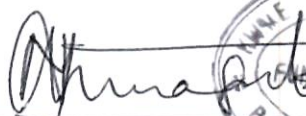
KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended June 30 2020

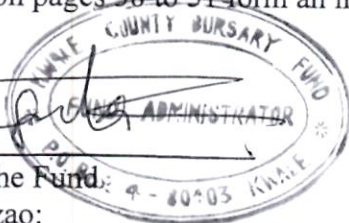
12. FINANCIAL STATEMENTS


**12.1.STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 JUNE 2020**

	Note	2019/2020	2018/2019
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Executive	13	400,000,000	400,000,000
Fines, penalties and other levies	3	-	-
		400,000,000	400,000,000
Revenue from exchange transactions			
Interest income	4	-	-
Other income	5	-	-
		-	-
Total revenue		400,000,000	400,000,000
Expenses			
Bursaries	6	392,000,000	392,000,000
Staff cost/ Committee Allowances	7	1,080,000	1,440,000
Fund Administration Expenses	8	4,284,943	6,161,390
Finance Cost	9	-	-
Total expenses		397,364,943	399,601,390
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
Surplus/(deficit)for the period		2,635,057	398,610

The notes set out on pages 38 to 51 form an integral part of these Financial Statements


Administrator of the Fund
Juma Mwangi Nzao



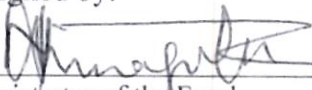

Fund Accountant
Zaituni Abdurahman Mlingo
ICPAK 17232

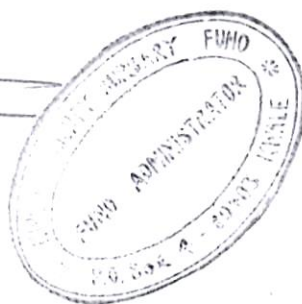
KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020


12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2019/2020	2018/2019
		KShs	KShs
			RESTATED
Assets			
Current assets			
Cash and cash equivalents	11	32,421,609	263,176
Current portion of long- term receivables from exchange transactions	12	-	-
Prepayments	14		
Receivables from non exchange transactions	12.1	4,500,000	44,500,000
Inventories	15		
		36,921,609	44,763,176
Non-current assets			
Property, plant and equipment	16	972,234	600,263
Intangible assets	17	-	-
Long term receivables from exchange transactions	12	-	-
		972,234	600,263
Total assets		37,893,843	45,363,439
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	-	-
Provisions	19	-	-
Current portion of borrowings	20	-	-
Employee benefit obligations	24	-	-
Payables from non exchange transactions	21	31,605,126	41,709,779
Total current liabilities		31,605,126	41,709,779
Non-current liabilities			
Non-current employee benefit obligation	24	-	-
Long term portion of borrowings	20	-	-
Total liabilities		31,605,126	41,709,779
Net assets		6,288,717	3,653,660
Revolving Fund		-	-
Reserves		-	-
Accumulated surplus		6,288,717	3,653,660
Total net assets and liabilities		6,288,717	3,653,660

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 18/12/2020 and signed by:


 Administrator of the Fund
 Juma Mwangi Nzao:




 Fund Accountant
 Zaituni Abdurahman Mlingo
 ICPAK 17232

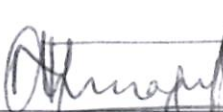
KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020


12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020


	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
			RESTATED	RESTATED
Balance as at 1 July 2018	-	-	3,255,050	3,255,050
Surplus/(deficit) for the period	-	-	398,610	398,610
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	-	-	3,653,660	3,653,660
Balance as at 1 July 2019	-	-	3,653,660	3,653,660
Surplus/(deficit) for the period	-	-	2,635,057	2,635,057
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balances as at June 2020			6,288,717	6,288,717

(The 2018/2019 Financial Statements have been restated to recognize unpaid bursary as per Note No. 21)

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 18/12 2020 and signed by:


