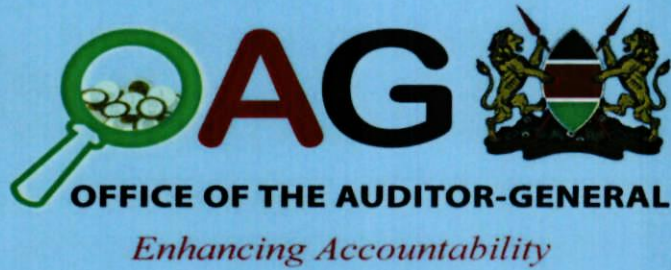


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REPORT

OF

THE AUDITOR-GENERAL

ON

KERICHO COUNTY BURSARY FUND

FOR THE YEAR ENDED
30 JUNE, 2018

PAPERS LAID	
DATE	09/03/2022
TABLED BY	SML
COMMITTEE	-
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COUNTY GOVERNMENT OF KERICHO
FINANCIAL STATEMENTS
KERICHO COUNTY BURSARY FUND
FOR THE PERIOD ENDED
30.6.2018

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



I. FOREWORD

This is the County Government of Kericho Financial Report for the year 2017-2018 financial period ending 30th June, 2018 for the Bursary Fund. This report was prepared and presented as required by Section 168 of the *Public Financial Management (PFM) Act 2012*. The report expounds from national equitable share alongside the expenditure incurred by the county government in Emergency service provision.

The Constitution of Kenya Articles 2010 gives a constitutional right and requirement for the public to participate in budgetary process and prudent financial management of the public resources. According to the County Government Act, 2012 each county shall prepare a county integrated plan which shall be the basis for all budgeting and spending of public funds. The acts clearly states that “A county government shall plan for the county and no public funds shall be appropriated outside a planning framework developed by the County Executive Committee and approved by the County Assembly” The county integrated plan shall focus on economic, physical, social, environmental and spatial planning.

The guiding legislation is the Kericho County Bursary Fund Act, 2014 which was assented to on 6 May 2014 and commenced on 16th May, 2014. The purpose of the funds provide funds for granting bursaries to assist needy students to pursue education.

It is expected that this report will enable the county government to adequately monitor the challenges faced in budget implementation and use the lessons learnt in future economic forecasts. In addition, the report expounds on the actionable steps to be taken by all stakeholders in the subsequent reporting periods.

CHALLENGES, WAY FORWARD AND CONCLUSION

Key challenges

The following key challenges were noted during the financial year.

- a) Late release of the vetted beneficiaries from the wards committees
- b) Lack of acknowledgements on disbursements by educational institutions.

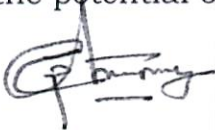
Way Forward

The County Treasury considers the following suggestions as a way forward for challenges faced to speed up budget process

- a) Timely release of funds from the ward committees
- b) Proper and timely training before implementation of new systems and procedures.

Conclusion

The operationalization of the fund in the 2017-2018 financial cycle will be greatly determined by the procurement processes. In addition, delay in funding from the national government continues to impact negatively on execution projects which may eventually lead to pending bills. The execution of the budget and the service delivery for citizens of the County Government will be achieved through collaboration of all the stakeholders in the national and county levels to bring out the potential of the County Government of Kericho.



Patrick Mutai

**County Executive Committee Member- Finance and Economic Planning and
Head of County Treasury**

STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 166 of the PFM Act requires that an Accounting Officer for a County Government entity prepares a report for the financial year in respect of the entity. The County Executive Committee (CEC) member for finance being the head of the County Treasury is responsible for the preparation and presentation of the County Government of Kericho financial statements, which give a true and fair view of the state of affairs of the County Government of Kericho for and as at the end of the financial year ended on 30.6.2018. 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 County Government of Kericho; (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 County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Government of Kericho financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public-Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that this report gives a true and fair view of the state of the County Government's transactions during the year ended 30.6.2018, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of this report as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member for finance confirms that the County Government's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public-Sector Accounting Standards Board of Kenya.

Approval of the financial statements

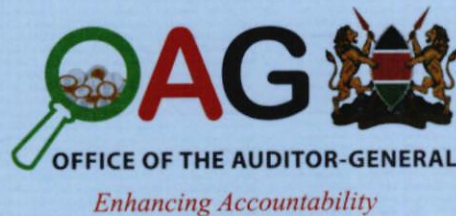
The County Government's financial statements were approved and signed by the CEC member for finance on 30.6.2018.



