

REPUBLIC OF KENYA



Enhancing Accountability

PAPERS LAI

DATE 6/6/2023

TABLED BY Majority Whip

COMMITTEE -

CLERK AT THE TABLE Innocent Mbaye

REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

**TAITA TAVETA COUNTY
EDUCATION FUND BOARD**

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



**TAITA TAVETA COUNTY
EDUCATION FUND BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
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)

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1. Key Entity Information and Management

a) Background information

The Taita Taveta Education Fund is established by and derives its authority and accountability from Taita Taveta Education Fund Board Act on 2013. The Fund is wholly owned by the County Government of Taita Taveta and is domiciled in Kenya.

The fund's objectives are to grant loans, bursaries and scholarships to assist student residents of Taita Taveta County to obtain post primary and higher education at recognized institutions within and outside Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to Provide quality basic education, promote and coordinate accessible quality life-long education for the county's sustainable development

c) Fund Management Board

Ref	Position	Name
1	Chairman of the Board	David Mombo
2	Vice Chairperson	Leah K. Kamau
3	Chief Officer Education	Evelyn S. Mngoda
4	CEO Education Fund	Philip Mwangwale
5	Fund Manager/ Administrator	Eunice N Mwanyamba
6	Member	Simon Mwakughu
7	Member	Aggrey N. Msangi
8	Member	Ven Renson Shake
9	Member	Granton Mwaliko
10	Member	Humphrey M. Mng'ongo
11	Member	Margret Kawuki
12	Member	Philisia M. Selina
13	Member	Dorcas Tama

d) Key Management

Ref	Name	Position
1	Evelyn S Mngoda	CCO Education, Libraries and VTC's
2	Philip Mwangwale	CEO Education Fund
3	CPA Eunice N Mwanyamba	Fund Administrator

e) Registered Offices

P.O. Box 1066-80304

Wundanyi

Taita Taveta, Kenya

f) Fund Contacts

Telephone:(254) 0713164527

E-mail: loansboardtaitataveta@gmail.com

g) Fund Banker

1. Kenya Commercial Bank
Wundanyi Branch
P.O Box 1067-80304
Kenya

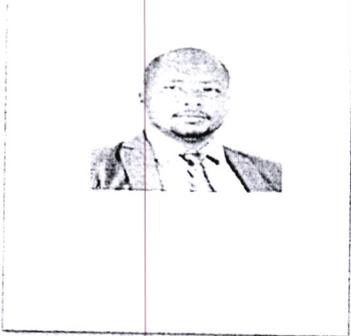
h) Independent Auditors

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

i) Principal Legal Adviser

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

2. Fund Management Board

Name	Details of qualifications and experience
<p>1. Evelyn S. Mngoda</p> 	<p>Evelyn is the CCO of the Department of Education, Vtc's and Libraries. She has a Bachelors of commerce accounting option from the university of Nairobi, has over 25 years experience in Finance, Banking and over 10 years experience in administration and management</p>
<p>2. Philip Mwangale</p> 	<p>Philip is the head of Education Fund board secretariat and secretary to the Education Fund Board. of the Fund and is currently pursuing Masters in Arts Counselling Psychology. He is a graduate from Mt Kenya University with bachelors of Education, a teacher contracted by TSC since 2010-2018</p>
<p>3. Eunice N. Mwanyamba</p> 	<p>Eunice is an accountant by profession and is the fund administrator, holds a Bachelors degree in Commerce finance Option from Kenyatta University and is a CPA K and a member of ICPAK. Has worked with Taita Taveta County Executive since 2016</p>
<p>4. David Mombo</p> 	<p>David is the Chairman of the board and has been a teacher in Kenyatta high school and is currently the deputy principal at Marungu Secondary School</p>

Taita Taveta County Education Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022