 Administrator of the Fund
 Juma Mwangi Nzaio:




 Fund Accountant
 Zaituni Abdurahman Mlingo
 ICPAK 17232

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

12.4. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020

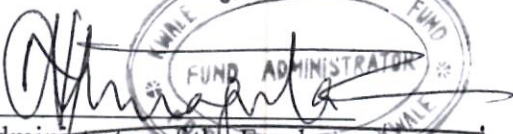
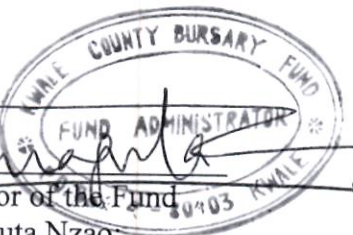
	Note	2019/2020	2018/2019
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations			-
Transfers from the County Executive		440,000,000	400,000,000
Interest received		-	-
Receipts from other operating activities			-
Total Receipts		440,000,000	400,000,000
Payments			
Bursaries		402,104,653	413,944,753
General expenses/Administration Expenses		4,104,012	6,065,022
Staff cost/Committee Allowance	7	1,080,000	1,440,000
Finance cost			
Adjusted for:			
Increase (Decrease)in Accounts receivable:	22		-
(Increase)in Accounts Payable:	23		-
		407,288,665	421,449,775
Net cash flows from operating activities	25	32,711,335	(21,449,775)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	16	(552,902)	(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		(552,902)	(480,000)
Cash flows from financing activities			
Proceeds from revolving fund receipts			-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	(-)


KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended June 30 2020

Net increase/(decrease)in cash and cash equivalents		32,158,433	(21,929,775)
Cash and cash equivalents at 1JULY	11	263,176	22,192,951
Cash and cash equivalents at 30 JUNE	11	32,421,609	263,176

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

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 16/12 2020 and signed by:



 Administrator of the Fund
 Juma Mwanguta Nzao


 Fund Accountant
 Zaituni Abdurahman Mlingo
 ICPAK 17232

12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2020	2020	2020	2020	2020	2020
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.	440,000,000	-	440,000,000	440,000,000	-	100%
Interest income	-	-	-	-	-	0%
Other income	-	-	-	-	-	0%
Total income	440,000,000	-	440,000,000	440,000,000	-	100%
Expenses						
Fund administration expenses	431,200,000	-	431,200,000	402,104,653	29,095,347	93%
General expenses	8,800,000	-	8,800,000	5,736,914	3,063,086	65%
Finance cost	-	-	-	-	-	0%
Total expenditure	440,000,000	-	440,000,000	407,841,567	32,158,433	93%
Surplus for the period				32,158,433		

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.

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

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 2020

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 2020

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 cashflows. 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;

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

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	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

Standard	Effective date and impact:
	<p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>
	<p>IPSAS 40, Public Sector Combinations. Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

c) Early adoption of standards

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

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

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 2019/2020 was approved by the County Assembly on 29th 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 entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Kshs 40,000,000 on the FY 2019/2020 budget following the governing body's approval.

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

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.

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

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 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.

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.

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.

11. 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.

12. 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.

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. 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.

14. 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.

15. 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.

16. Comparative figures

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

17. Events after the reporting period

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

18. Ultimate and Holding Entity

The entity is a County Bursary Fund established by Bursary Fund 2015 under the Department of Education. Its ultimate parent is the County Government of Kwale

19. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

20. 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.

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.

