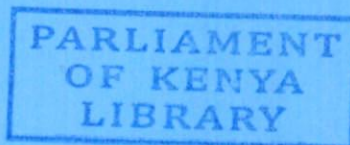


**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**TANA RIVER COUNTY WARD  
BURSARY FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2019**

TABLED BY	3/11/2021
COMMITTEE	Deputy Senate Reg. wh.
CLERK AT THE TABLE	Kavala m.
PAPERS LAID	



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30034 - 00100, NAIROBI  
REGISTRY

03 SEP 2020

RECEIVED

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**TANA RIVER COUNTY WARD BURSARY FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2019**

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

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**TABLE OF CONTENTS**

TABLE OF CONTENTS	1
1. KEY ENTITY INFORMATION AND MANAGEMENT	2
2. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)	5
3. MANAGEMENT TEAM	8
4. BOARD/FUND CHAIRPERSON'S REPORT	9
5. REPORT OF THE FUND ADMINISTRATOR	10
6. CORPORATE GOVERNANCE STATEMENT	12
7. REPORT OF THE TRUSTEES	13
8. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	14
9. REPORT OF THE INDEPENDENT AUDITOR	15
10. FINANCIAL STATEMENTS	16
<b>10.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED     30<sup>th</sup> JUNE 2019 .....</b>	<b>16</b>
<b>10.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 .....</b>	<b>17</b>
<b>10.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2019 .....</b>	<b>18</b>
<b>10.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019 .</b>	<b>19</b>
<b>10.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS     FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2019.....</b>	<b>20</b>
<b>10.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....</b>	<b>21</b>
<b>10.7. NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>26</b>

## **1. KEY ENTITY INFORMATION AND MANAGEMENT**

### **a) Background information**

The Tana River County Ward Bursary Fund is established by and derives its authority and accountability from The Tana River County Ward Bursary Fund Act, 2014. The Fund is wholly owned by the County Government of Tana River and is domiciled in Kenya.

The fund's objective is to cushion households from the impact of poverty by increasing access, retention and completion rates of secondary, universities, middle level and tertiary institutions by the children of Tana River County who are its future.

The Fund's principal activity is to receive bursary funds as appropriated in the County's Approved budget estimates and disburse the funds as stipulated in the Act to enable children of the Tana River County pursue their education.

During the year 2018/2019 the board received kshs.238 Million of which Kshs.230.2 Million was for disbursement to the 15 wards within the County as bursary and Kshs.7.8 Million was for administration costs.

### **b) Principal Activities**

#### **Mission Statement**

The Tana River County Ward Bursary Fund's mission is to help hardworking students by providing financial aid and wrap-around support services. Our goal is to ensure that no student is deprived off an education because of shortage of funds or lack of support.

#### **Vision statement**

To support every student to have access to the tools necessary to pursue education.

#### **Core objectives**

- The fund's objective is to cushion households from the impact of poverty by increasing access, retention and completion rates of secondary, universities, middle level and tertiary institutions by the children of Tana River County who are its future.
- To mitigate children from effects of social –cultural factors like early marriages, pregnancies and Female Genital Mutilation

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

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Khalif Bwanaidi Bahola	Board Chairman
2	Bona Fatuma Gafo	Chief Officer, Education & vocational Training
3	Eric Arua Wasonga	Chief Officer, Sports & Culture
4	Hussein Soba	Chief Officer, Public Service

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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5	Cornelius Ongweko Wamukoya	Fund Administrator
6	Dhadha Abdullahi Ijema	Board Member
7	Miriam Ihugo Wangui	Board Member
8	Gabriel Makevo Mwewe	Board Member
9	Aden Mohamed Ahmed	Board Member
10	Swadiki Farhan	Board Member

**d) Key Management**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Cornelius Ongweko Wamukoya	Fund Administrator
2	Bona Fatuma Gafo	Chief Officer, Education & vocational Training
3	Boniface Obara Mangana	Accountant

**e) Registered Offices**

P.O. Box 29 70101,  
Office of the Governor  
Hola, KENYA

**f) Fund Contacts**

Telephone: (254) 716830851  
E-mail: tanariverbursary.go.ke  
Website: www.tanariver.go.ke