 <p>5. Leah Kamau</p>	<p>Leah is a retired teacher and has been a School principal for over 30 years. She taught chemistry and Biology and represents the women in the Board.</p>
<p>6. Dorcas Tama</p> 	<p>Dorcas is a member of the Board and is currently a student at Maseno University</p>
<p>7. .Aggrey Msangi</p> 	<p>Aggrey is a member of the board</p>
<p>8. Granton Mwaliko</p> 	<p>Granton is a representative of education in the Board and is a member of KEPSHA.</p>
<p>9. Humphrey Mwandonyi</p>	<p>Humphrey is a representative of youth in the Board. He is currently working with the County government in the department of health as a revenue clerk.</p>

Taita Taveta County Education Fund Board
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<p>10. Margaret Kawuki</p> 	<p>Margaret is a business lady from 1987-2018 and she completed her secondary school in 1986 from Voi secondary school.</p>
<p>11. Philisiah Mghoi Selina</p> 	<p>Philisiah is a member of the board born on 15.04.1989 representing persons with disability. She attended college at Machakos Teachers Training College and Kenya Institute of Special Education. She is currently a teacher at Mwatate primary school</p>
<p>12. Ven. Renson Shake</p> 	<p>Ven Renson is an Arcdeacon and is currently based in the Archdeaconry of Taveta. He holds a degree in Bachelor of Divinity. was a dioecene youth chair from 2007 - 2009, taita taveta Dcc chair from 2007, 2013 - 2018 taita taveta ccc chairman.</p>
<p>13. Simon Mwakughu.</p> 	<p>Born on 03.03.1961 Simon is a career teacher and has been teaching secondary over 30 years a School principal for over 23 years and holds a Degree in Bachelor of Education (Arts). He represents Education in the Board and is a</p>

	member of KESSHA for 3 years, academic chair taita taveta 8 years. He has since retired.
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3. Management Team

Name	Details of qualifications and experience
<ul style="list-style-type: none"> Evelyn Shighi Mngoda 	<p>Evelyn is the CCO of the Department of Education, born on 18.09.1957 Vtc's and Libraries. She has a Bachelors of commerce accounting option from the university of Nairobi, has over 25 years experience in Finance, Banking and over 10years experience in administration and managemeng</p>
<ul style="list-style-type: none"> Philip Mwangwale 	<p>Philip is the the head of Education Fund board secretariat and secretary to the Education Fund Board. Was Born on 23.07.1985 of the Fund and is currently pursuing Masters in Arts Counselling Psychology. He is a graduate from Mt kenya University with bachelor of Education, a teacher contracted by TSC since 2010-2018</p>
<ul style="list-style-type: none"> CPA Eunice N Mwanyamba 	<p>Eunice is an accountant by profession and is the fund administrator, born on 29.12.1992, holds a Bachelors degree in Commerce finance Option Kenyatta University and is a CPA K and a member if ICPAK. Has worked with Taita Taveta County Executive since 2016</p>

4. Board/Fund Chairperson's Report

It is my pleasure to present, on behalf of the Taita Taveta County Education Fund Board financial statements for the year ended 30th June 2022. The financial statements present the financial performance of the fund over the past year.

The Taita Taveta Education Fund was established with the aim of:

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

Sustainability

The Taita Taveta Education Fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for resource mobilization and financing capabilities with an objective of ensuring that the fund's going concern is secured.

The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long-term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

Board and Management Changes

In the financial year under review there were changes in the management team; from CCO Simon Mwachia to CCO Evelyn S. Mngoda and the Fund administrator from Samuel Kumola to Eunice Nyokabi.

Review of performance

Income

In the year ended 30th June 2022, the Taita Taveta Education Fund had projected revenue of Kshs 170,000,000 from the Exchequer releases. Which was later reduced to Ksh145,000,000 after a supplementary budget. By the end of the financial year the fund received a total of Ksh 58,400,000.

Expenditures

The total expenditures during the period amounted to KShs.73,395,204 representing an absorption rate of 57%

Taita Taveta County Education Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022

Future outlook

The fund focus is looking to build a sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the county government and development partners to the realization of its mandate.