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. 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:

	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	-	-	-	-

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

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due

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 2020				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2019				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

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:

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2020			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables			
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

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	KShs
2020			
Euro	10%	-	-
USD	10%	-	-
2019		-	-
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs (2020: KSh). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs (2019- KShs)

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2019/2020	2018/2019
	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
Reports and Financial Statements
For the year ended 30 June 2020

12.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2019/2020	2018/2019
	KShs	KShs
Transfers from County Govt. – operations	-	-
Payments by County on behalf of the entity	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2019/2020	2018/2019
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

(Provide brief explanation for this revenue)

4. Interest income

Description	2019/2020	2018/2019
	KShs	KShs
Interest income from Mortgage loans	-	-
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	-	-

(Provide brief explanation for this revenue)

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

5. Other income

Description	2019/2020	2018/2019
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income		
Total other income	-	-

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

6. Bursaries

Description	2019/2020	2018/2019
	KShs	KShs
Staff costs (Note 7)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Scholarships and other Educational Benefits - Tertiary Education	112,565,512	131,004,538
Scholarships and other Educational Benefits - Secondary Education	278,992,604	259,466,318
Educational Allowance	441,883	1,529,144
Scholarships and Other Educational Benefits	-	-
Scholarships and Other Educational benefit (To be paid)	-	-
Total	392,000,000	392,000,000

7. Staff costs/Committee Allowance

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Committee Sitting Allow	1,080,000	1,440,000
Staff training expenses		
Social security contribution	-	-
Other staff costs	-	-
Total	1,080,000	1,440,000

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses/Fund Administration Expenses

Description	2019/2020	2018/2019
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	2,609,676	1,062,300
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Bank Charges	987,836	1,093,315
Hospitality	506,500	3,909,350
Depreciation and amortization costs	180,931	96,426
Other expenses	-	-
Total	4,284,943	6,161,390

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	2019/2020	2018/2019
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	2019/2020	2018/2019
	KShs	KShs
Car loan account	-	-
County mortgage account	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account	32,421,609	263,176
Others	-	-
Total cash and cash equivalents	32,421,609	263,176

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

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial institution	Account number	2019/2020	2018/2019
		KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Current account			
Kenya Commercial bank		-	-
Equity Bank	1583000400516	32,421,609	263,176
Sub- total		32,421,609	263,176
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		32,421,609	263,176

12. Receivables from exchange transactions

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
Total Current receivables		
Non Current receivables		
Long term loan repayments due	-	-
Total Non current receivables	-	-
Total receivables from exchange transactions	-	-

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

Additional disclosure on interest receivable

Description	2019/2020	2018/2019
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

12.1 Receivables from non exchange transactions

Ward	2019/2020	2018/2019
	KShs	KShs
Bongwe/gombato	182,061	1,800,380
Dzombo	142,163	1,405,831
Kasemeni	191,043	1,889,205
Kinango	192,355	1,902,177
Kinondo	187,213	1,851,324
Kubo south	192,281	1,901,449
Mackinon road	192,613	1,904,732
Mkongani	191,342	1,892,160
Mwavumbo	188,544	1,864,494
Mwereni	182,235	1,802,105
Ndavaya	186,637	1,845,633
Pongwe/kikoneni	125,561	1,241,657
Puma	193,292	1,911,448
Ramisi	168,432	1,665,606
Samburu	187,949	1,858,606
Tiwi	183,303	1,812,659
Tsimba/golini	162,392	1,605,879
Ukunda	1,067,115	10,552,585
Vanga	191,858	1,897,267
Waa/ngombeni	191,609	1,894,803
Total	4,500,000	44,500,000

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

13. Revenue from Non-Exchange transaction

Description	2019/2020	2018/2019
	KShs	KShs
Transfer from County Executive	400,000,000	-
Transfer to Fund	-	-
Total receivables from non-exchange transactions	400,000,000	-

14. Prepayments

Description	2019/2020	2018/2019
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

15. Inventories

Description	2019/2020	2018/2019
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

