

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

OF

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**KILIFI COUNTY WARD
SCHOLARSHIP FUND**

**FOR THE YEAR ENDED
30 JUNE, 2022**



Revised 30th June 2022



THE COUNTY GOVERNMENT OF KILIFI

KILIFI COUNTY WARD SCHOLARSHIP FUND

AMENDED ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022

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

Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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Kilifi County Ward Scholarship Fund Annual Report and Financial Statements for the year ended June 30, 2022

1. 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/ mandate of the fund is the provision of funds to be used for granting scholarship to assist needy and deserving students

c) Board of Trustees/Fund Administration Committee

d) Ref	Position	Name
1	Fund board chair-person & Chief Officer Education & ICT	Mwenda Karisa
2	Board Member	Mulewa S. Katana
3	Board Member	CPA Benjamin Kai
4	Board Member	Adan Mohamed
5	Board Secretary & Fund administrator	CPA Neema Sirya

Kilifi County Ward Scholarship Fund

Annual Report and Financial Statements for the year ended June 30, 2022

e) Key Management

Ref	Position	Name
1	Fund Manager/ Administrator	CPA Neema Sirya
2	Fund Accountant	CPA Paul M. Karisa

f) Registered Offices

Headquarters.
County Government of Kilifi
Treasury Building
Bofa Road before Kilifi police station
Kilifi, KENYA

g) Fund Contacts

P.O. Box 519 - 80108, Kilifi
Telephone: (254) 41 752227
E-mail: scholarshipfund.klf@gmail.com
Website: www.kilifi.go.ke

h) Fund Bankers

1. National Bank of Kenya
P.O. Box 1392-80108
Kilifi
2. Equity Bank
P.O. Box 381-80108
Kilifi



i) Independent Auditors

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

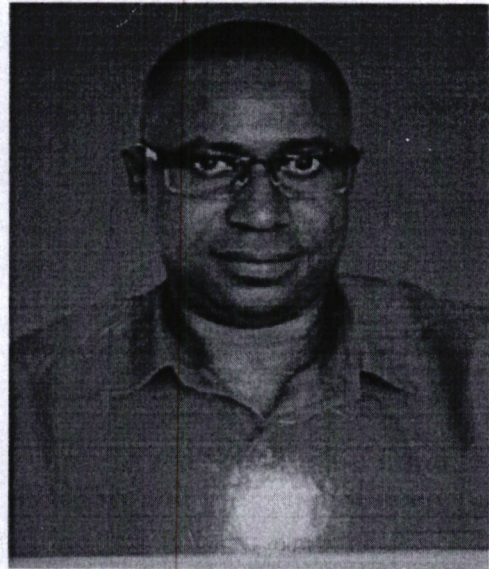

j) Principal Legal Adviser

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


2. THE KILIFI WARD SCHOLARSHIP FUND BOARD

Name	Details of qualifications and experience
<p>1. </p>	<p>Mwenda karisa - Chairperson - Kilifi Ward Scholarship Fund</p> <p>Mwenda Karisa was appointed the Scholarship Board Chairperson on 17.03.2020. Mwenda is also the Chief Officer - Education and ICT Department.</p> <p>Mwenda has previously worked as the chief officer - Department of Gender Culture and Social services-Kilifi County Government. She also worked as The Sub-County Administrator - kilifi north Sub-county – County Government of Kilifi.</p> <p>Previously Mwenda worked as a district officer who served in quite a number of divisions for the period of 10 years she worked with the National Government.</p> <p>Mwenda holds a masters degree in Gender and Development studies from the university of Nairobi</p>
<p>2. </p>	<p>Mr. Mulewa S. Katana- Member - Kilifi Ward Scholarship Fund Board.</p> <p>Mr.Mulewa S. Katana was appointed as a member of The Kilifi Scholarship Board in 2018. Mr.Mulewa is also the Chief Officer - Education and ICT Department.</p> <p>Mr.Mulewa has previously worked as The Sub-County Administrator - Rabai Sub- county - County Government of Kilifi.</p> <p>Mr.Mulewa holds a Masters Degree in Education from Kenyatta University and is pursuing a Ph.D from Kenyatta University.</p> <p>Mr Mulewa is a Member of The Institute of Directors (I.O.D) Kenya.</p>


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<p>3.</p> 	<p>CPA Benjamin Kai - Member -Kilifi Ward Scholarship Fund Board. CPA Benjamin Kai was appointed as a member of the Kilifi Ward Scholarship Fund Board in Dec 2013. He is also the Chief Officer Finance & Economic planning in the County Government of Kilifi. CPA Benjamin Kai previously worked as County Budget Controller with the office of the Controller of Budget. He has also served as the Head of Finance at Mombasa Water & Sewerage Co. CPA Benjamin Kai holds MBA Finance from The University of Nairobi and a Bachelor of Business Management from Moi University. He is also a member of the Institute of Certified Public Accountants of Kenya</p>
<p>4.</p> 	<p>Adan Mohamed - Member -Kilifi Ward Scholarship Fund Board.</p> <p>Mr Adan was appointed as a Board member in 2015. He is also the Chief Officer of Devolution, Public Service and Disaster Management department of Kilifi County Government.</p> <p>Mr Adan previously worked at Kenya Medical Research Institute (KEMRI), from 2007 to 2013. Mr. Adan holds a Bachelors degree in Bio Medical. He is currently pursuing a Masters degree in Business Administration, Strategic Management option at Pwani University</p>

**Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

5.		<p>CPA Neema Sirya - Secretary -Kilifi Ward Scholarship Fund Board & Fund Administrator.</p> <p>CPA Neema Sirya was appointed as The Fund Administrator and a member of the Kilifi Ward Scholarship Fund Board on 15th 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.</p> <p>CPA Neema Sirya holds a Bachelors of Business Administration from Kenya Methodist University and is a member of the Institute of Certified Public Accountants of Kenya.</p>
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3. MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>1. </p>	<p>CPA Neema Sirya - Secretary -Kilifi Ward Scholarship Fund Board & Fund Administrator.</p> <p>CPA Neema Sirya was appointed as The Fund Administrator and a member of the Kilifi Ward Scholarship Fund Board on 15th 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.</p> <p>CPA Neema Sirya holds a Bachelors of Business Administration from Kenya Methodist University and is a member of the Institute of Certified Public Accountants of Kenya</p>

**Kilifi County Ward Scholarship Fund
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2.

CPA Paul Menza Karisa – Fund Accountant
CPA Paul Menza was appointed as the fund accountant on 17th December, 2021. He is a senior accountant in the department of finance & 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.

4. THE SCHOLARSHIP FUND BOARD CHAIR PERSONS 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 30th June 2022. 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 on 17th March, 2020 upon transfer to other County duties of the previous chair. The Fund Administrator was appointed on 1st November, 2017 following the transfer of the previous Administrator to other services of the County.

Review of performance

Income

In the financial year 2021/2022 the budgeted amount of **Kshs 350,000,000** was received from County treasury. Out of which, **Kshs 339,500,000** was for disbursement as bursaries for the **35** Wards each **Kshs 9,700,000** and **Kshs 10,500,000** for use as administration costs, An additional amount of **Kshs 9,834,615** from balance brought forward was equally distributed to the **35** wards each getting **Kshs 280,989**. So the total amount disbursed to each ward was **Kshs 9,980,989**.

Expenditures

The Fund total actual expenditure in the year was **Kshs 359,992,752** where **Kshs 349,334,615** was paid to various learning institutions being bursaries as per Ward beneficiaries' allocation schedules and administration costs of **Kshs. 10,658,137**.

Future outlook

The outlook of the Fund for **Fy 2022/2023** 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.

Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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.

I look forward to your continued support in the year **2022/2023**

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Signed:  _____ -

Mwenda Karisa
Scholarship Fund Board Chairperson

5. REPORT OF THE FUND MANAGER/ ADMINISTRATOR

It is my pleasure to present The Kilifi Ward Scholarship Fund financial statements for the year ended **June 30, 2022**. 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 Fund started the financial year **2021/2022** with **Kshs 22,618,538** being balance brought forward from the year 2020/2021. During the financial year the fund received a total of **kshs 350,000,000** being the **2021/2022** budgeted amount.

Financial Performance

a) Revenue

In the year ended **30th June 2022**, the fund budgeted for and received the whole of the **Kshs 350,000,000** representing 100% performance as per table below:

Revenue classification	Revenue budget (Kshs)	Actual (Kshs)	Realization (%)
Revenue	Kshs	Kshs	
Transfers from County Govt.	350,000,000	350,000,000	100%
Total income	350,000,000	350,000,000	100%

b) Expenditure;

As stated above, the Fund started the financial year **2021/2022** with **Kshs 22,618,538** being balance brought forward from the year **2020/2021** and **Kshs 350,000,000** was received during the year. The total liability was therefore **kshs 372,618,538**. A total amount of **Kshs 349,334,615** was disbursed to various learning institutions as per Ward beneficiaries' allocation schedules. **Kshs 10,658,137** was spent as administrative costs as at **June 30, 2022**.

**Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

c) Cash flows

In the FY 2021/2022, the budgeted funds were received in various dates as follows:- **Kshs 87,500,000** on **September 7,2021**, **Kshs 87,500,000** on **9th September.2021**, **Kshs 87,500,000** on **January 19,2022** and **Kshs 87,500,000** on **May 17.2022**.

d) Conclusion

We hope to fast-track the operationalization of the enacted Kilifi County Ward Scholarship Fund Act, and conclusion of the draft Scholarship Policy and Regulations 2020 in a bid to improve the management of the Fund in the subsequent years.

Signed:  _____

CPA Neema Sirya

Fund Administrator

ICPAK Member Number:18885

6. Statement of Performance against the County Fund's Predetermined Objectives

In the FY 2021/2022 ,Kshs. 350,000,000 was allocated to the ward scholarship fund. Kshs. 349,334,615 was disbursed during the year translating to 99.8% absorption.