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 continued support which made us achieve these results.

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



Name: David Mombo

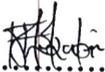
Board Chairperson

5. Report of The Fund Administrator

The Taita Taveta County Education Fund Board was established by Taita Taveta County Education Fund Board Act, 2013 to provide for the management an education fund to be used for granting loans, bursaries and scholarships to assist resident students of Taita Taveta County to obtain post primary and higher education.

In the financial year, the budget allocation for the fund was a total of Kshs.170,000,000 coming down to Kshs145,000,000 after the supplementary budget. In the financial year under review the fund managed to disburse a total amount of Ksh 37,998,228 to bursaries and Ksh 31,110,324 to scholarship.

My wish is that the budget shall be fully funded to enable the fund service all its products adequately.



.....
Name: Eunice Nyokabi

Fund Administrator

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity 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 objective of the Fund as per the strategic plan for 2019-2023 is

- a) Ensure inclusive and equitable quality education and promote lifelong opportunity for all.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Education scholarship,	Ensure inclusivity and equitability	Increased allocation for scholarship,	No. Of students supported Scholarship report	In FY 21/22 the fund was able to disburse scholarship for two intakes in the same financial year.
Bursaries program	Ensure equality and lifelong opportunity for all	Increased allocation for Bursaries	No. Of students supported Bursaries report	In FY 21/22 the fund was able to disburse bursaries amounting to Ksh. 37,998,228

Remuneration of Board Members

The Board members do not receive a salary. However, they are paid a sitting allowance for board meetings at the rate of Kshs 15,000 for the Chairperson, Kshs 12,000 for the Vice Chairperson and the other members Kshs 10,000. per meeting. County employees are paid at the rate of Kshs 4,000 per meeting which is as per the Salaries & Remuneration Commission circular SRC/ADM/CIR/1/13(122).

7. Corporate Governance Statement

Board Meetings

The Taita Taveta County Education Fund board holds a minimum of four sittings every financial year as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets as outlined in the charter. The board also plays an oversight role over all other financial and operational issues.

Board and committee attendance for the period.

Members	19.07.2021	04.10.2021	04.05.2022	24.06.2022
Mombo David	✓	✓	✓	✓
Leah Kamau	✓	✓	✓	✓
GrantonMwaliko	✓	✓	✓	✓
Dorcas Tama	✓	✓	✓	✓
Simon Mwakughu	✓	✓	✓	✓
Humphrey M. Mng'ong'o	✓	✓	✓	✓
Ven Renson Shake	✓	✓	✓	✓
Margaret Kawuki	✓	✓	✓	✓
Aggrey Ndelejai	✓	✓	✓	✓
Samuel Kumola	✓	✓	✓	✓
Philip Mwangwale	✓	✓	✓	✓
Philisia Mghoi	✓	✓	✓	✓
Evelyn Shighi	✓	✓	✓	✓
Eunice Nyokabi	✓	✓	✓	✓

Succession Plan

The members of the Board shall hold office for a period of 3 years and may be eligible for re-appointment for one more term of three years.

Appointment of Board Members

The Governor shall be the Patron of the board who shall;

- Appoint a chairman with the approval of the County Assembly;
- Appoint the Secretary to the board who shall be the Chief Executive Officer of the board with approval of the County Assembly.
- The following representatives are also in the board
 - a) a vice Chair elected by the members;
 - b) a representative of the finance docket;
 - c) a representative of the youth;
 - d) a representative of persons with disabilities
 - e) three members representing special interest group namely;
 - Administration;
 - Religion;
 - Education; (c-e shall be appointed by the County Executive Committee Member, In-charge of Education with the approval of the county assembly.)

