

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KILIFI COUNTY WARD  
SCHOLARSHIP FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



| PAPERS LAID        |                 |
|--------------------|-----------------|
| DATE               | 25/2/2025       |
| TABLED BY          | Majority leader |
| COMMITTEE          |                 |
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KILIFI COUNTY WARD SCHOLARSHIP FUND  
18 DEC 2024  
P.O. Box 519 - 80108, KILIFI

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## KILIFI COUNTY WARD SCHOLARSHIP FUND

### AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2024

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

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*Kilifi County Ward Scholarship Fund*

**Annual Report and Financial Statements for the year ended June 30, 2024**

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**1. Acronyms and Definition of Key Terms**

**a) Acronyms**

|              |   |
|--------------|---|
| <i>CT</i>    | <i>County Treasury</i>  |
| <i>CIDP</i>  | <i>County Integrated Development Plan</i>                         |
| <i>ICPAK</i> | <i>Institute of Certified Public Accountants of Kenya</i>         |
| <i>IPSAS</i> | <i>International Public Sector Accounting Standards</i>           |
| <i>KSHS</i>  | <i>Kenya Shillings</i>  |
| <i>PFM</i>   | <i>Public Finance Management</i>                                  |
| <i>PSASB</i> | <i>Public Sector Accounting Standards Board</i>                   |
| <i>TNT</i>   | <i>The National Treasury</i>                                      |
| <i>TVETs</i> | <i>Technical and Vocational Educational Training Institutions</i> |

**b) Definition of Terms**

1. Fiduciary Management - The key management personnel who had financial responsibility.



**2. Key Entity Information and Management**

**a) Background information**

The Kilifi County Ward Scholarship Fund is established by and derives its authority and accountability from the Kilifi County Ward Scholarship Fund Administration Act, 2018.

The Fund is wholly owned by the County Government of Kilifi and is domiciled in Kenya. The fund's objective is to provide funds to be used for granting scholarship to assist needy and deserving students.

The Kilifi County Ward Scholarship Funds Day to day management is under the following key organs:

- The Ward Scholarship Committees
- Kilifi Ward Scholarship Fund Board
- The Kilifi County Assembly Scholarship Committee

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to provide funds to be used for granting scholarships to assist needy and deserving students.

**c) Board of Trustees/Fund Administration Committee**

The entity's day-to-day management is under the following key organs:

| Ref | Name                 | Position           |
|-----|----------------------|--------------------|
| 1   | Fredrick Nguma       | Chairperson        |
| 2   | CPA Neema Sirya      | Fund Administrator |
| 3   | Eliud Kalama         | Member             |
| 4   | Winnie Wakati Liwali | Member             |

**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

| Ref | Name            | Position           |
|-----|-----------------|--------------------|
| 1   | CPA Neema Sirya | Fund Administrator |
| 2   | CPA Paul Karisa | Fund Accountant    |



**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

- Kilifi County Internal Audit
- Kilifi County Assembly Scholarship Committee
- Kilifi County Audit Committee

**f) Registered Offices**

**County Government of Kilifi Treasury Building**

P.O. Box 519-80108,  
Bofa Road  
KENYA

**g) Fund Contacts**

Telephone: (254) 417522227  
E-mail: [scholarshipfund@kilifi.go.ke](mailto:scholarshipfund@kilifi.go.ke)  
Website: [www.kilifi.go.ke](http://www.kilifi.go.ke)

**h) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. National Bank of Kenya  
P.o Box 1392-80108  
Kilifi, Kenya
3. Equity Bank  
P.o Box 381-80108  
Kilifi, Kenya.

**Key Entity and Management (Continued)**

**i) Independent Auditor**

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

**j) Principal Legal Adviser**



The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**k) County Attorney**

P.O. Box 519-80108  
Kilifi, Kenya



**3. Trustees/ Fund Administration Committee Profiles**

| Name  | Details of qualifications and experience   |
|---|--|
|    | <p><b>Fredrick Nguma Kasiwa -Chairperson</b><br/>Mr. Fredrick Kasiwa Nguma was appointed as the fund chairman on 14<sup>th</sup> December, 2022. He is the Chief Officer in the department of Education and vocational training. He previously worked as the executive secretary Kenya National union of teachers malindi branch and also as National trustee Knut before joining the County Government. Fredrick Kasiwa Nguma holds a Bachelors Degree in Education from Mount Kenya University</p> |
|  | <p><b>Eliud Kalama- Board Member</b><br/>He is currently the chief officer Division of Public Service Management. He was appointed as the Kilifi County Ward Scholarship Fund board member on 14<sup>th</sup> December,2022. He holds a bachelors of commerce degree in Human Resource Management from the University of South Africa and a full member of IHRM.</p>   |



**Winnie Wakati Luwali - Board Member**

She was appointed as a board Member in 2023  
She is also the Chief Officer for Finance in the County Government of Kilifi. Winnie Luwali previously worked as a Board Member in the Kilifi County Public Service Board.  
She Also served as A.g service Delivery Manager at Chase Bank (K) LTD  
Winnie Luwali holds a Bachelor of commerce Degree in Banking & Financial Services. She is also a member of - Kenya Institute of Bankers, Kenya institute of Management, and Institute of Human Resource Management


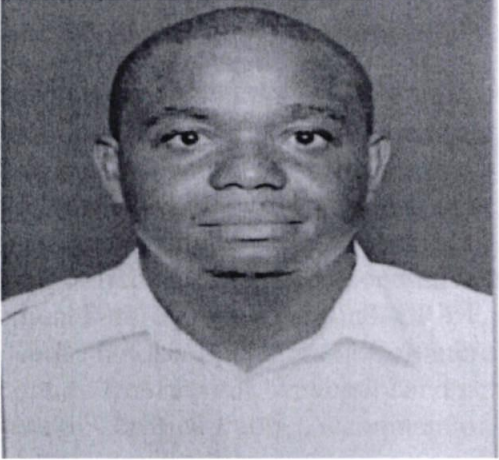


**CPA Neema Sirya Board Secretary**

CPA Neema Sirya was appointed as The Fund Administrator and a member of the Kilifi Ward Scholarship Fund Board on 15<sup>th</sup> November 2017. She is also the Deputy Director Corporate Services in charge of managing the general administration functions, human capital, ICT among others in the Finance & Economic planning department in the County Government of Kilifi. CPA Neema Sirya previously worked as the Payroll Manager in the county government of Kilifi. CPA Neema Sirya holds a Bachelors of Business Administration finance option from Kenya Methodist University and is a member of the Institute of Certified Public Accountants of Kenya



**4. Key Management Team**

| Name  | Details of qualifications and experience  |
|---|---|
| <p>1.</p>   | <p><b>CPA Neema Sirya - Fund Administrator.</b></p> <p>CPA Neema Sirya was appointed as The Fund Administrator and a member of the Kilifi Ward Scholarship Fund Board on 15<sup>th</sup> November 2017. She is also the Deputy Director Corporate Services in charge of managing the general administration functions, human capital, ICT among others in the Finance &amp; Economic planning department in the County Government of Kilifi.</p> <p>CPA Neema Sirya previously worked as the Payroll Manager in the county government of Kilifi. CPA Neema Sirya holds a Bachelors degree in Business Administration finance option from Kenya Methodist University and is a member of the Institute of Certified Public Accountants of Kenya</p> |
| <p>2.</p>  | <p><b>CPA Paul Karisa - Fund Accountant</b></p> <p>CPA Paul Karisa was appointed as the fund accountant on 17th December,2021. He is a senior accountant in the department of finance &amp; economic planning. He previously worked as head of accounts section at County Public Service Board and department of trade tourism and cooperative development before joining the fund. CPA Paul Menza Karisa holds a Bachelors of Commerce finance option from Pwani University and a member of Institute of Certified Public Accountant of Kenya</p>  |

## **5. Chairman's Report**

It is my pleasure to present, on behalf of The Scholarship Fund board, The Kilifi Ward Scholarship Fund financial statements for the year ended 30<sup>th</sup> June 2024. The financial statements present the financial performance of the fund over the past year. Sustainability

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its finance base with an objective of ensuring that the fund's going concern is secured.