The scholarship fund had had its share of challenges as follows:

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

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 Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

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

- a) Provide bursary for needy and bright students within Kilifi county.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Bursary/ Education	To support bright and needy students to access quality education	Increased number of students accessing education in the County	% of students retained in school / transitioned to next level institutions	In FY 21/22 The bursary access was 77.4 % for secondary school level. Bursary beneficiaries for Tertiary institution remained at 22.6 % in FY 2021/20202

**Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

7. Corporate Governance Statement

THE BOARD

The Kilifi Ward Scholarship Fund established by The Kilifi County Ward scholarship fund administration Act 2018. Its mandate is to cushion households from impacts of poverty, and table economy and the effects of HIV / AIDS by increasing access, retention and completion rates in primary, secondary and tertiary learning institutions 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 four meetings as tabulated below:

Name of board Member	Designation	14/6/2021	16/09/2021	11/2/2022	24/5/2022
Mwenda Karisa	Board Chair	Attended	Attended	attended	Attended
Adan Mohamed	Member				
Mulewa Katana	Member	Attende	Attended	attended	Attended
Ben Kai	Member				
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 MEMBER

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.

**Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

8. Management Discussion and Analysis

Financial Performance

The Fund started the financial year 2021/2022 with **Kshs 22,618,538** being balance brought forward from the year 2020/2021. **Kshs 350,000,000** was received during the year making the total spendable amount **Kshs 372,618,538** as shown in the table below;

Revenue classification	Revenue budget (Kshs)	Actual (Kshs)
Revenue	Kshs	Kshs
Fund balance b/f	22,618,538.00	23,430,985.00
Transfers from County Govt.	350,000,000.00	350,000,000.00
Direct payments by County Government of Kilifi	-	2,929,670.00
Total income	372,618,538	376,360,655.00

The Fund was able to disburse a total of **kshs 349,334,615** to various learning institutions as per Ward beneficiaries' allocation schedules and administration expenses of **Kshs 10,658,137**.

Ward Beneficiaries Allocation Schedule By Category

INSTITUTION	AMOUNT
Secondary Schools	270,489,045.00
Universities	32,189,606.00
Colleges	38,581,899.00
Polytechnics	8,074,065.00
Administrative costs & Bank Charges	10,658,137.00
Total	359,992,752.00

Kilifi County Ward Scholarship Fund
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Beneficiary allocation Schedule By Ward

Ward	Bal b/f	Allocation	Bal c/d	Actual Expenditure
Adu	(1,871,000.00)	9,980,989.00		11,851,989.00
Bamba	(1,136,500.00)	9,980,989.00		11,117,489.00
Chasimba	1,778,560.00	9,980,989.00		8,202,429.00
Dabaso	970,500.00	9,980,989.00		9,010,489.00
Ganda	(60,013.00)	9,980,989.00		10,041,002.00
Ganze	516,511.00	9,980,989.00		9,464,478.00
Garashi	(459,000.00)	9,980,989.00		10,439,989.00
Gongoni	(1,084,100.00)	9,980,989.00		11,065,089.00
Jaribuni	(703,450.00)	9,980,989.00		10,684,439.00
Jilore	(979,782.00)	9,980,989.00		10,960,771.00
Junju	843,000.00	9,980,989.00		9,137,989.00
Kakuyuni	1,189,194.00	9,980,989.00		8,791,795.00
Kaloleni	4,321,500.00	9,980,989.00	1,462,887.00	7,122,376.00
Kambe Ribe	(1,043,765.00)	9,980,989.00		11,024,754.00
Kayafungo	400,882.00	9,980,989.00		9,580,107.00
Kibarani	(1,339,900.00)	9,980,989.00		11,320,889.00
Magarini	(1,795,600.00)	9,980,989.00		11,776,589.00
Malindi Town	119,554.00	9,980,989.00		9,861,435.00
Marafa	(48,000.00)	9,980,989.00		10,028,989.00
Mariakani	(219,000.00)	9,980,989.00		10,199,989.00
Matsangoni	(1,345,000.00)	9,980,989.00		11,325,989.00
Mnarani	(157,000.00)	9,980,989.00		10,137,989.00
Mtepeni	1,222,832.00	9,980,989.00		8,758,157.00

**Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Mwanamwinga	(310,300.00)	9,980,989.00		10,291,289.00
Mwarakaya	132,000.00	9,980,989.00		9,848,989.00
Mwawesa	297,000.00	9,980,989.00		9,683,989.00
Rabai Kisurutini	2,386,970.00	9,980,989.00	2,386,970.00	9,980,989.00
Ruruma	(1,622,890.00)	9,980,989.00		11,603,879.00
Sabaki	2,627,130.00	9,980,989.00		7,353,859.00
Shella	529,500.00	9,980,989.00	173,130.00	9,624,619.00
Shimo La Tewa	2,560,100.00	9,980,989.00		7,420,889.00
Sokoce	(2,480,500.00)	9,980,989.00		12,461,489.00
Sokoni	(1,005,446.00)	9,980,989.00		10,986,435.00
Tezo	(464,000.00)	9,980,989.00		10,444,989.00
Watamu	2,253,000.00	9,980,989.00		7,727,989.00
			4,022,987.00	349,334,615.00

Kilifi County Ward Scholarship Fund
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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 and other operational materials thus it does not incur costs that may result in statutory obligations arrears.