**g) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
P.o.Box 100 - 70101  
Hola  
Kenya

**h) Independent Auditors**



Auditor General  
Kenya National Audit Office  
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

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**2. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)**

Name	Details of qualifications and experience
<p>1.  Mr. Khalif Bwanaidi Bahola Board Chairman</p>	<p>Mr. Khalif Bahola Bwanaidi was born in 1958 Tana River County. He attended Hola primary school where he attained his Certificate of Primary Education in 1970. He attended Hola Secondary School for A level (1974). He went to Sabita Teachers Training College and obtained P1 certificate in 1979. He also attended a private college where he attained his 'A' level certificate in Kiswahili and History (1989). He also attained a Bachelor of Arts from Portsmouth University (1996). He has worked in various capacities in the teaching &amp; management positions such as; Assistant teacher, Deputy Head Teacher, Teacher advisory centre tutor, zonal inspector of schools, Divisional education officer and National quality assurance and standards officer in the Ministry of Education. He retired from his profession in 2007 and currently is self-employed.</p>
<p>2. Trustee 2</p>	<p>Mrs. Fakhar Swadiki Omar was born on 10<sup>th</sup> November 1976 in Tana River County. She attended Kipini Primary School and obtained her Kenya Certificate of Primary Education Certificate in 1990. She also has a driving license. She has worked as a food monitor supported by Tana Delta Conservancy (TADECO) from 1997-1999. She was also chairlady of the Zinduka women group and Bahari women group.</p>
<p>3.  Mrs. Miriam Wangui Ihugo Board Member</p>	<p>Mrs. Miriam Ihugo Wangui was born in 1975 in Nakuru County. She attended Dry's Primary School and obtained Kenya Certificate of Primary School in 1991. She then went to Amplex Computer College where she obtained a computer certificate in 2009. She has worked as an office assistant at Chewani ward office 2016-2017, and was the Treasurer for the Constituency Aids Control Committee (2007-2013).</p>

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**



**Mr. Gabriel Makevo Mwewe  
Board Member**

4.

Mr. Gabriel Makevo Mwewe was born in 1968 in Tana River County. He attended Rafiki Primary School where he attained his Certificate of Primary Education in 1982. then attended Mau Mau secondary school and obtained his KCE in 1986 and went to Tarasaa high school for his "A" level (1988). He obtained a bachelor's degree in Education from the University of Nairobi (2005) and also has a diploma in education Management from The Kenya Education Management Institute (2013). He currently works as the Principal of Galole Model Secondary School.



**Mr. Dhadha Abdullahi Ijema  
Board Member**

5.

Mr. Dhadha Abdullahi Ijema was born in 1978 in Tana River County. He attended Fahari Primary School where he attained his CPE (1992), and proceeded to Hirimani Sec School for his KCSE (1996). He holds a certificate in computer studies (2014) from Pasha Training Centre in Malindi. He has previously worked as Poll registration clerk with the defunct ECK in 2006. and has also been a chairperson of the Bura Farmers Produce society (2015).



**Mr. Aden Mohamed Abdi  
Board Member**

6.

Mr. Aden Mohamed Abdi was born in 1971 in Garissa County. He holds a Diploma in Human Resource Management from Grets University (2017) He has worked in various capacities with the United nations mission as a receptionist, communication officer (radio) and resettlement officer. He has volunteered as a community health worker in Charidende under the Kenya Red Cross 2012-2014.



**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**Mr. Cornelius  
O. Wamukoya  
Fund Administrator**

Mr. Cornelius Ongweko Wamukoya was born on 18th July, 1980 in Kakamega County. He attended Mumias Complex Primary School and attained his KCPE Certificate in 1994 and proceeded to Booker Secondary School where he attained his KCSE (B+) in 1998. He is also a holder of a bachelor's degree in Business Administration (Accounting) from Maseno University (2005). He holds a CPA (II) Certificate from KASNEB. Wamukoya has previously worked as a Revenue Officer & Accountant with the defunct local authority (Tana River County Council). He is currently working as a Principal accountant in the County Treasury Of Tana River but deployed to the Tana River County Bursary Board as the Fund Administrator.