### **Board and Management Changes**

The Scholarship Fund Board Chair was appointed in 2023 upon completion of the contract of his predecessor. The Fund Administrator was appointed on 15<sup>th</sup> November, 2017 following the transfer of the previous Administrator to other services of the County.

### **Review of performance**

#### **Income**

In the financial year 2023/2024, the Fund had a balance brought down of **Kshs. 5,440,272** which comprised of **Kshs. 4,295,734** for bursary and **Kshs. 1,144,538** for administration costs.

**Kshs 350,000,000** was received from the County Treasury and the Fund budgeted for **Kshs. 350,000,000**.

Out of which, **Kshs 339,500,000** was for disbursement as bursaries for the 35 Wards and **Kshs 10,500,000** as administration costs.

#### **Expenditures**

The Fund total actual expenditure in the year was **Kshs 351,872,147** where **Kshs 339,731,685** was paid to various learning institutions as bursaries and administration costs of **Kshs. 11,687,537**.

#### **Future outlook**

The outlook of the Fund for **Fy 2024/2025** looks brighter. The fund hopes to focus more on enhancing efficiency and effectiveness in the service delivery by improving service delivery processes. The fund looks forward to continued support from the county government and development partners to the realization of its mandate. To this end, the Fund expects an increase in allocation.

#### **Appreciation**

I take this opportunity to express my sincere gratitude and appreciation to the county government, development partners, stakeholders, management, staff and fellow board members for their support which made us achieve these results.



***Kilifi County Ward Scholarship Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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I look forward to your continued support in the year **2024/2025**.

Signed:



**Fredrick Kasiwa Nguma**

**Scholarship Fund Board Chairperson**

**6. Report of The Fund Administrator**

It is my pleasure to present The Kilifi Ward Scholarship Fund financial statements for the year ended **June 30, 2024**. The financial statements present the financial performance of the fund over the past year. The Scholarship fund came into existence after the enactment of Ward Scholarship Fund Act 2013 which was later repealed under section 37 of the Kilifi County Ward Scholarship Fund Act 2018. The Kilifi County Ward Scholarship Fund Act 2018 is currently undergoing amendment.

**Financial Performance**

**a) Revenue**

In the year ended **30 June, 2024**, the fund budgeted for **Kshs 350,000,000** which was received from the County Treasury as shown in the table below;

| <b>Revenue classification</b> | <b>budget (Kshs)</b> | <b>Actual (Kshs)</b> | <b>Realization (%)</b> |
|-------------------------------|----------------------|----------------------|------------------------|
| Transfers from County Govt.   | 350,000,000          | 350,000,000          | 100%                   |
| <b>Total income</b>           | <b>350,000,000</b>   | <b>350,000,000</b>   | <b>100%</b>            |

**b) Expenditure;**

The fund started the year with an amount of **Kshs. 5,440,272** being balance brought down and received **Kshs. 350,000,000** being the years' allocation. During the year, it spent a total of **Kshs 351,872,147**. This amount represented **Kshs 339,731,685** a bursaries and the remaining **Kshs 11,687,537** being administration expenses.

**c) Cash flows**

In the FY **2023/2024**, the budgeted funds were received in various tranches as follows: **Kshs 175,000,00** in September 2023, **Kshs 60,000,000** in February 2024, **Kshs. 60,000,000** in April 2024 and **Kshs 55,000,00** in June 2024.

**d) Conclusion**

We endeavour to fast-track the amendment of the Kilifi County Ward Scholarship Act , 2018 and subsequently come up with the Scholarship Policy and Regulations in a bid to improve the management of the Fund in the subsequent years.



**Kilifi County Ward Scholarship Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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Signed: Neema Sirya

**CPA Neema Sirya**

**Fund Administrator**

**ICPAK Member Number:18885**

**7. Statement of Performance Against Predetermined Objectives for FY 2023/2024**

In this financial year the fund received all of its allocation of **Kshs 350,000,000** and had a balance brought forward of **Kshs 5,440,272** which represented **100%** of its expected revenue and spent **Kshs 339,731,685** on bursaries and **Kshs 11,687,537** on Administration expenses representing **98.82%** and **97.69%** of the expected expenditure respectively.

The scholarship fund had its share of challenges as follows:

- The fund is inadequate to cater for all needy and deserving beneficiaries within Kilifi County.
- Political interference
- Lack of a robust system to run the daily operations of the fund.

In this coming year, the Fund will collaborate with all the stake holders to ensure that it overcomes the above challenges

**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 shall prepare the Financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Kilifi Ward Scholarship Fund are to:

- a) Provide bursary for needy and bright students within Kilifi county.
- b) Improve service delivery by providing different specialised trained people.
- c) Reduce illiteracy levels
- d) Create knowledge to our people
- e) Increase development levels through creation of various technical expertise
- f) To become self-sufficient as a county in terms of provision of different professionals



Below we provide the progress on attaining the stated objectives

| <b>Program</b>        | <b>Objective</b>   | <b>Output</b>   | <b>Performance Indicator</b>  | <b>Performance</b>                      |
|-----------------------|--|---|---|---|
| Bursary/<br>Education | To support bright and needy students to access quality education | Number of students who benefited decreased from 55,516 (FY 2022/23) to 42,439 in the County in the year under review. | 80 % of students retained in school / transitioned to next level institutions | In FY 23/24 The bursary access was 100% |

**CATEGORIES OF STUDENTS BENEFITED FROM BURSARIES**

| <b>Category</b>             | <b>FY 2023/24</b> | <b>FY 2022/23</b> |
|-----------------------------|-------------------|-------------------|
| Secondary Schools           | 34,179            | 32,433            |
| Universities                | 2,854             | 9,332             |
| Colleges                    | 3,391             | 9,416             |
| Vocational Training Centres | 2,015             | 4,335             |
| <b>Total</b>                | <b>42,439</b>     | <b>55,516</b>     |

**8. Statement of Corporate Governance**

**The Board**

The Kilifi Ward Scholarship Fund established by The Kilifi County Ward scholarship fund Act 2018. Its mandate is to cushion households from impacts of poverty, and stable economy and the effects of HIV / AID by increasing access, retention and completion rates in primary, secondary and tertiary learning institution and to provide for the procedure applicable to and requirements for scholarship allocation.

The Fund main purpose is therefore to provide funds to be used for granting scholarships to assist needy and deserving students.

The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the scholarship Fund board at its apex.

**Board Meetings**

The Scholarship board meets quarterly or as required in order to monitor the implementation of the fund's strategic plan and achievement of the set targets.

The Scholarship board also plays an oversight role over all other financial and operational issues.

In the year under review the board held several meetings of which some are tabulated below:

| <b>Name of board Member</b> | <b>Designation</b> | <b>18<sup>th</sup> Sept, 2023</b> | <b>11<sup>th</sup> Oct,23</b> | <b>12<sup>th</sup> Apr,24</b> | <b>18<sup>TH</sup> June,24</b> |
|-----------------------------|--------------------|-----------------------------------|-------------------------------|-------------------------------|--------------------------------|
| Fredrick Nguma              | Board Chair        | Attended                          | Attended                      | Attended                      | Attended                       |
| Eliud Kalama                | Member             | Attended                          | Attended                      | Attended                      | Attended                       |
| Winnie Luwali Wakati        | Member             | Attended                          | Attended                      | Attended                      | Attended                       |
| Neema Sirya                 | Secretary          | Attended                          | Attended                      | Attended                      | Attended                       |



### **Existence of Board Members**

The board is a body corporate with perpetual succession and a common seal and shall, in its corporate name be capable of -

- a) Suing and being sued
- b) Purchasing, acquiring, holding, charging or disposing of movable and immovable property.
- c) Borrowing money or making investments, and
- d) Doing or performing all other acts or things for the proper performance of its functions under the act which may lawfully be done or performed by a body corporate

### **Process of Appointment and Removal of Board Members**

The Executive Committee Members is responsible for appointment of the board members. A member of the board may be removed from office on any one or more of the following grounds-

- a) Gross violation of the constitution or any other law;
- b) Gross misconduct whether in the performance of the member's or office holder's function or otherwise;
- c) Physical or mental incapacity to perform the functions of office;
- d) Incompetence; or
- e) Bankruptcy

### **Roles and Functions of the Board**

The board shall-

- a) Ensure timely and efficient disbursement of funds to the qualifying beneficiaries' institution;
- b) Ensure efficient management of the fund;
- c) Receive and address complaints that may arise from the implementation of the Act;
- d) Administer the funds and assets of the board in such manner and for such purpose as shall promote the best interest of the board in accordance with the Act to ensure efficient management of the Fund;
- e) Perform such other duties as the board may deem necessary from time to time for the proper management of the fund.