Major risks facing the Fund.

The major risk that may be facing the Fund is political and other social group's interferences 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.

Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022

9.Environmental Sustainability Reporting

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

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

Kilifi County Ward Scholarship Fund
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10. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide bursary for needy and bright students within Kilifi County.

Results

The results of the Fund for the year ended June 30, 2022 are set out on page 1-5

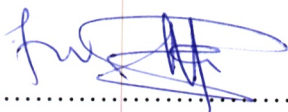
Trustees

The members of the Board of Trustees who served during the year are shown on page XIV. The changes in the Board 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.

By Order of the Board



.....
Chair of the Board/Fund Administration Committee

Date:

Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022

11. 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 established by Kilifi County Ward Scholarship Fund Act, 2018 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.


The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public 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, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

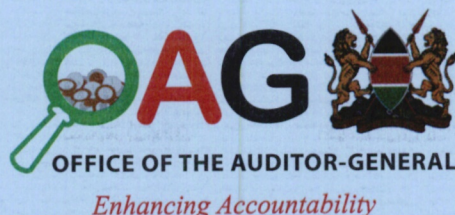
The Fund's financial statements were approved by the Board on **14th September, 2022** and signed on its behalf by:


.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KILIFI COUNTY WARD SCHOLARSHIP FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 1 to 40, which comprise of the statement of financial position as

at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of comparison of budget and actual amounts and statement of cash flows 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 the Kilifi County Ward Scholarship Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Kilifi County Ward Scholarship Fund Administration (Amendment) Act, 2018.

Basis for Qualified Opinion

1. Unreconciled Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.12,624,853 as at 30 June, 2022 while the statement of cash flows reflects a balance of Kshs.16,647,840, resulting in unreconciled variance of Kshs.4,022,987.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.12,624,853 could not be confirmed.

2. Unsupported Bursary Disbursements

The statement of financial performance reflects general expenses (bursary payments) of Kshs.349,334,615. However, the Management did not provide the lists of bursary applicants for the year under review for audit. Further, there was no evidence to confirm that the lists of the bursary applicants, successful applicants and Ward Scholarship Committee resolutions were submitted to the County Assembly Select Committee as required by Section 29(1) of the Kilifi County Ward Scholarship Fund Administration (Amendment) Act, 2018, that provides that 'the Chairperson of the Ward Scholarship Committee shall submit to the Board, a list containing (a) the names of all the applicants and resolution of the committee whether to accept or reject the application and; Section 29(2) that provide that the Board shall submit to the County Assembly Select Committee; (a) a list under Subsection (1); and (b) a list containing the successful scholarship applications'.

In the circumstances, accuracy, completeness and regularity of the bursary payments of Kshs.349,334,615 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kilifi County Ward Scholarship Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical

responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects both the final receipts budget and actual amounts on comparable basis of Kshs.372,618,538 or 100% of the budget performance. Similarly, the Fund expended Kshs.359,993,685 against an approved budget of Kshs.372,618,538, resulting in under-expenditure of Kshs.12,624,853 (or 3%) of the budget. In the circumstances, the under-expenditure is likely to affect the planned activities and may impact negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, various audit issues were raised and which Management has indicated as resolved but remained unresolved as at 30 June, 2022. Management has not provided reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Unsupported Re-allocation of Ward Bursary Funds

During the year under review, Kilifi County Ward Scholarship Fund received a total of Kshs.350,000,000, out of which 97% or Kshs.339,500,000 was for bursaries in accordance with Section 5(3) of the Kilifi County Ward Scholarship Fund Act, 2018. The bursary amount was to be shared equally among the thirty-five (35) wards in Kilifi County with each Ward expected to receive Kshs.9,700,000.

Review of bursary disbursements schedule revealed that a total of Kshs.7,180,326 was re-allocated, resulting in varying bursary allocations among the wards. However, the concurrence of the Executive Committee Member in line with the County Assembly Committee Kilifi County Ward Scholarship Fund Act, 2018 Section 7(3) which states that 'notwithstanding subsection 7(1), at the end of a financial year, unspent funds by a ward may be reallocated to another ward on the concurrence of the Executive Committee Member and the County Assembly Committee' .However, evidence of concurrence of Executive Committee Member in respect of re-allocation of funds was not provided for review.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability 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.