KWALE COUNTY BURSARY FUND

Reports and Financial Statements
For the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**16. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1st July 2018	-	-	-	-	-
Additions	-	-	480,000	-	480,000
Disposals	(-)	(-)	-	-	(-)
Transfers/adjustments	-	(-)	-	(-)	(-)
At 30th June 2019	-	-	-	-	-
At 1st July 2019	-	-	-	-	-
Additions	-	-	552,902	-	552,902
Disposals	(-)	-	-	-	(-)
Transfer/adjustments	(-)	-	-	(-)	(-)
At 30th June 2020	-	-	552,902	-	552,902
Depreciation and impairment					
At 1 st July 2018	(-)	(-)	(-)	-	-
Depreciation	(-)	(-)	(-)	(68,426)	(68,426)
Impairment	(-)	-	-	-	(-)
At 30th June 2019	-	-	-	-	-
At 1st July 2019					
Depreciation	-	-	(28,000)	(68,426)	(96,426)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2020	-	-	(112,505)	(68,426)	(180,931)
Net book values	-	-	-	-	-
At 30th June 2019	-	-	452,000	148,263	600,263
At 30th June 2020	-	-	892,397	79,837	972,234

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Intangible assets-software

Description	2019/2020	2018/2019
	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	-	-

18. Trade and other payables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

19. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2018)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)
Change due to discount and time value for money	(-)	(-)	(-)	(-)
Transfers from non -current provisions	-	-	-	-
Balance at the end of the year (30.06.2019)	-	-	-	-

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Borrowings

Description	2019/2020	2018/2019
	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:

	2019/2020	2018/2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'organisation'	-	-
Euro denominated loan from organisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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

Description	2019/2020	2018/2019
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

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

KWALE COUNTY BURSARY FUND**Reports and Financial Statements****For the year ended 30 June 2020****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****21. Payables from non exchange transactions (Unpaid Bursary Balances Per Ward)**

Ward Name	FY2019/2020	FY2018/2019
	KShs	KShs
		RESTATED
BONGWE GOMBATO	1,508,746	1,634,416
DZOMBO	1,242,842	552,393
KASEMENI	1,703,799	1,739,345
KINANGO	1,682,076	1,910,795
KINONDO	1,647,232	1,895,316
KUBO SOUTH	2,054,829	1,710,548
MACKNON	1,712,451	2,019,393
MKONGANI	1,665,454	1,739,080
MWAVUMBO	1,642,431	1,916,858
MWERENI	1,588,503	2,034,044
NDAVAYA	121,273	2,454,316
PONGWE KIKONENI	2,264,074	975,311
PUMA	2,162,409	2,269,224
RAMISI	378,814	1,087,776
SAMBURU CHENGONI	2,419,267	1,787,648
TIWI	1,608,205	1,512,808
TSIMBA GOLINI	1,548,287	1,674,541
UKUNDA	2,927,018	10,118,662
VANGA	9,338	1,399,490
WAA NG'OMBENI	1,718,078	1,277,845
TOTAL BALANCES	31,605,126	41,709,808

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

22. CHANGES IN RECEIVABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Account receivable as at 1 st July 2019 (A)	-	-
Account receivable issued during the year (B)	-	-
Account receivables settled during the Year (C)	-	-
Accounts Receivable for as at Jun 30 2020 D= A+B-C	-	-
Net changes in account receivables E= A-D	-	-

23. CHANGES IN ACCOUNTS PAYABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Accounts Payable as at 1 st July 2019 (A)	-	-
Accounts Payable held during the year (B)	-	-
Accounts Payable paid during the Year (C)	-	-
Account Payables as at 30 June 2020 D= A+B-C	-	-
Net changes in account Payables E=D-A	-	-

24. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Total employee benefits obligation	-	-	-	-

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Cash generated from operations

	2019/2020	2018/2019
	KShs	KShs
Surplus/ (deficit) for the year before tax	2,635,057	398,610
Adjusted for:		
Depreciation	180,931	96,428
Amortisation		
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	40,000,000	-
Increase in payables	(10,104,653)	(21,944,813)
Net cash flow from operating activities	32,711,335	(21,449,775)

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

26. 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

KWALE COUNTY BURSARY FUND
Reports and Financial Statements
For the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	2019/2020	2018/2019
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	2019/2020	2018/2019
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent liabilities	2019/2020	2018/2019
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