7.

**3. MANAGEMENT TEAM**

Name	Details of qualifications and experience
 <p data-bbox="248 831 671 949"><b>Mrs. Bona Fatuma Gafo</b> CCO Education &amp; vocational training</p> <p data-bbox="169 949 193 981">1.</p>	<p data-bbox="775 327 1433 949">Mrs Bona Fatuma Gafo was born on 01/07/1974 in Tana River County. She attended Hola Primary School(1988) and later joined Wenje Secondary school where she attained her KCSE Certificate in 1992. She then proceeded to Shanzu Teachers Training College for her P1 Certificate(1997). She also holds a Diploma in Early Childhood Development Education(ECDE) from KNEC and a Bachelor's Degree in Early Childhood Development Education from Mount Kenya University(2014). She has worked as a teacher in various positions including Classroom teacher for 9 years at Maroni Primary school and later promoted to acting Deputy Head teacher at Bondeni Primary School where she left in 2018 to join the County Government as a Chief Officer in Education and Vocational Training Department.</p>
 <p data-bbox="225 1447 539 1574"><b>Mr. Cornelius O. Wamukoya</b> Fund Administrator</p> <p data-bbox="169 1574 193 1608">2.</p>	<p data-bbox="775 992 1433 1574">Mr. Cornelius Ongweko Wamukoya was born on 18th July, 1980 in Kakamega County. He attended Mumias Complex Primary School and attained his KCPE Certificate in 1994 and proceeded to Booker Secondary School where he attained his KCSE (B+) in 1998. He is also a holder of a bachelor's degree in Business Administration (Accounting) from Maseno University (2005). He holds a CPA (II) Certificate from KASNEB. Wamukoya has previously worked as a Revenue Officer &amp; Accountant with the defunct local authority (Tana River County Council). He is currently working as a Principal accountant in the County Treasury Of Tana River but deployed to the Tana River County Bursary Board as the Fund Administrator.</p>
<p data-bbox="169 1619 1286 1653"><i>Note: The Fund Administrator will feature under both the 'Board' and 'Management'.</i></p>	

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**4. BOARD/FUND CHAIRPERSON'S REPORT**

**INTRODUCTION**

The fund came into existence after the enactment of the Tana River Bursary Fund Act, 2014. In the financial year 2018/2019, a total of Kshs.225, 000,000 was allocated for disbursement to the 15 wards of the County, each ward being allocated Kshs.15, 000,000.

The aim of the fund is to;

1. Cushion households from the impact of poverty by increasing access, retention and completion rates of secondary, universities, middle level and tertiary institutions
2. Giving our children an opportunity to pursue further education especially the bright and needy within our society.

The fund is administered by an executive Board known as the Ward Bursary Fund Board, which is established by the Act, and comprises of 8 members. The Board is equally assisted in its work by a ward bursary committee established under this Act, in each ward, whose responsibility include receiving, vetting and approving of bursary applications and recommending deserving cases to the Board-as per Part VII Section 16(1) of the Act.

**PERFORMANCE**

Beneficiaries of the fund include secondary schools, middle level colleges, universities, driving schools, village polytechnics and dressmaking colleges.

I understand that due to the harsh economic times, Honourable members have been under pressure to award all applicants but we need to put in place mechanisms that will enable us to appraise all applicant and possibly award the funds to the most deserving children.

**WAYFORWARD**

In the financial year 2019/2020 the board expects to receive Kshs.154, 639,175 out of which Kshs.4, 639,175 are administrative costs and Kshs.150, 000,000 as bursary funds. It's the feeling of the board that proposed regulations by the Board will be approved by The County Assembly in good time as this will enable the Board to manage the funds effectively.



**KALIF BAHOLA  
CHAIRMAN  
TANA RIVER COUNTY WARD BURSARY FUND**

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**5. REPORT OF THE FUND ADMINISTRATOR**

**BACKGROUND**

The Tana River County ward bursary fund was established in the year 2014 through the enactment of the Tana river county ward bursary fund act of 2014. The main objective of the board is to receive bursary funds as appropriated in the County approved budget estimates and disburse bursary funds as stipulated in the Act to enable our children to pursue further education especially the bright and needy.