The Fund Administration Committee is 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that

might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


17 February, 2023

Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022


13.1 Statement of Financial Performance For The Year Ended June 30, 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	350,000,000.00	350,000,000.00
Direct transfer	8	0.00	2,929,670.00
Total Revenue		350,000,000.00	352,929,670.00
Expenses			
General Expenses (Bursary Payments)	11	349,334,615.00	339,500,000.00
Fund Administration Expenses	2	8,839,775.00	10,055,710.00
Finance Cost	3	831,395.00	163,420.00
Total Expenses		359,005,785.00	349,719,130.00
Surplus/(Deficit) For the Period		(9,005,785.00)	3,210,540.00

(The notes set out on pages 21 to 28 form an integral part of these Financial Statements)



Neema Sirya
Administrator of the Fund
ICPAK Member Number:18885




Paul Karisa
Fund Accountant
ICPAK Member Number:28318

Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022


13.2 Statement of Financial Position As At June 30, 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	12,624,853.00	22,618,538
Receivables	6	4,022,987.00	22,148,233
Total Current Assets		16,647,840.00	44,766,771.00
Non-Current Assets			
Property, Plant and Equipment	5	987,900.00	-
Total Assets		17,635,740.00	44,766,771.00
Liabilities			
Current Liabilities			
Payables	7	-	18,125,246.00
Non-Current Liabilities		-	18,125,246.00
Total Liabilities		-	18,125,246.00
Net Assets		17,635,740.00	26,641,525.00
Accumulated Surplus	10	17,635,740.00	26,641,525.00
Accumulated Fund		17,635,740.00	26,641,525.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **14th September, 2022** and signed by:



Neema Sirya
Administrator of the Fund
ICPAK Member No:18885



Paul Karisa
Fund Accountant
ICPAK Member Number:28318

**Kilifi County Ward Scholarship Fund
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13.3 Statement Of Changes in Net Assets for the year ended June 30, 2022

	Revolvi ng Fund	Revaluatio n Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2020			23,430,985.00	23,430,985.00
Surplus/(Deficit) For the Period			3,210,540.00	3,210,540.00
Balance As At 30 June 2021			26,641,525.00	26,641,525.00
Balance As At 1 July 2021			26,641,525.00	26,641,525.00
Surplus/(Deficit) For the Period			(9,005,785.00)	(9,005,785.00)
Balance As At 30 June 2022			17,635,740.00	17,635,740.00



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Neema Sirya
Administrator of the Fund
ICPAK Member Number:18885



.....
Paul Karisa
Fund Accountant
ICPAK Member Number:28318

Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022

13.4 Statement of Cash Flows for the Year Ended June 30, 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	350,000,000.00	350,000,000.00
Direct transfer	8	-	2,929,670.00
Total Receipts		350,000,000.00	352,929,670.00
Payments			
General expenses (Bursary)	11	349,334,615.00	339,500,000.00
Fund administration cost	2	8,839,775.00	10,055,710.00
Finance Cost	3	831,395.00	163,420.00
Total Payments		359,005,785.00	349,719,130.00
Net cash flows from operating activities		(9,005,785.00)	3,210,540.00
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(987,900.00)	-
Net cash flows used in Investing activities		(987,900.00)	-
Cashflows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(9,993,685.00)	3,210,540.00
Cash and cash equivalents as at 1JULY		26,641,525.00	23,430,985.00
Cash and cash equivalents at 30 JUNE		16,647,840.00	26,641,525.00



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Neema Sirya
Administrator of the Fund
ICPAK Member Number:18885



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Paul Karisa
Fund Accountant
ICPAK Member Number:28318

13.5. Statement Of Comparison Of Budget And Actual Amounts For The Year Ended June 30,2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers From County Govt.	350,000,000.00		350,000,000.00	350,000,000.00	-	100%
Fund Bal b/f	22,618,538.00		22,618,538.00	22,618,538.00	-	100%
Total Income	372,618,538.00	-	372,618,538.00	372,618,538.00	-	100%
Expenses						
General Expenses (Bursary issued)	362,318,538.00		362,318,538.00	349,334,615.00	12,983,923.00	96.4%
General Administration Costs	9,100,000.00		9,100,000.00	8,839,775.00	260,225.00	97%
Finance Cost	200,000.00		200,000.00	831,395.00	(631,395.00)	415%
PPE	1,000,000.00		1,000,000.00	987,900.00	12,100.00	99%
Total Expenditure	372,618,538.00	-	372,618,538.00	359,993,685.00	12,624,853.00	96.6%
Accumulated Surplus	-	-	-	12,624,853.00	(12,624,853.00)	

13.6 Summary Of Significant Accounting Policies

1. General Information

Kilifi County Ward Scholarship Fund is established by and derives its authority and accountability from Kilifi County Ward Scholarship Fund Act 2018. The entity is wholly owned by the Kilifi County Government and is domiciled in Kenya. The entity's principal activity is to provide bursary for needy and bright students within Kilifi County.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful

**Kilifi County Ward Scholarship Fund
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Standard	Effective date and impact:
	<p>information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flow
<p>Amendments to Other</p>	<p>Applicable: 1st January 2023:</p>

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Standard	Effective date and impact:
IPSAS resulting from IPSAS 41, Financial Instruments	<p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>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</p>

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Standard	Effective date and impact:
	<p>for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, 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>

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

The original budget for FY 2021-2022 was approved by the Board on 11st February 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations in the FY 2021-2022.

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Section 17 of these financial statements.

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

a) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

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Annual Report and Financial Statements for the year ended June 30, 2022

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Summary Of Significant Accounting Policies (Continued)

b) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

c) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Summary Of Significant Accounting Policies (Continued)

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

d) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

e) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

f) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

g) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

Summary Of Significant Accounting Policies (Continued)

h) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

i) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The entity is a County Public Fund established by Kilifi County Ward Scholarship Fund Act, 2013 which was subsequently amended in 2018 and 2020 under the Department of Education and ICT. Its ultimate parent is the County Government of Kilifi.