### **Succession Plan**

The board consists of the chief officers who serve as per the contract given by the County Government. Once the contract expires the chief officers cease to be the board member and new board members are appointed to serve for the specified duration of the contract.

The directives of the board are carried out by the scholarship secretariat which consists of permanent and contracted employees of the County Government who are deployed to the secretariat from different departments. Once staff is redeployed another staff is sent to the scholarship.

### **Induction and Trainings**

Both the board members and secretariat staff attend various trainings and inductions as per the department's training plan.

### **Remuneration**

The board and secretariat staff do not get direct remuneration from the fund. They are paid salaries and wages from the County Government budget. No allowance is payable since it amounts to double payment.

### **Ethics and conduct**

The behaviour and conduct of both the board and secretariat staff is guided by the chapter six of the laws of Kenya.



**9. Management Discussion and Analysis**

**Financial Performance**

The Fund started the financial year **2023/2024** with **Kshs 5,440,272** being balance brought forward from the year **2022/2023**. **Kshs 350,000,000** was received during the year making the total spendable amount **Kshs 354,440,272** as shown in the table below;

| <b>Revenue classification</b> | <b>Budget</b>      | <b>Actual</b>      |
|-------------------------------|--------------------|--------------------|
|                               | <b>Kshs</b>        | <b>Kshs</b>        |
| Fund balance b/d              | 5,440,272          | 5,440,272          |
| Transfers from County Govt.   | 350,000,000        | 350,000,000        |
| <b>Total income</b>           | <b>355,440,272</b> | <b>355,440,272</b> |

The Fund was able to disburse a total of **kshs 339,731,685** to various learning institutions as per the Ward beneficiaries' allocation schedules and administration expenses of **Kshs 11,687,537**.

**Kilifi County Ward Scholarship Fund****Annual Report and Financial Statements for the year ended June 30, 2024****Beneficiary allocation Schedule By Ward**

| S/NO | Ward             | Bal b/d (A)      | Allocation(B)      | Total Amount (A+B) | Actual Expenditure(C) | Bal c/d(A+B)-C   |
|------|------------------|------------------|--------------------|--------------------|-----------------------|------------------|
| 1    | ADU              |                  | 9,700,000.         | 9,700,000          | 8,772,692             | 927,308          |
| 2    | BAMBA            |                  | 9,700,000          | 9,700,000          | 9,922,379             | -222,379         |
| 3    | CHASIMBA         |                  | 9,700,000          | 9,700,000          | 9,542,089             | 157,911          |
| 4    | DABASO           |                  | 9,700,000          | 9,700,000          | 8,879,821             | 820,179          |
| 5    | GANDA            |                  | 9,700,000          | 9,700,000          | 10,277,391            | -577,391         |
| 6    | GANZE            |                  | 9,700,000          | 9,700,000          | 9,442,649             | 257,351          |
| 7    | GARASHI          | 194,000.         | 9,700,000          | 9,700,000          | 10,377,167            | -483,167         |
| 8    | GONGONI          |                  | 9,700,000          | 9,700,000          | 11,171,300            | -1,471,300       |
| 9    | JARIBUNI         |                  | 9,700,000          | 9,700,000          | 7,597,636             | 2,102,364        |
| 10   | JILORE           |                  | 9,700,000          | 9,700,000          | 7,676,684             | 2,023,316.00     |
| 11   | JUNJU            | 26,000           | 9,700,000          | 9,700,000          | 10,012,628            | -286,628         |
| 12   | KAKUYUNI         |                  | 9,700,000          | 9,700,000          | 7,322,700             | 2,377,300        |
| 13   | KALOLENI         | 546,120          | 9,700,000          | 10,246,120         | 11,425,691            | -1,179,571       |
| 14   | KAMBE RIBE       |                  | 9,700,000          | 9,700,000          | 9,155,887             | 544,113          |
| 15   | KAYAFUNGO        |                  | 9,700,000          | 9,700,000          | 9,362,889             | 337,111          |
| 16   | KIBARANI         |                  | 9,700,000          | 9,700,000          | 11,618,542            | -1,918,542       |
| 17   | MAGARINI         |                  | 9,700,000          | 9,700,000          | 10,317,022            | -617,022         |
| 18   | MALINDI TOWN     |                  | 9,700,000          | 9,700,000          | 8,486,488             | 1,213,512        |
| 19   | MARAFI           | 26,000           | 9,700,000          | 9,700,000          | 8,240,015             | 1,485,985        |
| 20   | MARIAKANI        |                  | 9,700,000          | 9,700,000          | 12,254,420            | -2,554,420       |
| 21   | MATSANGONI       |                  | 9,700,000          | 9,700,000          | 8,348,740             | 1,351,260        |
| 22   | MNARANI          |                  | 9,700,000          | 9,700,000          | 8,700,797             | 999,203          |
| 23   | MTEPENI          |                  | 9,700,000          | 9,700,000          | 11,389,170            | -1,689,170       |
| 24   | MWANAMWINGA      |                  | 9,700,000          | 9,700,000          | 8,615,787             | 1,084,213        |
| 25   | MWARAKAYA        |                  | 9,700,000          | 9,700,000          | 8,911,590             | 788,410          |
| 26   | MWAWESA          | 51,000           | 9,700,000          | 9,700,000          | 7,983,820             | 1,767,180        |
| 27   | RABAI KISURUTINI | 302,614          | 9,700,000          | 10,002,614.        | 9,495,840             | 506,774          |
| 28   | RURUMA           |                  | 9,700,000          | 9,700,000          | 9,886,612             | -186,612         |
| 29   | SABAKI           |                  | 9,700,000          | 9,700,000          | 7,625,336             | 2,074,664        |
| 30   | SHELLA           |                  | 9,700,000          | 9,700,000          | 9,934,499             | -234,499         |
| 31   | SHIMO LA TEWA    |                  | 9,700,000          | 9,700,000          | 11,935,147            | -2,235,147       |
| 32   | SOKOKE           | 3,150,000        | 9,700,000          | 12,850,000         | 13,075,520            | -225,520         |
| 33   | SOKONI           |                  | 9,700,000          | 9,700,000          | 12,302,489            | -2,602,489       |
| 34   | TEZO             |                  | 9,700,000          | 9,700,000          | 9,723,741             | -23,741          |
| 35   | WATAMU           |                  | 9,700,000          | 9,700,000          | 9,946,507             | -246,507         |
|      | <b>TOTAL</b>     | <b>4,295,734</b> | <b>339,500,000</b> | <b>343,795,734</b> | <b>339,731,685</b>    | <b>4,064,049</b> |



**EXPLANATION**

During the financial year ended 30 June,2024, each ward received Kshs 9,700,000. Some wards did not finish their allocation the previous financial year, they finished it this current financial year while others did not distribute all of their allocation and will finish it in the coming financial year. That is why some wards allocated more than Kshs 9,700,000 while others allocated less.

**Key projects or investment.**

The Fund did not have any key projects in the financial year.

**Compliance and/or arrears with statutory obligations.**

The Fund operations are supported by the Kilifi County Government as to personnel thus it does not incur costs that may result in statutory personnel obligations/arrears.

**Major risks facing the Fund.**

The major risk that may be facing the Fund is political and other social group's interference to its operations. This is because the core activity of the Fund is the distribution of bursaries to needy students within the society. This activity attracts a lot of interest from several social groups including the political class.

## **10. Environmental and Sustainability Reporting**

### **1. Sustainability strategy and profile –**

The County Government of Kilifi through this ward scholarship fund has been providing scholarship since 2011 and many students have gone through their education ladders through scholarships offered by this fund. The total amount of money channelled to this fund has been Kshs. 350 million and it is the spirit and willingness of the County Government of Kilifi to expand it to Kshs. 1 billion in the future. This effort will ensure more student benefit in the future from the fund.

### **2. Environmental performance**

In order to reduce the use of paper materials which have direct effect on trees which conserve our environment, the fund has adopted the use of lists of beneficiaries in soft copy and in the process of acquiring an application which will enable the application of bursary online so as to do away with hard application papers.