The legal advisor appointed by the Governor

Key responsibilities of the Board Members

The Taita Taveta county Education Fund Board has undertaken the following

- Formulated sound policies for regulating the management the Fund
- Set the criteria and conditions governing the granting of loans
- Held public information and engagement forums in the County to facilitate public participation
- Held its four mandatory meetings as prescribed in the Act.

**12. REPORT OF THE INDEPENDENT AUDITOR ON THE TAITA TAVETA COUNTY
EDUCATION FUND FOR THE YEAR ENDED 30 JUNE 2022**

8. Management Discussion and Analysis

Operational and Financial performance

The Taita Taveta Education Fund Board budget allocation has not matched the actual funding. The only source of funding is the County government since its inception.

Financial Information

YEAR	BUDGETED	EXCHEQUER ISSUE
FY 2013/14	50,000,000	50,000,000
FY 2014/15	50,000,000	52,421,741
FY 2015/16	93,600,000	86,142,658
FY 2016/17	116,000,000	42,000,000
FY 2016/17 - TO HELB		20,000,000
FY 2017/18	121,648,046	40,700,000
FY 2017/18 - TO HELB		10,000,000
FY 2018/19	151,175,000	97,000,000
FY 2018/19 - TO HELB		8,000,000
FY 2019/2020	72,000,000	32,100,570
FY 2020/2021	137,000,000	100,000,000
FY 2021/2022	145,000,000	58,400,000

It is important to note that adequate financing for the fund can be achieved through increased allocation from the County and funding from donors.

The fund has a phone number where residents of the County can enquire on issues of the fund. In line with that we have been engaging HELB to build capacity by training the ward administrators on how residents can benefit from the County loans and HELB products.

Any County that intends to make a breakthrough in industrialization and technological development must begin by ensuring that it has a critical mass of well qualified personnel

9. Environmental and Sustainability Reporting

The Taita Taveta County Education Fund Board exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 3 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The Taita Taveta County Education Fund Board has continued to structure its programs towards career development that will improve the man power needed in various sector in the county and beyond.

2. Environmental performance

To promote sustainable land use and environmental conservation the Taita Taveta County Education Fund Board undertook various capacity building and provision of materials geared towards environmental protection and sustainable land use.

3. Employee welfare

The Taita Taveta County Education Fund Board revamped its efforts in improving the welfare of its employees as a key ingredient to employee motivation and satisfactory work performance.

Additionally, the Taita Taveta County Education Fund Board has completed the renovation and equipping of its offices in Taita Sub-County hence providing the necessary office space and equipment needed for effective and efficient service delivery to its residents and other stakeholders.

4. Community Engagements-

The Taita Taveta County Education Fund Board through its various Departments and in collaboration with other stakeholders has been engaging in various community initiatives that have helped improved people's living standards. Several public participation exercises were conducted to collect views and contributions from the residents on issues such proposed projects, progress reports, budgets, etc having a bearing on service delivery.

10. Report of The Board of Management

Principal activities

The principal activity/mission/ mandate of the Fund is to Provide quality basic education, promote and coordinate accessible quality life-long education for the county's sustainable development

Results

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

Board of Management

The members of the Fund Management Board who served during the year are shown on page (v). The changes in the Board during the financial year are as shown below:

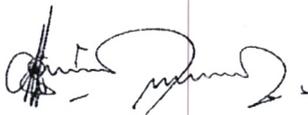
CCO Simon Mwachia replaced by CCO Evelyn S Mngoda

CPA Samuel Kumolla replaced by CPA Eunice Nyokabi

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. OR [XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board



.....
Chair of the Board : David Mombo

Date: 23.11.22

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 the Taita Taveta Fund Board Act 2013 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 Taita Taveta Fund Board Act 2013. 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 23. 11 . 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 TAITA TAVETA COUNTY EDUCATION FUND BOARD 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 Taita Taveta County Education Fund Board set out on pages 1 to 20, 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 cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter 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 Taita Taveta County Education Fund Board as at 30 June, 2022, and 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 Taita Taveta Education Fund Board Act, 2013.