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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.

Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022

13.7 Notes to The Financial Statements

1. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
1 st tranche transferred on 07.09.2021	87,500,000.00	175,000,000.00
2 nd tranche transferred on 09.09.2021	87,500,000.00	60,000,000.00
3 rd tranche transferred on 19.01.2022	87,500,000.00	10,000,000.00
4 th tranche transferred on 17.05.2022	87,500,000.00	105,000,000.00
Total	350,000,000.00	350,000,000.00

2. Fund Expenses

Description	2021/22	2020/21
	Kshs.	Kshs.
Ward Committee allowances & election expenses	5,214,157.00	9,815,710.00
Postage	1,810.00	-
Hire of Transport	235,785.00	-
Board allowance	168,000.00	50,000.00
Printing	3,020.00	-
Routine Maintenance	38,500.00	-
Sanitary & cleaning	125,760.00	-
Catering	211,150.00	-
Water	144,765.00	-
Domestic Travel & Allowances	981,780.00	-
Computer accessories	72,200.00	-
Communication	41,550.00	-
Hospitality & Conference	325,350.00	-
Training expenses	118,000.00	-
Purchase of Tonners	860,834.00	-
General office supplies	297,114.00	190,000.00
Total	8,839,775.00	10,055,710.00

**Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes To The Financial Statements Continued.....

3.Finance Costs

Description	2021/22	2020/21
	Kshs.	Kshs.
Bank Charges	831,395.41	163,420.00
Total	831,395.41	163,420.00

4.Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Bursary Account 01001068274900	8,527,565.88	19,190,816.00
Administration Account 1060261812680	4,097,286.96	3,427,722.00
Total Cash and Cash Equivalents	12,624,852.84	22,618,538.00

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Current Account			
National Bank Account	01001068274900	8,527,565.88	19,190,816.00
Equity Bank of Kenya Account	1060261812680	4,097,286.96	3,427,722.00
Total		12,624,852.84	22,618,538.00

Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

5. Property, plant and equipment

	Furniture and fittings	Computers and Accessories	Office Printers	Total
Cost	Kshs	Kshs		Kshs
At 1st July 2020	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers/Adjustments	-	-	-	-
At 30th June 2021	-	-	-	-
At 1st July 2021				
Additions	151,200.00	818,700.00	18,000.00	987,900.00
Disposals	-	-	-	-
Transfer/Adjustments	-	-	-	-
At 30th June 2022	151,200.00	818,700.00	18,000.00	987,900.00
Depreciation And Impairment				
At 1 st July 2020	-	-	-	-
Depreciation	-	-	-	-
Impairment	-	-	-	-
At 30th June 2021	-	-	-	-
At 1st July 2021	-	-	-	-
Depreciation	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/Adjustment	-	-	-	-
At 30th June 2022	151,200.00	818,700.00	18,000.00	987,900.00
Net Book Values	151,200.00	818,700.00	18,000.00	987,900.00
At 30th June 2021	-	-	-	-
At 30th June 2022	151,200.00	818,700.00	18,000.00	987,900.00

**Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes To The Financial Statements (Continued)

6. Other receivables

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance b/d	22,148,233.00	-
Add: Debtor for the year	-	22,148,233.00
	22,148,233.00	22,148,233.00
Less: Amount received	(18,125,246.00)	-
Balance c/d	4,022,987.00	22,148,233.00

7. Other Payables

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance b/d	18,125,246.00	-
Add: Creditors for the year	-	18,125,246.00
	18,125,246.00	18,125,246.00
Less: Amount paid	(18,125,246.00)	-
Balance c/d	-	18,125,246.00

8. Direct Transfer from Kilifi County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Receipt	-	2,929,670.00
Total	-	2,929,670.00

Kilifi County Ward Scholarship Fund

Annual Report and Financial Statements for the year ended June 30, 2022

9. Imprest Fund

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance b/d	-	-
Add: Amount paid	6,718,480.00	
	6,718,480.00	-
Less: Amount surrendered	6,718,480.00	
Balance c/d	-	-

Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes To the Financial Statements (Continued)

10. Accumulated Fund

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance b/d	26,641,525.	23,430,985.00
Surplus/(deficit) for the year	(9,005,785)	3,210,540.00
Balance c/d	17,635,740	26,641,525.00

11. General Expenses (Bursary Issued)

Description	2021-2022	2020-2021
	Kshs	Kshs
Bursaries	349,334,615.00	339,500,000.00
Total	349,334,615.00	339,500,000.00

Kilifi County Ward Scholarship Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Notes To the Financial Statements (Continued)

Other Disclosures

1. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board Members;

b) Related party transactions

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Other Disclosures Continued

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

2. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

Other Disclosures Continued

3. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

a) Credit risk

The Fund has no exposure to credit risk.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has a liquidity risk management policy of not maintaining any payables but issue cheques only when funds are availed by the County Treasury.

