

REPUBLIC OF KENYA

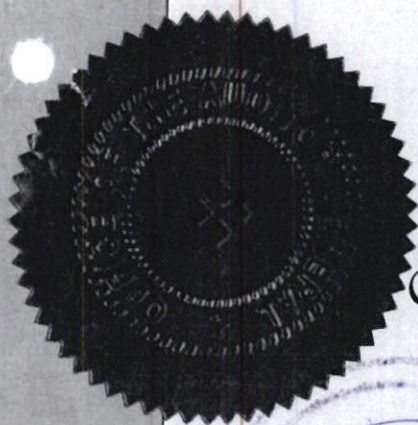
PAPERS LAID

DATE 15/02/2018

TABLED BY *Chairperson*

COMMITTEE *Finance & Budget*

CLERK AT THE TABLE *Charles M*



OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

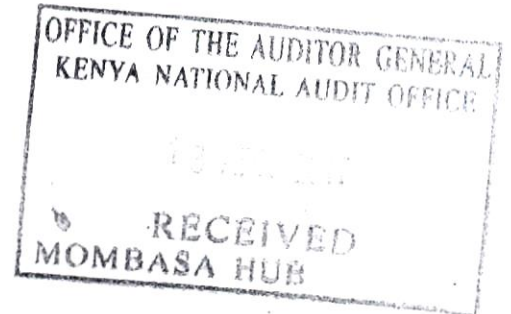
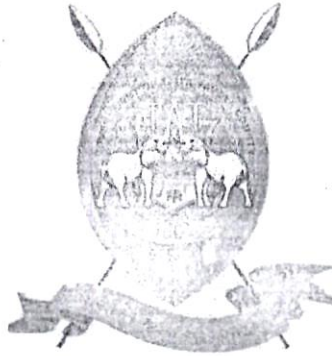
**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
TAITA TAVETA EDUCATION FUND**

**FOR THE YEAR ENDED  
30 JUNE 2015**

30-June -2015



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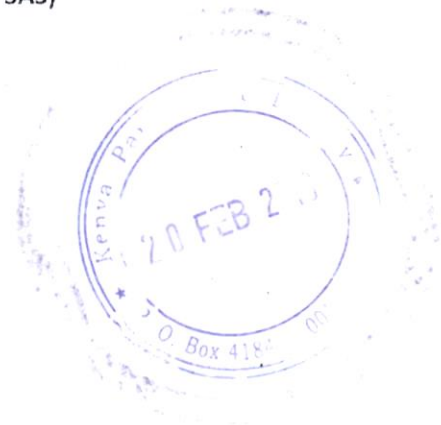
**COUNTY GOVERNMENT OF TAITA TAVETA EDUCATION FUND**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2015**

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



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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

The TaitaTaveta Education Fund Board was established by an Act, 2013 of the County Assembly to provide for the management of an education fund to be used for granting loans, bursaries and scholarships to assist student residence of TaitaTaveta County to obtain post primary and higher education at recognised institutions within and outside Kenya and for matters incidental thereto and connected therewith.

**a) Board members and the secretariat**

The Board members who held office during the year were as follows:-

<b>NO</b>	<b>NAME</b>	<b>DESIGNATION</b>
1	Violet Kituri	Chairperon
2	Polycarp Sikahala	Vice Chairperson
3	Simon Nyamu	Secretary
4	Philomena Kirote	CCO - Education & Libraries
5	Silas Njongwa	Fund Administrator
6	Shedrack Mutungi	Member
7	Selina Mwawasi	Member
8	Davies Mbele	Member
9	John Bwire	Member
10	Eliazaro Qte	Member
11	Octavian Mghanga	Member
12	Rosalia Mkanjalla	Member
13	Philister Maghenyi	Member
14	Faith Mcharo	Member
15	Jenipher Mshai	Member
16	Mwakisha Makoko	Member

The day to day activities of the Board is by the secretariat which is headed by the CEO who is also the secretary to the Board.

**KEY ENTITY INFORMATION AND MANAGEMENT (Contd)**

**b) County Headquarters Physical address**

P.O. Box 1066-80304

Wundanyi

**c) Entity Bankers**

Kenya Commercial Bank

Wundanyi Branch

P.O. Box 1067-80304

Wundanyi

**d) Independent Auditors**

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

**e) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

## II. FOREWORD BY THE FUND CHAIRPERSON

The TaitaTaveta Education fund came into existence after the enactment of TaitaTaveta Education Fund Act 2013.

In the financial year 2014/2015, a total of Kshs. 50,000,000 (Fifty Million) was allocated for the Fund.

The aim of the fund is to

- I. Cushion households from impact of poverty by increasing access, retention and completion rates in primary, secondary and tertiary learning institutions
- II. Enabling our children an opportunity to pursue further education especially the bright and needy.