The fund also devised a way of disposing its rubbish in an approved dumping site using rubbish dust bin to avoid littering the environment leading to death of living organisms which helps in enriching the soils.

The fund secretariat staff joined other groups and organizations and planted trees in various parts of the county.

### **3. Employee welfare**

The staff of the fund are normally seconded from the main department, most of whom are members of the Kilifi County Welfare Association where many of their social needs are catered for. The fund management is gender sensitive because we have 10 staff, 5 women and 5 men.

### **4. Marketplace practices-**

The fund is not in selling services or goods to the community so it has no market share or segment to safeguard or maintain.

### **5. Corporate Social Responsibility / Community Engagements**

The fund is not in selling services or goods to the community so it has nothing to give back to the community.



**11. Report of The Trustees/Committee**

The Trustees/Committee submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Fund's affairs.

**Principal activities**

The principal activities of the Fund are provide funds to be used for granting scholarships to assist needy and deserving students.

**Results**

The results of the Fund for the year ended June 30, 2024 are set out on page 25 to 31

**Trustees**

The Trustees who served during the year are shown on page vii -viii . The changes in the Trustee during the financial year are as shown below:

**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.



**Chair of the Fund Board**

**Date:** 18/12/2024

**12. Statement of Management’s Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund 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 Kilifi County Ward Scholarship Fund is responsible for the preparation and presentation of the Fund/Scheme’s financial statements, which give a true and fair view of the state of affairs of the Fund/Scheme for and as at the end of the financial year ended on June 30, 2024. 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 Kilifi County Ward Scholarship 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 The Kilifi County ward Scholarship Fund Act 2018. 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, 2024, and of the Fund/Scheme’s financial position as at that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund/Scheme, 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 Kilifi County Ward Scholarship Fund has assessed the Fund/Scheme’s ability to continue as a going concern and disclosed as applicable. 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 financial statements were approved by the Trustee/Committee on 19<sup>th</sup> August, 2024 and signed on its behalf by:

  
.....

**Fund Administrator**

**The Kilifi County Ward Scholarship Fund**



# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON KILIFI COUNTY WARD SCHOLARSHIP FUND OR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kilifi County Ward Scholarship

Fund set out on pages 25 to 51, which comprise the statement of financial position as at 30 June 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kilifi County Ward Scholarship Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) comply with the Kilifi County Ward Scholarship Fund Act, 2018 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Presentation and disclosures in the Financial Statements**

The fiduciary management on page iii reflect financial year as June 20xx instead of 2024. The chairman's report on page ix reflects administration cost as Kshs.10,500,000 and Kshs.12,140,462 instead of Kshs.11,687,222. The Fund administrator report reflect administration of Kshs.12,140,462 instead of Kshs.11,687,537. The statement of performance against predetermined objectives reflects administration cost of Kshs.12,140,462 instead of Kshs.11,687,537. Management discussion and analysis reflect administration cost of Kshs.12,140,462 instead of Kshs.11,687,537. Report of trustee/committee reflect Fund results are set out on page 26 instead of 25. Management responsibility statement reflect Fund Act 2013 instead of 2018. General information on page 31 reflects fund act 2013 instead of 2018. Financial instruments on page 35 reflect guide note as part of the statements. Reserves and accounting policies on page 37 reflect guide note as part of the statements. Foreign currency risk, sensitivity analysis and currency information on pages 48 and 49 reflect guide notes as part of the statements.

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

#### **2. Inaccurate Comparative Amounts**

The financial statements reflect property, plant and equipment comparative balances as disclosed in page 41 that differ with the prior year audited financial statement balances as detailed below:

| <b>Particulars</b>     | <b>Financial Statement Amount (Kshs.)</b> | <b>Prior Year Audited Amount (Kshs.)</b> | <b>Variance (Kshs.)</b> |
|------------------------|---|--|-------------------------|
| Receivables            | 0   | 4,022,987                                | (4,022,987)             |
| Furniture and Fittings | 151,200                                   | 196,700                                  | (45,500)                |
| Computers and ICT      | 1,767,740                                 | 1,090,200                                | 677,540                 |
| Office Equipment       | 45,500                                    | 677,540                                  | (632,040)               |

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

### **3. Unsupported Award of Bursary Payments**

The Statement of financial performance reflects total bursary payments of Kshs.339,731,685. However, the schedule provided for audit does not indicate the number of students who are total orphans, partial orphans, from single families, whose parents are people living with disability and from poor households as required by the Scholarship Fund Act provisions.

In the circumstances, the accuracy, completeness and propriety of bursary payments of Kshs.339,731,685 could not be confirmed.

### **4. Unsupported Expenditure**

The statement of financial performance reflects use of goods and services expenditure of Kshs.11,687,437 of which Kshs.2,616,000 incurred on committee allowances were not supported by attendance registers, minutes, meetings attended and rate and amount paid to each member. Further, the amount includes Domestic Travel and Subsistence expenditure of Kshs.4,014,405 out of which Kshs.744,800 was paid to thirty-five members of the County Assembly for validation of national school student's bursary application without a specific provision in the Fund Act for the function.

In the circumstances, the accuracy, completeness and propriety of use of goods and services of Kshs.3,360,000 could not be confirmed.

### **5. Inaccurate Bank Balance**

The statement of financial assets and liabilities reflect bank balance of Kshs.26,629,763 of which one (1) bank account balance of Kshs.16,480,538 differed with its cash book balance of Kshs.15,857,246 resulting to unreconciled variance of Kshs.623,292. Further, the balance is net of unrepresented cheques of Kshs.14,365,294 whose clearance dates or subsequent bank statements were not provided for audit.

In the circumstances, the accuracy and completeness of the bank balance of Kshs.26,629,226 could not be confirmed.

## **6. Unsupported Non-Current Assets**

The statement of financial position reflects non-current assets balance of Kshs.2,417,365 in respect of Fund assets. However, the list of assets, their descriptions and values were not provided for audit.

In the circumstances, the accuracy, completeness and existence of non-current assets balance of Kshs.2,417,365 could not be confirmed.

## **7. Unsupported Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.19,038,651 in respect of stale or cancelled cheques. However, a detailed schedule showing name of student, admission number, learning institution name, bursary amount, cheque number and dates and cheque numbers of replaced payments in respect of each student were not provided for audit.

In the circumstances, the accuracy, completeness and existence of trade and other payables balance of Kshs.19,038,651 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kilifi County Ward Scholarship Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The summary statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.355,440,272. Similarly, the Fund spent a balance of Kshs.351,872,147 against actual receipts of Kshs.355,440,272 resulting to an under-utilization of Kshs.3,58,125 or 1%.

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

My opinion is not modified in respect of this matter

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

## **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the audit report of the previous year, an issue was raised under the Report on Lawfulness and Effectiveness in the use of Public Resources. However, the issue remained unresolved contrary to Section 149(2)(l) of Public Finance Management Act, 2012 which require Accounting Officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding.

### **Other Information**

The Management is responsible for the other information set out on page iii to xxiii which comprise of Key Entity Information and Management, Report of the fund administrator, Statement of Performance Against fund's Predetermined Objectives, Statement of Corporate Governance, Management Discussion and analysis, Environmental and sustainability reporting, Report of the committee, and Statement of Management's Responsibilities.

In connection with my audit on the fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Irregular Bank Account Opening**

Note 13 to the financial statements reflects two bank accounts operated by the Fund in two local banks with a total balance of Kshs.26,629,764. However, the CECM Finance and Economic Planning vide a letter Ref No: CG/KLF/CECMEQTBNK/Vol.1/15 dated 6 September, 2023 redesignated one the bank accounts to be the County Ward Scholarship Fund account without any justification or approval of the County Treasury. Further, the two accounts are maintained in commercial bank accounts instead of Central Bank of Kenya. This is in breach of Regulation 82(1)(b) of the Public Finance Management (County Government) Regulations 2015 which states that for avoidance of

doubt, all county government bank accounts shall be opened at the Central Bank of Kenya except for imprest bank accounts for petty cash.