County Executive Committee Member – Finance and Economic Planning

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KERICHO COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2018

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Kericho County Bursary Fund set out on pages 5 to 7, which comprise the statement of financial assets as at 30 June, 2018, the statement of receipts and payments and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

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

Basis for Disclaimer of Opinion

1. Noncompliance with the Prescribed Format

The financial statements have not been prepared in accordance with International Public Sector Accounting Standards – Accrual Basis and in the format prescribed by the Public Sector Accounting Standards Board (PSASB) as detailed below:-

- i. Financial statements were prepared on Cash Basis as opposed to Accrual Basis of accounting,

The following statements and reports were not prepared and included in the financial statements:

- The statement of financial performance
- The statement of financial position
- The statement of changes in net assets
- Statement of cash flows
- Statement of comparison of budget and actual amounts
- Summary of significant accounting policies
- Statement of Performance Against County Entity's Predetermined Objectives
- The Fund administration committee

- Key entity information and management
- Report of the Fund administrator
- Board chair report
- Corporate Governance Statement
- Corporate social responsibility statement/sustainability reporting
- Report of the management committee
- Statement of management's responsibilities
- The statement of receipts and payments indicates transfer from National Government entities which is not the case as the funds came from County for the year ended 30 June, 2018.

Consequently, the presentation and disclosure of the financial statements did not comply with the format prescribed by the PSASB.

2. Unconfirmed Cash and Cash Equivalents

The statement of financial assets reflects bank balance amounting to Kshs.60,027,118. However, bank reconciliation statements and bank confirmation certificate were not provided for audit.

Under the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.60,027,118 could not be confirmed.

3. Unsupported Bursary Disbursements

The statement of receipts and payments reflects disbursements amounting to Kshs.167,263,545 for the year under review. However, the disbursements were not supported with relevant documents such as payment vouchers, acknowledgments, disbursement schedule amongst others. Further, the process of need identification and evaluation minutes of the Ward Committees were not provided for audit. In addition it was not possible to confirm if the bursaries were issued to needy students in the County.

Consequently, the completeness, accuracy and validity of bursary disbursements amounting to Kshs.167,263,545 could not be confirmed.

4. Unsupported Administrative Expenses

The statement of receipts and payments reflects administrative expenses amounting to Kshs.6,873,920. However, this amount was not supported with ledgers, schedules, payment vouchers or other relevant documents.

Consequently, the validity, completeness and accuracy of the administrative expenses amounting to Kshs.6,873,920 could not be confirmed.

5. Wrong Classification of Fund Balance

The statement of receipts and payments reflects unspent funds amounting to Kshs.115,228,903 classified as part of the receipts during the year, instead of Fund balance hence overstating receipts by the same amount.

Consequently, the classification, accuracy and completeness of receipts amounting to Kshs.115,228,903 could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Kericho County Bursary Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

04 February, 2022

Bursary Fund Financial Statements
For the year ended 30th June 2018

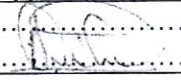
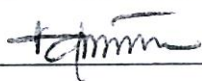
KERICHO COUNTY BURSARY FUND

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017/18	2016/17
		Kshs	Kshs
RECEIPTS			
Transfers from National Government Entities		119,000,000	254,000,000
Unspent funds	1	115,228,903	7,077,963
Bankers Cheque		0	7,000
TOTAL RECEIPTS		234,228,903	261,084,963
PAYMENTS			
Disbursements	2	167,263,545	140,837,460
Administrative Expenses	3	6,873,920	4,982,700
Other Payments (Bank Charges)	4	64,320	35,900
TOTAL PAYMENTS		174,201,785	145,856,060
SURPLUS/DEFICIT		60,027,118.00	115,228,903
The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30.6.2018 and signed by:			
.....			
Fund Administrator : Samwel Kipchumba Koskey		Fernandes Korir	
Chief Officer-Education		Head of Accounting Unit	

Bursary Fund Financial Statements
For the year ended 30th June 2018

I. STATEMENT OF FINANCIAL ASSETS

	Note	2017/18	2016/17
FINANCIAL ASSETS		Kshs	Kshs
CASH AND CASH EQUIVALENTS			
Bank Balances	5	60,027,118.00	115,228,903
TOTAL FINANCIAL ASSETS		60,027,118.00	115,228,903
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions			
NET FINANCIAL ASSETS			
REPRESENTED BY			
Fund balance b/fwd			
Surplus/Deficit for the quarter		60,027,118.00	115,228,903
The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30.6.2018 and signed by :			
			
Fund Administrator : Samwel Kipchumba Koskey		FERNANDES K KORIR	
Chief Officer– Education		Head of Accounting Unit	

COUNTY GOVERNMENT OF KERICHO

Bursary Fund Financial Statements

For the year ended 30th June 2018

1-OPENING BALANCES

At the beginning of the financial year the opening balance was Ksh 115,228,903.00 as seen in the attached documents in Annex 1.

2-SCHOLARSHIP & EDUCATIONAL BENEFITS

During the end of the year a total of Ksh 167,263,545.00 were disbursed as bursaries .

3-ADMINISTRATIVE EXPENSES

A total of Ksh 6,673,920 was incurred as administrative costs as at end of the end the financial year evidenced in Annex 1

4-BANK CHARGES

A total of Ksh 64,320 was incurred as bank charges as at the end the financial year as evidenced in Annex 1

5-CASH AND CASH EQUIVALENTS

This means therefore that the balance as at end of the year is Ksh 60,027,118.00 as evidenced in Annex 1