The fund is administered by an executive Board known as the ward bursary fund board, which is established by the act, and comprises of 9 members namely;

S/no.	Name	Designation
1	Bona Fatuma Gafo	Chief Officer Education and vocational training
2	Hussein Soba	Chief Officer Public Service
3	Cornelius O. Wamukoya	Fund Administrator
4	Khalif B. Bahola	Board Chairman
5	Dhadha Abdullahi Ijema	Board Member
6	Miriam Ihugo Wangui	Board Member
7	Gabriel Makevo Mwewe	Board Member
8	Aden Mohamed Ahmed	Board Member
9	Farhan Swadiki Omar	Board Member

The fund administrator is in charge of the day to day running of the fund. The board is equally assisted in its work by ward bursary committee established under this Act, in each ward, whose responsibilities include receiving, vetting and approving of bursary applications and recommending deserving cases to the board –as per Part VII Section 16(1) of the Act.

The Current board was inaugurated into office on the 18<sup>th</sup> July 2018 and commenced work with immediate effect to avert a crisis that was looming in the education sector due to lack of school fees. During the year 2018/2019 the board received kshs.238 Million of which Kshs.230.2 Million was for disbursement to the 15 wards within the County as bursary and Kshs.7.8 Million was for administration costs.

**PERFORMANCE**

The various wards disbursed kshs.229, 437,128 as at 30<sup>th</sup> June, 2019 to a total of 33,523 students in secondary schools and tertiary institutions as shown below:

S/no.	Ward	Allocation	expenditure	% of Expenditure
1	Wayu	15,000,000	14,992,000	99.9
2	Kinakomba	15,000,000	14,999,250	99.9
3	Garsen central	15,000,000	14,997,500	99.9
4	Garsen south	15,000,000	14,994,200	99.9
5	Garsen north	15,000,000	14,995,628	99.9
6	Garsen west	15,000,000	14,996,000	99.9
7	Chewani	15,000,000	14,991,500	99.9
8	Chewele	15,000,000	14,998,800	99.9
9	Kipini east	15,000,000	14,997,440	99.9
10	Kipini west	15,000,000	14,998,500	99.9

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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11	Mikinduni	15,000,000	14,995,900	99.9
12	Sala	15,000,000	14,991,900	99.9
13	Madogo	15,000,000	14,993,000	99.9
14	Bangale	15,000,000	14,995,000	99.9
15	Hirimani	15,000,000	14,990,400	99.9
16	Office scholarship	5,200,000	4,612,110	88.7
	<b>Total</b>	<b>230,200,000</b>	<b>229,437,128</b>	<b>99.6</b>

**Challenges**

In the course of our work, the board experienced a number of challenges namely;

**1. Forgery of beneficiary list**

It has come to the attention of the board that some students are forging beneficiary list to award themselves funds that were for instance meant to benefit many students who are in the same institution as him/her.

2. Lack of proper regulations to guide in the day-to-day operations of the board.

**Way forward**

1. The board shall be making impromptu visits to the ward committee to find out how the vetting process is done by the committee.
2. To prevent forging of beneficiary list the board should be given the mandate to send the cheques and list directly to the various institutions.
3. The proposed regulations be discussed and approved by the county assembly to enable the operations of the board be more efficient.

**CONCLUSION**

On behalf of the board, I wishes to take this earliest opportunity to thank the all the members of the County Assembly for the unwavering support during the execution of the boards mandate, and further assure the members of our continued cooperation with them to ensure that the students of Tana River County get financial support as they pursue their education. Thank you and God bless Tana River.

Yours,



**Cornelius O. Wamukoya  
FUND ADMINSTRATOR**

**6. CORPORATE GOVERNANCE STATEMENT**

There is established an executive Board to be known as the ward bursary fund board. The board shall be a body corporate with perpetual succession and common seal and shall in its corporate name, be capable of-

- Suing and being sued
- Taking ,purchase or otherwise acquiring ,holding, charging or disposing of movable and immovable property
- Borrowing money or making investments; and
- Doing or performing all other acts or things for the proper performance of its function under this Act which may lawfully be done or performed by a body corporate.