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

## **2. Unauthorized Bank Overdraft**

Records provided for audit revealed that Bank Account No: 1060261812680 was overdrawn by Kshs.23,841,103 and interest charged on various dates between 25 January, 2024 to 5 February, 2024 without the approval of County Treasury or County Assembly. This was in breach of Regulation 82(7) of the Public Finance Management (County Government) Regulations 2015 which states that no official county government bank account shall be overdrawn, nor shall any advance or loan be obtained from a bank account for official purposes beyond the limit authorized by the County Treasury in line with section 119 (4) of the Act.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect(s) of the matter(s) described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Unaccounted for Cheque Counter Foils**

The statement of financial position reflects trade and other payables of Kshs.19,038,651 in respect of stale or cancelled cheques. Further, Note 13 to the financial statements reflects the Fund was operating two bank accounts. However, the cheque serial numbers in respect of all stale or cancelled cheques in respect of the two bank accounts were not provided for audit or accounted for.

In the circumstances, the internal controls relating cheque payments and cancellations were not working as intended.

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 controls, 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 the Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Fund's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, SBS  
**AUDITOR-GENERAL**

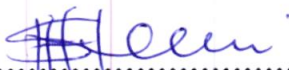
**Nairobi**

**31 December, 2024**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2024**

| Description                                   | Note | FY 2023/2024       | FY2022/2023        |
|---|------|--------------------|--------------------|
|   |      | Kshs               | Kshs               |
| <b>Revenue From Non-Exchange Transactions</b> |      |                    |                    |
| Transfers From the County Government          | 6    | 350,000,000        | 350,000,000        |
| Public Contributions and Donations            | 7    | 0                  | 0                  |
|   |      |                    |                    |
| <b>Revenue From Exchange Transactions</b>     |      |                    |                    |
| Finance Income                                | 8    | 0                  | 0                  |
| Other income                                  | 9    | 0                  | 0                  |
| <b>Total Revenue</b>                          |      | <b>350,000,000</b> | <b>350,000,000</b> |
|   |      |                    |                    |
| <b>Expenses</b>                               |      |                    |                    |
| Bursary transfers                             | 10   | 339,731,685        | 343,515,045        |
| Scholarship grants                            | 11   | 0                  | 0                  |
| Use of Goods and Services                     | 12   | 11,687,537         | 12,692,996         |
| <b>Total Expenses</b>                         |      | <b>351,419,222</b> | <b>356,208,041</b> |
| <b>Surplus/(Deficit) for the Period</b>       |      | <b>(1,419,222)</b> | <b>(6,208,041)</b> |

*(The notes set out on pages xxx to xxx form an integral part of these Financial Statements)*



.....  
**CPA NEEMA SIRYA**  
**Fund Administrator**  
**ICPAK Member Number: 18885**




.....  
**CPA PAUL KARISA**  
**Fund Accountant**  
**ICPAK Member Number:28318**




**15. Statement of Financial Position as at 30 June 2024**

| Description                      | Note | FY 2023/2024      | FY2022/2023       |
|----------------------------------|------|-------------------|-------------------|
|                                  |      | Kshs              | Kshs              |
| <b>Assets</b>                    |      |                   |                   |
| <b>Current Assets</b>            |      |                   |                   |
| Cash and Cash Equivalents        | 13   | 26,629,763        | 5,440,272         |
| Non-exchange receivables         | 14   | 0                 | 4,022,987         |
| Exchange Receivables             | 15   | 0                 | 0                 |
| <b>Total current assets</b>      |      | <b>26,629,763</b> | <b>9,463,259</b>  |
| <b>Non-Current Assets</b>        | 13   | 2,417,365         | 1,964,440         |
| <b>Total Assets (A)</b>          |      | <b>29,047,128</b> | <b>11,427,699</b> |
|                                  |      |                   |                   |
| <b>Liabilities</b>               |      |                   |                   |
| <b>Current Liabilities</b>       |      |                   |                   |
| Trade and Other Payables         | 17   | 19,038,651        | 0                 |
| <b>Total current liabilities</b> |      | <b>19,038,651</b> | <b>0</b>          |
|                                  |      |                   |                   |
| <b>Total Liabilities (B)</b>     |      | <b>19,038,651</b> | <b>0</b>          |
| <b>Net Asset (A-B)</b>           |      | <b>10,008,477</b> | <b>11,427,699</b> |
|                                  |      |                   |                   |
| <b>Represented By:</b>           |      |                   |                   |
| Accumulated Surplus              |      | 10,008,477        | 11,427,699        |
| <b>Net Assets</b>                |      | <b>10,008,477</b> | <b>11,427,699</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 19<sup>th</sup> August 2024 and signed by:

  
 .....  
**CPA NEEMA SIRYA**  
**Fund Administrator**  
**ICPAK Member Number :18885**

  
 .....  
**CPA PAUL KARISA**  
**Fund Accountant**  
**ICPAK Member Number:28318**

**16. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2024**

| Description                                  | Accumulated surplus | Total             |
|--|---------------------|-------------------|
|  | Kshs                | Kshs              |
| Balance as at 1 July ( FY 2022/2023)         | 17,635,740          | 17,635,740        |
| Surplus/(Deficit) For the Year               | (6,208,041)         | (6,208,041)       |
| <b>Balance As At 30 June (FY2022/2023)</b>   | <b>11,427,699</b>   | <b>11,427,699</b> |
|  |                     |                   |
| Balance As At 1 July ( FY 2023/2024)         | 11,427,699          | 11,427,699        |
| Surplus/(Deficit) For the Year               | (1,419,222)         | (1,419,222)       |
| <b>Balance As At 30 June ( FY 2023/2024)</b> | <b>10,008,477</b>   | <b>10,008,477</b> |



**17. Statement of Cash Flows for The Year Ended 30 June 2024**

| Description   | Note      | FY 2023/2024       | FY2022/2023        |
|---|-----------|--------------------|--------------------|
|   |           | Kshs               | Kshs               |
| <b>Cash flows from operating activities</b>                   |           |                    |                    |
| <b>Receipts</b>   |           |                    |                    |
| Transfers From the County Government                          | 6         | 350,000,000        | 350,000,000        |
| Public Contributions and Donations                            | 7         | 0                  | 0                  |
| Finance Income  | 8         | 0                  | 0                  |
| Other receipts  | 9         | 0                  | 0                  |
| <b>Total receipts</b>   |           | <b>350,000,000</b> | <b>350,000,000</b> |
| <b>Payments</b>   |           |                    |                    |
| Bursary Transfers   | 10        | 339,731,685        | 343,515,045        |
| Scholarship grants  | 11        | 0                  | 0                  |
| Use of goods and Services                                     | 12        | 11,687,537         | 12,692,996         |
| <b>Total Payments</b>   |           | <b>351,419,222</b> | <b>356,208,04</b>  |
| <b>Adjusted For:</b>  |           |                    |                    |
| <b>Working Capital Adjustments</b>                            |           |                    |                    |
| Decrease In Receivables                                       | 17        | 4,022,987          | 0                  |
| Increase In Payables  | 17        | 19,038,651         | 0                  |
| <b>Net Cash Flow from Operating Activities</b>                |           | <b>21,642,416</b>  | <b>(6,208,041)</b> |
| <b>Cash flows from investing activities</b>                   |           |                    |                    |
| Purchase of Assets  | 13        | (452,925)          | (976,540)          |
| <b>Net cash flows used in investing activities</b>            |           | <b>(452,925)</b>   | <b>(976,540)</b>   |
| <b>Cash flows from financing activities</b>                   |           |                    |                    |
| Bursary Payable (Returned and stale cheques)                  |           | 0                  | 0                  |
| <b>Net cash flows used in financing activities</b>            |           | <b>0</b>           | <b>0</b>           |
| <b>Net increase/(decrease) in cash &amp; cash Equivalents</b> |           | <b>21,189,491</b>  | <b>(7,184,581)</b> |
| Cash and cash equivalents at 1 July                           | 14        | 5,440,277          | 12,624,853         |
| <b>Cash and cash equivalents at 30 June</b>                   | <b>14</b> | <b>26,629,763</b>  | <b>5,440,272</b>   |