(Give details)

KWALE COUNTY BURSARY FUND

Reports and Financial Statements

For the year ended 30 June 2020

**12.8. SAMMARY
OF
BURSARIES
PER WARD**

Ward	Colleges Amount	Driving schools Amount	India scholarship Amount	Kuceps Amount	National schools Amount	Secondary schools Amount	Special needs schools Amount	Universities Amount	Youth polytechnics Amount	Grand total Amount
Bongwe/gombato	1,879,000	-	229,157	2,387,700	7,178,850	7,005,864	10,000	1,049,000	-	19,739,571
Dzombo	1,226,000	-	-	2,645,951	10,078,772	4,384,000	12,790	938,040	340,000	19,625,553
Kasemeni	2,027,000	60,000	-	2,920,400	8,280,000	4,508,000	95,000	1,685,000	40,000	19,615,400
Kinango	1,906,500	7,000	-	2,874,550	10,251,000	3,465,500	35,000	900,000	154,000	19,593,550
Kinondo	3,537,628	-	-	1,622,779	3,248,704	7,573,201	203,250	3,398,035	-	19,583,597
Kubo south	830,000	1,026,000	-	2,802,885	6,693,770	5,835,000	70,000	1,978,500	-	19,236,155
Mackinon road	169,020	20,000	-	2,266,527	6,634,000	9,644,378	229,660	236,405	332,000	19,531,990
Mkongani	2,760,500	-	-	1,408,271	8,243,337	5,341,107	189,000	1,659,133	-	19,601,348
Mwavumbo	1,270,000	-	-	3,185,805	10,015,946	4,398,249	60,000	550,000	120,000	19,600,000
Mwereni	1,145,000	30,000	155,452	1,724,540	9,558,978	4,983,000	179,000	820,000	440,000	19,035,970
Ndavaya	2,848,000	21,000	-	1,789,610	7,022,379	8,083,554	70,000	1,263,000	97,000	21,194,543
Pongwe/kikoneni	1,221,500	10,000	-	2,132,690	7,132,382	7,073,078	199,665	590,385	110,000	18,469,700
Puma	2,236,600	35,000	49,839	1,567,740	6,089,086	8,236,518	52,000	911,600	-	19,178,383
Ramisi	2,622,000	205,000	-	2,280,183	9,921,244	4,007,214	62,000	1,631,775	30,000	20,759,416
Samburu	23,000	4,000	29,783	3,390,423	9,980,246	5,013,000	120,000	258,405	4,000	18,822,857
Tiwi	1,862,000	-	145,373	3,190,144	7,668,194	6,305,554	-	383,300	40,000	19,594,565
Tsimba/golini	2,453,000	610,000	-	3,175,150	5,902,680	7,744,500	20,000	975,000	134,000	21,014,330
Ukunda	1,401,500	1,365,000	-	4,614,700	12,442,000	5,593,000	25,000	1,958,015	316,500	27,715,715
Vanga	1,949,544	45,000	-	2,297,355	5,774,699	9,012,085	449,870	843,410	231,000	20,602,963
Waa/ngombeni	1,320,000	-	-	1,255,000	9,755,052	5,261,000	135,000	992,000	123,000	19,589,052
Grand total	34,687,792	3,438,000	609,603	50,280,403	161,871,319	123,467,802	2,217,235	23,021,003	2,511,500	402,104,656

KWALE COUNTY BURSARY FUND

Reports and Financial Statements

For the year ended 30 June 2020

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	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)
1.0	Presentation of financial statements	Corrections on the presentations done	Zaituni mlingo Fund Accountant	resolved	
1.2	Expenditure Budget Analysis	The bursary had not been disbursed fully	Zaituni mlingo Fund Accountant	resolved	
3.0	Establishment and operationalization of the fund	The bursary committee is now Formed	Juma Nzao. Fund Administrator	resolved	

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.