The Education Fund is administered as follows;

The Ward level through the Ward Bursary Committees;

Each Ward of the TaitaTaveta County Government has an elected Ward Bursary Committee to manage the allocation of the funds to needy cases.

The Committee at the Ward level is elected under the supervision of the Sub-County Administrator. The committee at the ward level receives and discusses all applications before awarding funds as they deem appropriate.

The fund is managed by the TaitaTaveta Education Fund Board, domiciled in the Executive Committee of Education and Libraries.

The Chairperson of the Ward Bursary Committee has the responsibility to forward beneficiaries allocation schedules to the Education Fund Board Secretariat for verification and subsequent payment process.

Much has been achieved through this initiative though challenges persist as the Education Fund allocation process is initiated, and awarding done at the Ward Committee level, with the payment process being done at the Secretariat.

### PERFORMANCE

Beneficiaries of the fund include Secondary Schools, Middle Level Colleges, Universities and youth polytechnics.

I know, the Ward Committees are under pressure to award all applicants, but there is a need to put in place mechanisms that will enable to appraise and rank all the applicants and allocate only the most deserving cases.

The benefits of this fund can only be effective where the education programs for beneficiaries are assured i.e. remain in learning institutions to completion of their programmes. Deserving cases therefore need to be monitored with a view of retaining the students in a learning institution.

### RECOMMENDATIONS.

For the Financial year 2015/2016, the Fund will receive Kshs 50,000,000 (Fifty Million) for Education Fund and 63,600,000 (Sixty three Million Six Hundred Thousand) for Ward Development Fund. This is quite a substantial amount of money and proper machinery needs to be put in place for its utilization.

Challenges affecting the Fund have continued being addressed through deliberation by the Education Fund Board.

**FOREWORD BY THE FUND CHAIRPERSON (Contd)**

**CONCLUSION**

I take this opportunity to thank Hon. Jemimah Tuja (Executive Committee Member of Education & Libraries) and Madam Philomena Kirote (County Chief Officer of Education & Libraries), for their assistance and guidance to the Board.

I also thank the Board members and the Secretariat for their continued support and service to the Education Fund since its inception.

My advice is that all stake holders should remain focused to realize both the short term and long objectives of the fund.

Long leave Taita Taveta County Education Fund.

  
.....

**Violet Kituri**

**Fund Chairperson**

# REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA EDUCATION FUND FOR THE YEAR ENDED 30 JUNE 2015

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Taita Taveta Education Fund set out on pages 8 to 16, which comprise the statement of financial assets as at 30 June 2015, and the statement of receipts and payments, statement of cash flows and budget execution summary - recurrent 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.

#### **Management's Responsibility for the Financial Statements**

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

The 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.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. These standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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*Report of the Auditor-General on the Financial Statements of Taita Taveta Education Fund for the year ended 30 June 2015*

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion.

## **Basis for Disclaimer of Opinion**

### **1. Late Submission of the Financial Statements**

Taita Taveta Education Fund financial statements for the year ended 30 June 2015 were submitted to the Auditor-General for audit on 18 April 2017, eighteen (18) months after 30 September 2015 statutory deadline, contrary to the provisions of Section 47(1) of the Public Audit Act, 2015 which requires the management to submit the financial statements to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

Consequently, the management is in breach of the Law.

### **2. Presentation of the Financial Statements**

The financial statements availed for audit review refer to 'County Government of Taita Taveta Education Fund' instead of 'Taita Taveta Education Fund' as per the Taita Taveta County Education Fund Board Act, 2013. Further, the Fund's bank account received initial disbursement of Kshs.50,000,000 in May 2014, hence the period covered by the financial statements is fourteen(14) months, which is more than a financial year indicated in these financial statements. In addition, these financial statements have been prepared on IPSAS Cash Basis instead of IPSAS Accrual Basis to enhance completeness and disclosure as per IPSAS no.1 on presentation.

Consequently, the financial statements do not comply with International Public Sector Accounting Standard No.1 on presentation of financial statements as prescribed by the Public Sector Accounting Standards Board.

### **3. Inaccuracies in the Financial Statements**

The statement of receipts and payments for the year ended 30 June 2015 reflects Kshs.46,949,000 in respect of transfers from IFMIS, while records maintained by the County Executive and the foreword statement by the Fund's Chairperson indicate an allocation of Kshs.50,000,000, resulting to a variance of Kshs.3,051,000 which has neither been explained nor reconciled.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June 2015 could not be confirmed.