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has no foreign currency transactions.

Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022

d) Capital risk management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	17,635,739.00	26,641,525.00
Total funds	17,635,739.00	26,641,525.00
Total borrowings	-	-
Less: cash and bank balances	12,624,852.00	22,618,538.00
Net debt/(excess cash and cash equivalents)	12,624,852.00	22,618,538.00
Gearing	-	-

Kilifi County Ward Scholarship Fund

Annual Report and Financial Statements for the year ended June 30, 2022

14. 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. These issues were responded to exhaustively and concluded as shown below;

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status : (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	The background information of the Fund and the Report of the Fund Administrator indicates that the Fund was established by and derives its authority from Kilifi County Ward Scholarship Fund Act, 2013 whereas the same was repealed under Section 37 of the Kilifi County Ward Scholarship Fund Act, 2018	The background information and administrator report have been corrected as shown in the amended annual fund and financial statements page i –ii and xii-xiii respectively	Resolved	
1.2	i. The statement of performance against the fund's predetermined objectives is	The statement	Resolved	

**Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status : (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	not included in the financial statements.	nt of performance against the fund's predetermined objectives has now been included in the amended annual fund and financial statements page vii		
1.3	The statement of performance against the fund's predetermined objectives has now been included in the amended annual fund and financial statements page vii	The independent auditor has correctly been indicated in the amended annual	Resolved	

Kilifi County Ward Scholarship Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status : (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		fund and financial statements page xx		
1.4	The management discussion and analysis indicates that allocations to secondary schools, universities and polytechnics were Kshs.187,911,420, Kshs.77,285,249 and Kshs.33,008,828 respectively. However, available supporting schedules indicates allocation of Kshs.343,522,987, Kshs.342,000 and Kshs.175,000 respectively. Further, indicated in the analysis are allocations of Kshs.44,191,190 and Kshs.1,126,300 to colleges and driving schools respectively yet there were no allocations for these institutions during the year under review.	The difference in figures is as a result of the system which the fund uses to store data for different categories of institutions. The way the system was programmed gives room for allocation to	Resolved	

**Kilifi County Ward Scholarship Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status : (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>institutions which were not actually allocated funds for example driving schools. The system can allocate amount to driving school while in the real situation driving schools were not allocated funds. The management started a process of</p>		

Kilifi County Ward Scholarship Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status : (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		acquiring new system which will correct the problem .		
1.5	The corporate governance statement on page xiv-xv on board meetings does not indicate meetings attendance information.	The corporate governance statement now indicates the meeting attendance information as shown in the amended annual fund and financial statements page	Resolved	

**Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status : (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		xiv-xv		
1.6	The statement of comparison of budget and actual amounts is headed for the “ period ” instead of the “ year ” ended 30 June, 2021.	The heading of comparison of budget and actual amounts has now been corrected as shown in the amended annual fund and financial statements page 5	Resolved	
2	During the year under review, nineteen (19) out of thirty-five (35) wards had an under expenditure on their equitable bursary allocation by Kshs.18,125,246. However, the allocation has not been disclosed as a payable in accordance with Section 7(2) of the Kilifi County Ward Scholarship Fund Act, 2018	The prepayments of Kshs. 22,148,233 and payable amount of Kshs. 18,125,246	Resolved	

Kilifi County Ward Scholarship Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status :	Timeframe: (Put a date when you expect the issue to be resolved)										
	<p>which requires all funds allocated to a County Ward to be cumulative and shall be carried forward from one financial year to the next, including funds returned in accordance with Section 6(4) of the Act.</p> <p>Further, sixteen(16) out of the thirty-five(35) wards had an over-expenditure on their equitable share of bursary allocation of Kshs.22,148,233 but the same has not been disclosed in the financial statements as prepayments.</p> <p>Consequently, the accuracy and completeness of the assets and liabilities reflected in the financial statements for the year ended 30 June, 2021 could not be confirmed.</p>	<p>have now been captured in amended financial statement under statement of financial position as at 30th june,2021</p> <p>page 2</p>												
3.	<p>The statement of financial performance for the year ended 30 June, 2021, reflects general expenses (bursaries payments) of Kshs.343,522,987 to various students from different institutions in the thirty-five(35) County Wards. However, bursary awards and payments amounting to Kshs.310,000 were not reflected in the schedule of payments provided for audit review although the same were traced in the bank statements as shown below:</p> <table border="1" data-bbox="319 1792 925 1904"> <thead> <tr> <th>Date of Cheque</th> <th>Cheque No.</th> <th>Date Cleared</th> <th>Institution</th> <th>Amount (Kshs)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Date of Cheque	Cheque No.	Date Cleared	Institution	Amount (Kshs)						<p>The bursary awards of ksh 310,000 were incurred and reported as part of the bursary payments for the year ended 30th June 2021. Attached is an extract of the payment schedule. (Appendix 2)</p>	Resolved	
Date of Cheque	Cheque No.	Date Cleared	Institution	Amount (Kshs)										