*(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting)*

**Kilifi County Ward Scholarship Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**



**18. Statement of Comparison of Budget & Actual Amounts for Year Ended 30<sup>th</sup> June 2024**

| Description                          | Original budget    | Adjustments | Final budget       | Actual on comparable basis | Performance difference | % Utilization    |
|--------------------------------------|--------------------|-------------|--------------------|----------------------------|------------------------|------------------|
|                                      | Kshs               | Kshs        | Kshs               | Kshs                       | Kshs                   |                  |
|                                      | <b>A</b>           | <b>b</b>    | <b>c=(a+b)</b>     | <b>D</b>                   | <b>e=(c-d)</b>         | <b>f=d/c*100</b> |
| <b>Revenue</b>                       |                    |             |                    |                            |                        |                  |
| Transfers From the County Government | 350,000,000        | 0           | 350,000,000        | 350,000,000                | 0                      | 100%             |
| Public Contributions and Donations   | 0                  | 0           | 0                  | 0                          | 0                      | 100%             |
| Finance Income                       | 0                  | 0           | 0                  | 0                          | 0                      | 100%             |
| Other receipts-Bal b/d               | 5,440,272          | 0           | 5,440,272          | 5,440,272                  | 0                      | 100%             |
| <b>Total Income</b>                  | <b>355,440,272</b> | <b>0</b>    | <b>355,440,272</b> | <b>355,440,272</b>         | <b>0</b>               |                  |
| <b>Expenses</b>                      |                    |             |                    |                            |                        |                  |
| Bursary Transfers                    | 343,795,734        | 0           | 343,795,734        | 339,731,685                | 4,064,049              | 98.82%           |
| Scholarship grants                   | 0                  | 0           | 0                  | 0                          | 0                      | 0%               |
| Use of goods & Services              | 11,144,538         | 0           | 11,144,538         | 11,687,537                 | (542,999)              | 104.8%           |
| PPE                                  | 500,000            | 0           | 500,000            | 452,925                    | 47,075                 | 90.58%           |
| <b>Total Expenditure</b>             | <b>355,440,272</b> | <b>0</b>    | <b>355,440,272</b> | <b>351,872,147</b>         | <b>3,568,125</b>       |                  |
| <b>Surplus For the Period</b>        | <b>0</b>           | <b>0</b>    | <b>0</b>           | <b>3,568,125</b>           | <b>(3,568,125)</b>     |                  |

**Budget notes**

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (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)



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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.*

**Reconciliation of Financial performance totals and Actual on comparable-Revenue**

| <b><u>Items</u></b>   | <b><u>Amount</u></b>      |
|---|---------------------------|
| Totals as per statement of financial performance (Revenue)- | 350,000,000               |
| Add: Fund balance b/d-                                      | <u>5,440,272</u>          |
| Totals as per Actual on comparable-                         | <b><u>355,440,272</u></b> |

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

The Kilifi County Ward Scholarship Fund is established by and derives its authority from The Kilifi County Ward Scholarship Fund Act 2018. The entity is wholly owned by the Kilifi County Government and is domiciled in Kenya. The Kilifi County Ward Scholarship Fund principal activity is to provide funds to be used for granting scholarships to assist needy and deserving students.

**2. Statement of compliance and basis of preparation**

The Kilifi County Ward Scholarship Fund’s financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Bursary Fund/Scheme. 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 financial statements are prepared on accrual basis of accounting. The statement of cash flows is prepared using the direct method.

**3. Adoption of new and revised standards**

**(i) New and amended standards and interpretations in issue effective in the year ended 30 June 2024.**

There were no new and amended standards issued in the financial year.

**(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.**

| <b>Standard</b>           | <b>Effective date and impact:</b>  |
|---------------------------|--|
| IPSAS 43<br>Leases        | <i>Applicable 1<sup>st</sup> January 2025</i><br>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.<br>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.<br><br><b>Not relevant</b> |
| IPSAS 44:<br>Non- Current | <i>Applicable 1<sup>st</sup> January 2025</i><br>The Standard requires,  |



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| <b>Standard</b>                                  | <b>Effective date and impact:</b>   |
|--|---|
| Assets Held for Sale and Discontinued Operations | <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b>Not relevant</b></p>  |
| IPSAS 45- Property Plant and Equipment           | <p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><b>Not relevant</b></p> |
| IPSAS 46 Measurement                             | <p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b>Not relevant</b></p>  |
| IPSAS 47- Revenue                                | <p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish</p>  |

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| Standard  | Effective date and impact:  |
|---|---|
|   | <p>the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b>Not relevant</b></p>  |
| <p>IPSAS 48-<br/>Transfer<br/>Expenses</p>        | <p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b>Not relevant</b></p> |
| <p>IPSAS 49-<br/>Retirement<br/>Benefit Plans</p> | <p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b>Not relevant</b></p>  |

**(iii) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year.



#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

##### **i. Revenue from non-exchange transactions**

###### **Revenue transfers**

Revenues from non-exchange transactions 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.

##### **b) Budget information**

The original budget for FY 2023/2024 was approved by the County Assembly on April. 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 Kilifi County Ward Scholarship Fund upon receiving the respective approvals in order to conclude the final budget. The Kilifi County Ward Scholarship Fund did not record additional appropriations on the FY 2023/2024 budget following the governing body's approval.

Kilifi County Ward Scholarship Fund 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 plans adopted for the presentation of the financial statements and the approved budget.

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

**c) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Kilifi County Ward Scholarship fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the fund financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**(i) Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

**(ii) Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**(iii) Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.



**(iv) Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**(v) Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**(vi) Trade and other receivables**

Trade and other receivables are recognized at fair values, less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**(vii) Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

**Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**d) Provisions**

Provisions are recognized when the Kilifi County Ward Scholarship Fund 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 Kilifi County Ward Scholarship Fund 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.

**e) Contingent liabilities**

Kilifi County Ward Scholarship Fund 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 probable.

**f) Contingent assets**

Kilifi County Ward Scholarship Fund 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 in the notes to the Kilifi County Ward Scholarship Fund 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.

**g) Nature and purpose of reserves**

The Kilifi County Ward Scholarship Fund does not create and maintain reserves in terms of specific requirements.

**h) Changes in accounting policies and estimates**

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

**i) 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.

**j) Related parties**

The Ward Scholarship Fund 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 Kilifi Ward Scholarship Fund, or vice versa. Members of key management are regarded as related parties and comprise of Board of Trustees, the Fund/Scheme administrator and senior managers.

**k) 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.



**l) Comparative figures**

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

**5. Significant judgments and sources of estimation uncertainty**

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

State all judgments, estimates, and assumptions made e.g.

**a) Estimates and assumptions –**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**b) Useful lives and residual values**

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

- 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

**c) 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.

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**6. Transfers from the County Government**

| 20Description                     | FY 2023/2024       | FY2022/2023        |
|-----------------------------------|--------------------|--------------------|
|                                   | Kshs               | Kshs               |
| Transfers From Finance Department | 350,000,000        | 350,000,000        |
| Others ( <i>Specify</i> )         | 0                  | 0                  |
| <b>Total</b>                      | <b>350,000,000</b> | <b>350,000,000</b> |

*Money received for bursary and administration costs.*

**7. Public Contributions and Donations**

| Description                        | FY 2023/2024 | FY2022/2023 |
|------------------------------------|--------------|-------------|
|                                    | Kshs         | Kshs        |
| Donation From Development Partners | 0            | 0           |
| Contributions From the Public      | 0            | 0           |
| Others ( <i>Specify</i> )          | 0            | 0           |
| <b>Total</b>                       | <b>0</b>     | <b>0</b>    |

**8. Finance income**

| Description                      | FY 2023/2024 | FY2022/2023 |
|----------------------------------|--------------|-------------|
|                                  | Kshs         | Kshs        |
| Interest Income on Bank Deposits | 0            | 0           |
| Others ( <i>Specify</i> )        | 0            | 0           |
| <b>Total finance Income</b>      | <b>0</b>     | <b>0</b>    |

**9. Other income**

| Description               | FY 2023/2024 | FY2022/2023 |
|---------------------------|--------------|-------------|
|                           | Kshs         | Kshs        |
| Cheque write backs        | 0            | 0           |
| <b>Total Other Income</b> | <b>0</b>     | <b>0</b>    |