Basis for Qualified Opinion

Undisclosed and Doubtful Disbursements

The statement of financial position and Note 7 to the financial statements reflect long-term receivables from non-exchange transactions balance of Kshs.88,702,004 in respect of monies transferred to Higher Education Loans Board (HELB) for disbursement to needy students. Further, the statement of account from HELB indicated that a total of Kshs.52,000,000 was transferred to HELB against Kshs.52,856,000 which was disbursed to needy students and the difference of Kshs.856,000 between the two amounts was part of recoveries of Kshs.5,659,018 made by HELB from loanees. However, the amount of Kshs.856,000 disbursed was not disclosed by the Fund as a receivable in the financial statements.

In addition, the Management explained that the difference of Kshs.36,702,004 between the financial statements balance of Kshs.88,702,004 and HELB statement of account balance of Kshs.52,000,000 were disbursements by HELB to students before the signing of service agreements between the students and HELB. However, it was not explained whether the students issued with the loans totaling to Kshs.36,702,004 subsequently signed the agreements with HELB and whose responsibility it was to recover the loans from the beneficiary students.

In the circumstances, the accuracy and completeness of the long-term receivables from non - exchange transactions balance of Kshs.88,702,004 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Taita Taveta County Education Fund Board 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 final receipts budget and actual on comparable basis of Kshs.145,000,000 and Kshs.58,400,000 respectively resulting to an under-funding of Kshs.86,600,000 or 60% of the budget. Similarly, the Fund expended Kshs.73,395,204 against an approved budget of Kshs.145,000,000 resulting to an under-expenditure of Kshs.71,604,796 or 49% of the budget.

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

2. Prior Year Matters

In the audit report of the previous year, issues were raised which remained unresolved as at 30 June, 2022 and Management has not provided reasons for the delay in resolving them. Further, the prior year issues were not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board reporting template.

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 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

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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the 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 control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

I also provide the 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

28 February, 2023

Taita Taveta County Education Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022

13. Statement of Financial Performance for the Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			Restatement
Public Contributions and Donations		-	-
Transfers From the County Government	1	58,400,000	100,000,000*
Fines, Penalties and Other Levies		-	-
		58,400,000	100,000,000
Revenue From Exchange Transactions			
Other Income		-	-
Total Revenue		-	-
Expenses			
Other grants and Transfers	2	-	9,000,000
Bursaries and Scholarship	3	69,108,552	68,375,880
Administration costs	4	3,900,660	2,088,600
General Exoenses	5	385,992	-
Total Expenses		73,395,204	79,464,480
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Surplus/(Deficit)		(14,995,204)	20,535,520

*Restated balance as explained in Note 1



.....
Name: CPA Eunice Nyokabi
Administrator of the Fund
ICPAK Member No.25272



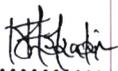
.....
Name: Silas Njongwa
Accountant

14. Statement of Financial Position as at 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			Restatement
Current Assets			
Cash and Cash Equivalents	6	5,540,316	20,535,520*
Other grants and Transfers		-	9,000,000
Inventories		-	-
		5,540,316	29,535,520
Non-Current Assets			
Long Term Receivables from Non-Exchange Transactions	7	88,702,004	79,702,004
Total Assets		94,242,320	109,237,524
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions		-	-
		-	-
Non-Current Liabilities			
Long Term Portion of Borrowings		-	-
Total Liabilities		-	-
Net Assets		-	-
Revolving Fund	8	88,702,004	88,702,004
Reserves		-	-
Accumulated Surplus	9	5,504,316	20,535,520
Total Net Assets and Liabilities		94,242,320	109,237,524

*Restated balance as explained in Note 6

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 23.11.2022 and signed by:



.....
Name: CPA Eunice Nyokabi
Administrator of the Fund
ICPAK Member No:25272



.....
Name: Silas Njongwa
Accountant

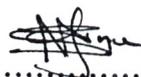
15. Statement of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluatio n Reserve Kshs	Accumulate d surplus Kshs	Total Kshs
Balance As At 1 July 2020	79,702,004	-	-	79,702,004
Surplus/(Deficit) For the Period	-	-	20,535,520*	20,535,520
Funds Received During the Year	9,000,000	-	-	9,000,000
Revaluation Gain	-	-	-	-
Balance As At 30 June 2021	88,702,004	-	20,535,520	109,237,524
Balance As At 1 July 2021	88,702,004	-	20,535,520	109,237,524
Surplus/(Deficit)For the Period	-	-	(14,995,204)	(14,995,204)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30th June 2022	88,702,004	-	5,540,316	94,242,320

*Restated balance as explained in Note 6



.....
Name: CPA Eunice Nyokabi
Administrator of the Fund
ICPAK Member No:25272



.....
Name: Silas Njongwa
Accountant

Taita Taveta County Education Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022

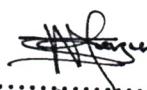
16. Statement of Cash Flows for the Year Ended 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cashflows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government	1	58,400,000	100,000,000*
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		58,400,000	100,000,000
Payments			
Other Grants and Transfers	2	-	(9,000,000)
Bursaries and Scholarship	3	(69,108,552)	(68,375,880)
Administration costs	4	(3,900,660)	(2,088,600)
General expenses	5	(385,992)	-
		(73,395,204)	(79,464,480)
Net cashflows from operating activities		(14,995,204)	20,535,520
Cash flows from investing activities			
Net cashflows used in investing activities		-	-
Cashflows from financing activities			
Additional borrowings		-	-
Net cashflows used in financing activities		-	-
Net increase/(decrease)in cash &cash Equivalents		(14,995,204)	20,535,520
Cash and cashequivalentsat 1july	6	20,535,520	-
Cash and cash equivalents at 30th June	6	5,540,316	20,535,520

*Restated balance as explained in Note 1 and note 6



Name: CPA Eunice Nyokabi
Fund Administrator
ICPAK Member No:25272



Name: Silas Njongwa
Accountant

Taita Taveta County Education Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022

17. Statement Of Comparison Of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2022	2022	2022	2022	2022	2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	-	-	-	-	
Transfers From County Govt.	170,000,000	(25,000,000)	145,000,000	58,400,000	86,600,000	40%
Interest Income		-				
Other Income		-				
Total Income	170,000,000	(25,000,000)	145,000,000	58,400,000	86,600,000	
Expenses						
Bursaries and Scholarship	122,400,000	(18,000,000)	104,400,000	69,108,552	33,682,248	66%
Fund Administration Expenses	4,714,008	(750,000)	3,964,008	3,900,600	1,672,548	98%
General Expenses	385,992		385,992	385,992	0	100%
Loans	42,500,000	(6,250,000)	36,250,000	0	36,250,000	0%
Total Expenditure	170,000,000	(25,000,000)	145,000,000	73,395,204	71,604,796	
Surplus For the Period				(14,995,204)	14,995,204	

**Taita Taveta County Education Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022**

18. Notes to the Financial Statements

1. General Information

The Taita Taveta Education Fund entity is established by and derives its authority and accountability from Taita Taveta Education Fund Board Act on 2013. The fund is wholly owned by the County Government of Taita Taveta and is domiciled in Kenya.

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:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

Taita Taveta County Education Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	<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 flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

Taita Taveta County Education Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	<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 2023.</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 for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

Taita Taveta County Education Fund Board
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Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The Taita Taveta Education Fund Board did not early – adopt any new or amended standards in year 2021/2022.

4. 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 County Assembly on 2021. 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.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section 16 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 costs 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.

Taita Taveta County Education Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Taita Taveta County Education Fund Board
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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.