**Kilifi County Ward Scholarship Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status : (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	.)			
	10.12.2 8328 09.01.2 Macha 60,00 020 2 021 kos 0 Univer sity			
	10.12.2 8325 01.01.2 Daystar 30,00 020 3 021 Univer sity			
	10.12.2 8325 19.01.2 Masind 30,00 020 1 021 e 0 Muliro Univer sity			
	10.12.2 8322 14.01.2 Kenyatt 70,00 020 8 021 a 0 Univer sity			
	10.12.2 8322 20.01.2 Kabara 70,00 020 3 021 k 0 Univer sity			
	10.12.2 8322 20.01.2 Maseno 50,00 020 0 021 Univer sity			
	Total 310,000			
	Further, the lists of beneficiaries/students were not provided for audit verification.			
	Consequently, the accuracy and completeness of the general expenses (bursary payments) of Kshs.343,522,987 for			

Kilifi County Ward Scholarship Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status : (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the year ended 30 June, 2021 could not be confirmed.</p> <p>The statement of financial position as at 30 June, 2021 reflects cash and cash equivalents balance of Kshs.22,618,538 as disclosed under Note 4 to the financial statements. However, Cheque Nos. 79496 - 79500, for a total of Kshs.150,000 dated 9 September, 2020, drawn in favour of various students were indicated as unrepresented in the bank reconciliation statement. In addition, the cash book was not updated as at 30 June, 2021.</p> <p>Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.22,618,513 as at 30 June, 2021 could not be confirmed.</p> <p>The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kilifi County Ward Scholarship Fund management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.</p>			

Kilifi County Ward Scholarship Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status :	Timeframe: (Put a date when you expect the issue to be resolved)
4.	<p>The statement of financial position as at 30 June, 2021 reflects cash and cash equivalents balance of Kshs.22,618,538 as disclosed under Note 4 to the financial statements. However, Cheque Nos. 79496 - 79500, for a total of Kshs.150,000 dated 9 September, 2020, drawn in favour of various students were indicated as unpresented in the bank reconciliation statement. In addition, the cash book was not updated as at 30 June, 2021.</p> <p>Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.22,618,513 as at 30 June, 2021 could not be confirmed.</p> <p>The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kilifi County Ward Scholarship Fund management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.</p>	<p>We can confirm that the fund had a serious shortage of technical personnel to review and carry out bank reconciliations within the required period of time however proper measures have been put place to resolve these challenges.</p>	Resolved	
6.	<p>The statement of comparison of budget and actual amounts reflects an expenditure budget of Kshs.373,430,985 against an actual expenditure of Kshs.353,742,117, resulting in</p>	<p>The ward scholarship fund Act 2013 was repealed</p>		

Kilifi County Ward Scholarship Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status : (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>under expenditure of Kshs.19,688,868 or 5%.However, the Fund had unspent funds totalling Kshs.22,618,538 as at 30 June, 2021.</p> <p>In the circumstances, the bursary funds were not applied fully for the benefits of the needy students.</p>	<p>and the new Act 2018 also amended to provide an allocation of 350,000,000 and not 500,000.000 as initially stated.</p> <p>Appendix 3 (Kilifi county ward scholarship fund Amendment Act 2020).</p>		
7.	<p>During the year ended 30 June, 2021, the Fund operated without two board members. This is contrary to the provisions of Section 13 (3)(d) of the Kilifi County Ward Scholarship Fund Act, 2018 Act on the establishment of the Board. Further, as at the time of the audit in November, 2021, no regulations had been developed and approved to guide the operation and management of the Fund.</p> <p>Consequently, the legality of the decisions of the Board may be put to question as the Board was not fully constituted during the year ended 30 June, 2021.</p>	<p>The process of appointing the other members was derailed by the closure of institutions due to the Covid 19 pandemic but will be concluded soon.</p> <p>The regulation is ready and was forwarded to the cabinet for deliberation</p>	Resolved	

**Kilifi County Ward Scholarship Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status : (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		and on ward submission to the County assembly. Attached is a cabinet memo and the regulation.(Appendix 4)		
9.	<p>During the year under review, each ward was allocated an amount of Kshs.9,700,000 for bursaries but available payments schedule indicates that 16 out of the 35 wards had total bursary expenditure of Kshs.177,348,233 against their total equitable allocation of Kshs.155,200,000, resulting in over allocation of Kshs.22,148,233.</p> <p>Further, 19 wards had total actual bursaries expenditure of Kshs.166,174,754 against their total allocation of Kshs.184,300,000, resulting in an under allocation of Kshs.18,125,246.</p> <p>Inequitable allocation of ward Funds may deny needy and deserving students the opportunity to further their education or studies.</p>	All wards are allocated equal bursary amounts with no over or under allocation. The discrepancies arise when a ward doesn't utilize all the monies allocated to them during the year due to different reasons. These monies cannot be transferred to another ward but carried forward to the next financial year hence	Resolved	

Kilifi County Ward Scholarship Fund

Annual Report and Financial Statements for the year ended June 30, 2022

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		<p>adding to the amount spent on that particular year e.g the 16 wards above.</p> <p>The 19 wards were not able to utilize all their monies during the year hence under utilization. The balance will therefore be spent in the following year by the same ward</p>		



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