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**10. Bursary Transfers**

| Description                | FY 2023/2024       | FY2022/2023 |
|----------------------------|--------------------|-------------|
|                            | Kshs               | Kshs        |
| Universities               | 28,998,758         | 0           |
| TVETs and Colleges         | 30,314,763         | 0           |
| Secondary schools          | 267,940,234        | 0           |
| Vocational Training Centre | 10,220,930         | 0           |
| Other -Beauty Colleges etc | 2,257,000          | 0           |
| <b>Total</b>               | <b>339,731,685</b> | <b>0</b>    |

**11. Scholarship grants**

| Description              | FY 2023/2024 | FY2022/2023 |
|--------------------------|--------------|-------------|
|                          | Kshs         | Kshs        |
| Universities             | 0            | 0           |
| TVETs and Colleges       | 0            | 0           |
| Secondary schools        | 0            | 0           |
| Other ( <i>Specify</i> ) | 0            | 0           |
| <b>Total</b>             | <b>0</b>     | <b>0</b>    |

**12. Use of Goods and Services**

| Description                     | FY 2023/2024      | FY2022/2023       |
|---------------------------------|-------------------|-------------------|
|                                 | Kshs.             | Kshs.             |
| Committee Allowances            | 2,616,000         | 5,174,500         |
| Bank charges                    | 1,539,927         | 220,207           |
| Audit fees                      | 0                 | 0                 |
| Routine Maintenance             | 89,000            | 642,604           |
| Domestic Subsistence Allowances | 4,014,405         | 3,843,160         |
| General Office Supplies         | 1,817,820         | 1,622,185         |
| Membership & Subscription       | 22,400            | 22,400            |
| Printing & publishing           | 345,098           | 84,290            |
| Hospitality                     | 865,882           | 733,650           |
| Communication                   | 20,100            | 80,000            |
| Training Expenses               | 280,774           | 236,000           |
| Fuel & Lubricants               | 76,131            | 34,000            |
| <b>Total</b>                    | <b>11,687,537</b> | <b>12,692,996</b> |

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**13. Property, plant and equipment Schedule**

| Description                        | Furniture and fittings | Computers and ICT | Office Equipments | Total     |
|------------------------------------|------------------------|-------------------|-------------------|-----------|
| Cost                               | Kshs                   | Kshs              |                   | Kshs      |
| At 1 <sup>st</sup> July 2023       | 196,700                | 1,090,200         | 677,540           | 1,964,440 |
| Additions                          | 452,925                |                   |                   | 452,925   |
| Disposals                          |                        |                   |                   |           |
| Transfers/Adjustments              |                        |                   |                   |           |
| At 30 <sup>th</sup> June 2024      | 649,625                | 1,090,200         | 677,540           | 2,417,365 |
| <b>Depreciation And Impairment</b> |                        |                   |                   |           |
| Depreciation                       |                        |                   |                   |           |
| Impairment                         |                        |                   |                   |           |
| At 30 <sup>th</sup> June 2024      | 0                      | 0                 | 0                 | 0         |
| Net Book Values                    | 649,625                | 1,090,200         | 677,540           | 2,417,365 |
| At 30 <sup>th</sup> June 2024      | 649,625                | 1,090,200         | 677,540           | 2,417,365 |

**14. Cash and cash equivalents**

| Description                            | FY 2023/2024      | FY2022/2023      |
|--|-------------------|------------------|
|  | Kshs              | Kshs             |
| Current Accounts                       | 26,629,226        | 5,440,272        |
| Others ( <i>Specify</i> )              | 0                 | 0                |
| <b>Total Cash and Cash Equivalents</b> | <b>26,629,226</b> | <b>5,440,272</b> |

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

| Financial Institution      | Account number | FY 2023/2024      | FY2022/2023      |
|----------------------------|----------------|-------------------|------------------|
|                            |                | Kshs              | Kshs             |
| <b>a) Current Account</b>  |                |                   |                  |
| National Bank              | 7700012717     | 10,149,226        | 4,295,734        |
| Equity Bank                | 1060261812680  | 16,480,538        | 1,144,538        |
| <b>Sub- Total</b>          |                | <b>26,629,764</b> | <b>5,440,274</b> |
| <b>b) Others (Specify)</b> |                |                   |                  |
| Cash In Transit            |                | 0                 | 0                |



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|                    |  |                   |                  |
|--------------------|--|-------------------|------------------|
| Cash In Hand       |  | 0                 | 0                |
| <b>Sub- Total</b>  |  | <b>0</b>          | <b>0</b>         |
| <b>Grand Total</b> |  | <b>26,629,764</b> | <b>5,440,272</b> |

**15.Non-Exchange Receivables**

| Description                           | FY 2023/2024 | FY2022/2023 |
|---------------------------------------|--------------|-------------|
|                                       | Kshs         | Kshs        |
| Revenue receivable                    | 0            | 0           |
| Others ( <i>Specify</i> )             | 0            | 0           |
| <b>Total non-exchange receivables</b> | <b>0</b>     | <b>0</b>    |

**16.Exchange Receivables**

| Description                       | FY 2023/2024 | FY2022/2023 |
|-----------------------------------|--------------|-------------|
|                                   | Kshs         | Kshs        |
| Interest receivable               | 0            | 0           |
| Others ( <i>Specify</i> )         | 0            | 0           |
| <b>Total exchange receivables</b> | <b>0</b>     | <b>0</b>    |

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**17. Bursary Receivables and other payables**

| Description                                       | FY 2023/2024        |                       | FY2022/2023           |                       |
|---|---------------------|-----------------------|-----------------------|-----------------------|
|   | Kshs                |                       | Kshs                  |                       |
| Balance b/d                                       | 4,022,987           |                       | 4,022,987             |                       |
| Add: Payment                                      | 1,605,154           |                       | 0                     |                       |
|   | <b>5,628,141</b>    |                       | <b>4,022,987</b>      |                       |
| Less: Receipt                                     | 24,666,782          |                       | 0                     |                       |
| Balance c/d                                       | <b>(19,038,651)</b> |                       | <b>4,022,987</b>      |                       |
| <b>Ageing analysis (Trade and other payables)</b> | <b>Current FY</b>   | <b>% of the Total</b> | <b>Comparative FY</b> | <b>% of the Total</b> |
| Under one year                                    | 0                   | 0%                    | 0                     | 0%                    |
| 1-2 years   | 0                   | 0%                    | 0                     | 0%                    |
| 2-3 years   | 0                   | 0%                    | 0                     | 0%                    |
| Over 3 years                                      | 0                   | 0%                    | 0                     | 0%                    |
| <b>Total (tie to above total)</b>                 | <b>0</b>            |                       | <b>0</b>              |                       |

**18. Cash generated from operations.**

| Description                                    | FY 2023/2024       | FY2022/2023        |
|--|--------------------|--------------------|
|  | Kshs               | Kshs               |
| <b>Surplus/ (Deficit) For the Year</b>         | <b>(1,419,222)</b> | <b>(6,208,041)</b> |
| Adjusted For:                                  |                    |                    |
| Working Capital Adjustments                    |                    |                    |
| <b>Net Cash Flow from Operating Activities</b> | <b>(1,419,222)</b> | <b>(6,208,041)</b> |

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



**13. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Fund/Scheme 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) Key management.
- c) Board of Trustees, etc.