Taita Taveta County Education Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022

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. *Entity to state the reserves maintained and appropriate policies adopted.*

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) 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.

g) 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 Kenya Commercial Bank at the end of the financial year.

h) Events after the reporting period

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

i) Ultimate and Holding Entity

The entity is a County Public Fund established by Taita Taveta Education Fund Act 2013 under the Department of Education, Libraries and VTCs. Its ultimate parent is the County Government of Taita Taveta.

j) 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.

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.

Taita Taveta County Education Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022

18. Notes to the Financial Statements

1. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
		Restatement
Transfers From County Govt. –Operations	58,400,000	100,000,000*
Payments By County On Behalf Of The Entity	-	-
Total	58,400,000	100,000,000

*Restated balance: An amount of Ksh 20,000,000 receipt for the year ended 30th June 2021 was erroneously posted as opening balance for the FY 2021-22, the amount was processed and transferred from County Treasury in the Month of June 2021 and received on July 2021. However, the Amount has since been posted correctly as receipts for the FY 2020-2021.

2. Other grants and Transfers

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfer to Helb	-	9,000,000
Total	-	9,000,000

3. Bursaries and Scholarship

Description	2021-2022	2020-2021
	Kshs	Kshs
Bursaries	37,998,228	68,375,880
Scholarship	31,110,324	-
Total	69,108,552	68,375,880

4. Administration Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Administration Costs	3,900,600	2,088,600
Total	3,900,600	2,088,600

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Notes to the Financial Statements Continued

5. General Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank Charges	385,992	-
Total	385,992	-

6. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
		Restatement
Taita Taveta Education Fund Account	5,540,316	20,535,520*
Total Cash and Cash Equivalents	5,540,316	20,535,520

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Account			
Kenya Commercial Bank	1152801015	5,540,316	20,535,520*
Sub- Total		-	-
b) Others		-	-
Cash In Transit		-	-
Sub- Total		-	-
Grand Total		5,540,316	20,535,520

***Restated balance:** An amount of Ksh 20,000,000 receipt for the year ended 30th June 2021 was erroneously posted as opening balance for the FY 2021-22, the amount was processed and transferred from County Treasury in the Month of June 2021 and received on July 2021. However, the Amount has since been posted correctly as receipts for the FY 2020-21..

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7. Long term Receivables from Non- exchange transaction

Description	2021-2022	2020-2021
	Kshs	Kshs
Helb Loans	88,702,004	79,702,004
Total	88,702,004	79,702,004

The amount of ksh88,702,004 is inclusive of the total amount of loans issued to students as at 30.06.2022 out of which an amount of ksh5,659,018 is the total amount recovered to date which makes ksh83,042,986 the outstanding loan amount. From the total amount recovered an amount of ksh856,000 has been disbursed and therefore leaving a balance of ksh4,803,018 as the total recoveries balance.

8. Revolving Fund

Description	2021-2022	2020-2021
	Kshs	Kshs
Helb loans	88,702,004	79,702,004
Transfer to Helb	-	9,000,000
Total	88,702,004	88,702,004

9. Accumulated surplus

Description	2021-2022	2020-2021
	Kshs	Kshs
Surplus/Deficit For the Year Before Tax		
Adjusted for		
Balance brought forward	20,535,520	
Restatement		20,000,000*
Surplus / Deficit for the year	(14,995,204)	535,520
Total	5,540,316	20,535,520

***Restated balance:** An amount of Ksh 20,000,000 receipt for the year ended 30th June 2021 was erroneously posted as opening balance for the FY 2021-22, the amount was processed and transferred from County Treasury in the Month of June 2021 and received on July 2021. However, the Amount has since been posted correctly as receipts for the FY 2020-21..

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Other Disclosures

10. 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 County Assembly;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'-Helb	-	9,000,000

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19. Progress On Follow Up of Prior Year Auditor’s Recommendations

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

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)

As at 30th June the Fund was yet to receive the Auditor’s report on financial statement for the year 2020/2021.