### **4. Bank Balance**

The statement of financial assets as at 30 June 2015 reflects a bank balance of Kshs.26,575,569 and whose bank reconciliation statement as at 30 June 2015 reflected

payments in cash book not in bank statement (Un-presented cheques) of Kshs.13,717,454.19, out of which Kshs.1,563,577.39 relates to stale cheques not reversed in cash book and cheques of Kshs.12,153,876.80 of which the bank statements showing subsequent clearance by the bank were not availed for audit verification. In addition, the reconciliation reflects payments in bank statement not in cash book of Kshs.24,653,120.73, out of which Kshs.24,253,057.83 is in respect of transactions for May and June 2015, an indication of misstatement in these financial statements.

As a result, the accuracy, validity and completeness of the bank balance of Kshs.26,575,569 as at 30 June 2015 could not be confirmed.

#### 5. Unsupported Receipts

The statement of receipts and payments for the year ended 30 June 2015 reflects Kshs.5,472,741 in respect of other receipts and which includes Kshs.5,309,000, being transfers from imprests account and a refunds figure of Kshs.163,741 of which details have not been provided for audit review.

Consequently, the completeness and validity of the other receipts figure of Kshs.5,472,741 for the year ended 30 June 2015 could not be confirmed.

#### 6. Unsupported Expenditure

The financial statements availed for audit review had unsupported expenditure of Kshs.54,632,852 as detailed below:

Component	Note	Amount (Kshs)	Anomaly noted/ Document not Availed
Use of Goods and Services	4	7,168,243	The figure is not supported with schedules
Other Grants and Transfers	5	47,464,609	The expenditure is not supported with schedules
<b>Total</b>		<b>54,632,852</b>	

Consequently, the propriety and accuracy of Kshs.54,632,852 for the year ended 30 June 2015 could not be confirmed.

#### 7. Unsupported Fund Balance

The statement of financial assets as at 30 June 2015 reflects funds brought forward balance of Kshs.44,548,730 in respect to bank accounts. However, the respective bank statements and bank reconciliation statements of the same were not availed for audit review.

Consequently, the validity and accuracy of the funds balance brought forward of Kshs.44,548,730 could not be confirmed as at 30 June 2015.

## Disclaimer of Opinion

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



FCPA Edward R. O. Ouko, CBS  
AUDITOR-GENERAL


Nairobi


11 December 2017

**IV. STATEMENT OF RECEIPTS AND PAYMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2014-2015 Kshs
<b>RECEIPTS</b>		
Transfers from IFMIS	1	46,949,000
Other Receipts	2	<u>5,472,741</u>
<b>TOTAL REVENUES</b>		<u><b>52,421,741</b></u>
<b>PAYMENTS</b>		
Compensation of Employees	3	710,818
Use of goods and services	4	7,168,243
Other grants and Payments	5	47,464,609
Finance Costs, including Loan Interest	6	<u>28,890</u>
<b>TOTAL PAYMENTS</b>		<u><b>55,372,560</b></u>
<b>SURPLUS/(DEFICIT)</b>		<b>(2,950,819)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the Financial statements. The entity financial statements were approved on 30<sup>TH</sup> SEPT 2015 and signed by:

  
 \_\_\_\_\_  
 County Chief Officer - Education & Libraries

  
 \_\_\_\_\_  
 Fund Administrator –  
 Education Fund

**V. STATEMENT OF FINANCIAL ASSETS  
 AS AT JUNE 30, 2015**

	Note	2014-2015 Kshs
<b>FINANCIAL ASSETS</b>		
<b>Cash and Cash Equivalents</b>		
Bank Balances	7	26,575,569
Cash Balances		-
<b>Total Cash and cash equivalents</b>		<b>26,575,569</b>
Accounts receivables – Loans	8	15,022,341
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>41,597,910</u></b>
<b>FINANCIAL LIABILITIES</b>		
Accounts Payables – Deposits and retentions	9	-
<b>NET FINANCIAL ASSETS</b>		<b>41,597,910</b>
<b>REPRESENTED BY</b>		
Fund balance b/fwd	10	44,548,730
Surplus/(Deficit) for the year		(2,950,819)
<b>NET FINANCIAL POSITION</b>		<b><u>41,597,910</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30<sup>TH</sup> SEPT 2015 and signed by:



Chief Officer - Education & Libraries



Fund Administrator - Education Fund

**VI. STATEMENT OF CASH FLOW  
 FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2014-2015 Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Receipts for operating income</b>		
Transfers from IFMIS	1	46,949,000
Other Receipts	2	5,472,741
		<u>52,421,741</u>
<b>Payments for operating expenses</b>		
Compensation of Employees	3	710,818
Use of goods and services	4	7,168,243
Other grants and payments	5	47,464,609
Finance Costs, including Loan Interest	6	28,890
		<u>(55,372,560)</u>
<b>Adjusted for:</b>		
Receivables		-
Payables		-
<b>Net cash flow from operating activities</b>		<u>(2,950,819)</u>
<b>Cash and cash equivalent at END of the year</b>		<b>(2,950,819)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30<sup>TH</sup> SEPTEMBER 2015 and signed by:



County Chief Officer - Education & Libraries



Fund Administrator - Education Fund

COUNTY GOVERNMENT OF TAITA TAVETA EDUCATION FUND  
 Reports and Financial Statements  
 For the year ended June 30, 2015

VII. BUDGET EXECUTION SUMMARY: Recurrent - FY 2014/2015

Code	Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisati
		a	b	c=a+b	d	e=c-d	f=d/c %
	<b>RECEIPTS</b>						
	Transfer from County Treasury	50,000,000	-	50,000,000	46,949,000	3,051,000	0.9389
	Exchequer releases	-	-	-	-	-	-
	Other Receipts	-	-	-	5,472,741	-5,472,741	-
	<b>TOTAL RECEIPTS</b>	<b>50,000,000</b>	<b>-</b>	<b>50,000,000</b>	<b>52,421,741</b>	<b>-2,421,741</b>	
	<b>PAYMENTS</b>						
	Payments	50,000,000	-	50,000,000	57,665,125	-7,665,125	1.15330
	Acquisition of Assets	-	-	-	-	-	-
	Finance Costs, including Loan Interest	-	-	-	-	-	-
	Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	-
	Other Payments	-	-	-	-	-	-
	<b>TOTAL PAYMENTS</b>	<b>50,000,000</b>	<b>-</b>	<b>50,000,000</b>	<b>57,665,125</b>	<b>-7,665,125</b>	<b>1.15330</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30<sup>TH</sup> SEPTEMBER 2015 and signed by:



County Chief Officer - Education & Libraries



Fund Administrator - Education Fund

## VIII. ACCOUNTING POLICIES AND EXPLANATORY NOTES

The accounting policies and notes to the financial statements applied are those applied to statutory financial reporting requirements.

### ACCOUNTING POLICIES AND GUIDELINES

The Financial statements have been prepared using cash accounting concept. Emergency fund receipt and payments are recognized when cash is received or paid.

Amount carried forward at the close of the financial year have been considered as commitments for the next financial year.

### CURRENCY

The accounts are stated in Kenya shillings

### ACCOUNTING PERIOD

The accounting period is from 1st July 2014 to 30th June 2015

### ACCOUNTING METHOD

The accounting method is based on actual receipt and payments

**IX. NOTES TO THE FINANCIAL STATEMENT  
 FOR THE YEAR ENDED JUNE 30, 2015**

**2014-2015  
 Kshs**

**(1) EXCHEQUER RELEASES**

<b>Description and reference of the transfer</b>	<b>Date of Transfer</b>	
Transfer from IFMIS	30.10.2014	17,207,758
Transfer from IFMIS	22.04.2015	29,741,242
<b>TOTAL</b>		<b><u>46,949,000</u></b>

**(2) OTHER RECEIPTS**

**2014-2015  
 Kshs**

Returned Cheques on 15.07.14	7,000
Returned Cheques on 14.10.14	156,741
Funds Transfer on 25.08.2015	<u>5,309,000</u>
<b>Total</b>	<b><u>5,472,741</u></b>

NOTES TO THE FINANCIAL STATEMENT  
 (Contd)

2014-2015  
 Kshs

(5) OTHER GRANTS AND PAYMENTS

Scholarships	2,553,736
Loans	15,022,341
Bursaries	<u>29,888,532</u>
<b>TOTAL</b>	<b><u>47,464,609</u></b>

(6) FINANCE COSTS, INCLUDING LOAN INTEREST

2014-2015

Kshs

Bank charges	28,890
<b>Total</b>	<b><u>28,890</u></b>

(7) BANK ACCOUNT

2014-2015

Kshs

Name of Bank Account No.  
 & Currency

Kenya Commercial Bank Ac No. 1152801015	26,575,568.76
<b>TOTAL</b>	<b><u>26,575,568.76</u></b>



**NOTES TO THE FINANCIAL STATEMENTS  
 (Contd)**

<b>(8) ACCOUNTS RECEIVABLES - LOANS</b>	<b>2014-2015</b>
	<b>Kshs</b>
Loans B/Fwd	
Current year	15,022,341
<b>Total</b>	<b><u>15,022,341</u></b>

	<b>2014-2015</b>
	<b>Kshs</b>
<b>(9) ACCOUNTS PAYABLES</b>	
Deposits & Retentions	-

**TOTAL**

<b>(10) FUND BALANCE BROUGHT FORWARD</b>	<b>2014-2015</b>
	<b>Kshs</b>
Bank accounts	44,548,730
<b>Total</b>	<b><u>44,548,730</u></b>