**b) Related party transactions**

| Description                    | FY 2023/2024 | FY2022/2023 |
|--------------------------------|--------------|-------------|
|                                | Kshs         | Kshs        |
| Transfers from related parties | 0            | 0           |
| Transfers to related parties   | <b>0</b>     | <b>0</b>    |

**c) Key management remuneration**

| Description       | FY 2023/2024 | FY2022/2023 |
|-------------------|--------------|-------------|
|                   | Kshs         | Kshs        |
| Board of Trustees | 0            | 0           |
| <b>Total</b>      | <b>0</b>     | <b>0</b>    |

**d) Due from related parties**

| Description                | FY 2023/2024 | FY2022/2023 |
|----------------------------|--------------|-------------|
|                            | Kshs         | Kshs        |
| Due From County Government | 0            | 0           |
| <b>Total</b>               | <b>0</b>     | <b>0</b>    |

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**Other Disclosures Continued**

**e) Due to related parties**

| Description                     | FY 2023/2024 | FY2022/2023 |
|---------------------------------|--------------|-------------|
|                                 | Kshs         | Kshs        |
| Due to County Government        | 0            | 0           |
| Due to Key Management Personnel | 0            | 0           |
| <b>Total</b>                    | <b>0</b>     | <b>0</b>    |

**14. Contingent assets and contingent liabilities**

| Contingent Liabilities                | FY 2023/2024 | FY2022/2023 |
|---------------------------------------|--------------|-------------|
|                                       | Kshs         | Kshs        |
| Court Case xx Against the Fund/Scheme | 0            | 0           |
| Bank Guarantees                       | 0            | 0           |
| <b>Total</b>                          | <b>0</b>     | <b>0</b>    |

*(Give details)*

**15. Financial risk management**

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

**a) Credit risk**

The Fund/Scheme 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:



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| <b>Description</b>                         | <b>Total amount<br/>Kshs</b> | <b>Fully performing<br/>Kshs</b> | <b>Past due<br/>Kshs</b> | <b>Impaired<br/>Kshs</b> |
|--|------------------------------|----------------------------------|--------------------------|--------------------------|
| <b>At 30 June 2024</b>                     |                              |                                  |                          |                          |
| Receivables From Non-Exchange Transactions | 0                            | 0                                | 0                        | 0                        |
| Receivables From Exchange Transactions     | 0                            | 0                                | 0                        | 0                        |
| Bank Balances                              | 0                            | 0                                | 0                        | 0                        |
| <b>Total</b>                               | <b>0</b>                     | <b>0</b>                         | <b>0</b>                 | <b>0</b>                 |
| <b>As at 30<sup>th</sup> June 2023</b>     |                              |                                  |                          |                          |
| Receivables From Non-Exchange Transactions | 0                            | 0                                | 0                        | 0                        |
| Receivables From Exchange Transactions     | 0                            | 0                                | 0                        | 0                        |
| Bank Balances                              | 0                            | 0                                | 0                        | 0                        |
| <b>Total</b>                               | <b>0</b>                     | <b>0</b>                         | <b>0</b>                 | <b>0</b>                 |

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 from students

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/Scheme 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/Scheme 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.

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| Description                   | Less than 1 month | Between 1-3 months | Over 5 months     | Total             |
|-------------------------------|-------------------|--------------------|-------------------|-------------------|
|                               | Kshs              | Kshs               | Kshs              | Kshs              |
| <b>At 30 June 2024</b>        |                   |                    |                   |                   |
| Trade Payables                | 0                 | 0                  | 19,038,651        | 19,038,651        |
| Current Portion of Borrowings | 0                 | 0                  | 0                 | 0                 |
| Provisions                    | 0                 | 0                  | 0                 | 0                 |
| <b>Total</b>                  | <b>0</b>          | <b>0</b>           | <b>19,038,651</b> | <b>19,038,651</b> |
| <b>As at 30 June 2023</b>     |                   |                    |                   |                   |
| Trade Payables                | 0                 | 0                  | 0                 | 0                 |
| Current Portion of Borrowings | 0                 | 0                  | 0                 | 0                 |
| Provisions                    | 0                 | 0                  | 0                 | 0                 |
| Employee Benefit Obligation   | 0                 | 0                  | 0                 | 0                 |
| <b>Total</b>                  | <b>0</b>          | <b>0</b>           | <b>0</b>          | <b>0</b>          |

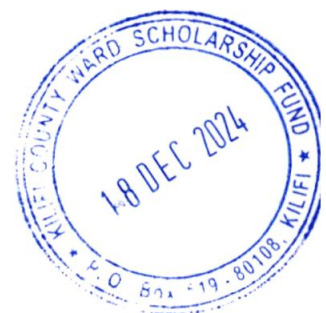
**c) Market risk**

The Fund/Scheme has put in place an internal audit function to assist it in assessing the risk faced by the Fund/Scheme 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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund/Scheme'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.



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**i. Foreign currency risk**

The Kilifi Ward Scholarship Fund has no 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:

| Description                                   |          | Other currencies | Total    |
|---|----------|------------------|----------|
|   | Kshs     | Kshs             | Kshs     |
| <b>At 30 June (Current FY)</b>                |          |                  |          |
| Cash  | 0        | 0                | 0        |
| Debtors/ Receivables                          | 0        | 0                | 0        |
| <b>Liabilities</b>                            |          |                  |          |
| Trade And Other Payables                      | 0        | 0                | 0        |
| <b>Net Foreign Currency Asset/(Liability)</b> | <b>0</b> | <b>0</b>         | <b>0</b> |

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Kilifi Ward Scholarship Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the two 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.

| Description              | Change in currency rate | Effect on surplus/ deficit | Effect on equity |
|--------------------------|-------------------------|----------------------------|------------------|
|                          |                         | Kshs                       | Kshs             |
| <b>(Current FY)</b>      |                         |                            |                  |
| Euro                     | 0%                      | 0                          | 0                |
| USD                      | 0%                      | 0                          | 0                |
| Other ( <i>Specify</i> ) | 0%                      | 0                          | 0                |
| <b>(Comparative FY)</b>  |                         |                            |                  |
| Euro                     | 0%                      | 0                          | 0                |
| USD                      | 0%                      | 0                          | 0                |
| Other ( <i>Specify</i> ) | 0%                      | 0                          | 0                |

**ii. Interest rate risk**

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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/Scheme to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund/Scheme'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 Kilifi Ward Scholarship Fund does not analyse 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 0 (2024: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (2024-1 – Kshs 0).

**d) Capital risk management.**

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

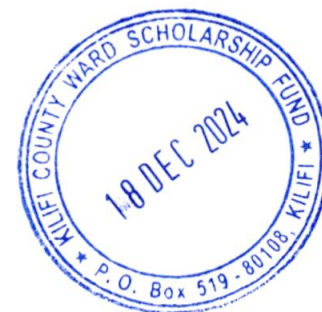
| Description                                 | FY 2023/2024      | FY2022/2023       |
|---|-------------------|-------------------|
|   | Kshs              | Kshs              |
| Accumulated surplus                         | 10,008,477        | 11,427,699        |
| <b>Total funds</b>                          | <b>10,008,477</b> | <b>11,427,699</b> |
| Less: cash and bank balances                | (26,629,763)      | (5,440,272)       |
| Net debt/(excess cash and cash equivalents) | (16,621,286)      | 5,987,427         |
| <b>Gearing</b>                              | <b>-166%</b>      | <b>52.4%</b>      |

**16. Events after the reporting period**

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

**17. Currency**

The financial statements are presented in Kenya Shillings (Kshs)



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**20. Annexes**

**Annex I: 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.

| <b>Reference No. on the external audit Report</b> | <b>Issue / Observations from Auditor</b>  | <b>Management comments</b>   | <b>Status:<br/>(Resolved / Not Resolved)</b> | <b>Timeframe:<br/>(Put a date when you expect the issue to be resolved)</b> |
|---|---|--|--|---|
| 1.  | Information on the Kilifi Ward Scholarship Fund Board Indicate that the Board is comprised of four (4) members all of whom are serving Kilifi County Government members of staff contrary to the provisions of section 13(3) of the Kilifi County Ward Scholarship Fund Act,2018 on establishment of Board which provides for the appointment of two(2) other members one of either gender, with a minimum qualification of a degree from a University recognised in Kenya who have served in the education sector in the County, and not being public officers appointed by executive Committee member and approved by the County Assembly. In addition, the appointments and gazettelement of the | <b>The management concur with the observations. However the two ( 2) were already appointed by the Executive Committee members waiting for approval by the County Assembly.<br/>On the sharing of members by Gongoni and Jaribuni Wards, the management wrote to the County Attorney for purposes of rectifying the names through gazettelement.</b> | Not resolved                                 | 31 <sup>st</sup> October,2024   |

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| Reference No. on the external audit Report | Issue / Observations from Auditor  | Management comments | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|--|---------------------|--------------------------------------|---|
|  | <p>Board members was not provided.</p> <p>Further , Section 21 of the Kilifi Ward Scholarship Fund Act 2018 provides for the establishment of the Ward Scholarship Committees which were appointed through the Kenya Gazette Vol, CXXV- No. 36 of 17<sup>th</sup> February ,2023. However, Gongoni and Jaribuni Wards share the same members of committee.</p> <p>In the circumstances, Management was in breach of the law.</p> |                     |                                      |   |

*[Handwritten Signature]*

Fund Administrator

The Kilifi County Ward Scholarship Fund

Date.....*18/12/24*