The board shall;

1. Ensure timely and efficient disbursement of funds to the schools of beneficiaries as approved by the ward bursary committee.
2. Ensure efficient management of the fund
3. Perform such other duties by the executive committee for finance and planning

Removal from the Board

A member of the board may be removed from office on any of the following grounds;

1. lack of integrity
2. gross misconduct
3. gross violation of the constitution or any statute
4. physical incapacitation or mental infirmity
5. pecuniary embarrassment; and
6. Failure to attend three consecutive meetings without apology.

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**7. REPORT OF THE TRUSTEES**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Fund are;

1. To cushion households from the impact of poverty by increasing access, retention and completion rates of secondary, universities, middle level and tertiary institutions by the children of Tana River County who are its future.
2. To mitigate children from effects of social –cultural factors like early marriages, pregnancies and Female Genital Mutilation.

**Results**

The results of the Fund for the year ended June 30, 2019 are set out on page 16

**Trustees**


The members of the Board of Trustees who served during the year are shown on page 2. The changes in the Board during the financial year are as shown below;

Mr. Eric Arua Wasonga who was then acting as Chief Officer Education and Vocational Training was replaced by Mrs Bona Fatuma Gafo the Substantive Chief Officer for Education and Vocational Training

**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



Member of the Board

Date: 4/10/2019

**8. 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 Tana River County ward Bursary Fund Act, 2014 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, 2019. 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 Tana River County Ward Bursary Fund Act, 2014. 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, 2018, 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 04/10 2019 and signed on its behalf by:

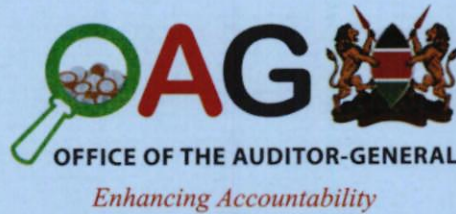


Administrator of the County Public Fund



# REPUBLIC OF KENYA

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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 TANA RIVER COUNTY WARD BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Tana River County Ward Bursary Fund set out on pages 16 to 29, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Basis for Disclaimer of Opinion**

##### **1. Non-submission of Prior Year Financial Statements**

The financial statements for the 2017/2018 financial year were not submitted for audit. This is in contravention of Section 149(k) which requires accounting officers designated for county government entities to prepare annual financial statements not later than three months after the end of each financial year and submit them to the Auditor-General for audit.

Consequently, it was not possible to confirm the accuracy of opening balances for the 2018/2019 financial statements.

##### **2. Unsupported Reserves**

The statement of financial position reflects total net assets and liabilities of Kshs.421,237 as at 30 June, 2019. Included in this balance is reserves balance of Kshs.63,160. The reserves balance was however not supported or explained in the notes to the financial statements.

Consequently, the accuracy of total net assets and liabilities of Kshs.421,237 as at 30 June, 2019 could not be confirmed.

### **3. Un-supported Expenditure**

The statement of financial performance and Note 2 of the financial statements reflects a figure of Kshs.7,272,200 for fund administration expenses as at 30 June, 2019. However, a review of the expenditure revealed that an amount of Kshs.1,391,000 was not supported with the relevant documents such as minutes for approval, invitation letters and attendance register for meetings. Further, an amount of Kshs.480,000 paid as rent arrears was not supported with a copy of lease agreement.

Consequently, the probity of expenditure on fund administration of Kshs.7,272,200 as at 30 June, 2019 could not be confirmed.

### **4. Un-Acknowledged Bursary Funds**

During the year under review, the Fund spent an amount of Kshs.229,437,128 on bursary as at 30 June, 2019. Audit review of the expenditure revealed that payments amounting to Kshs.32,126,550 had not been supported with receipts or acknowledgement letters from the respective schools, colleges and other institutions that the payments were made.

In the circumstances, the probity of expenditure for bursaries of Kshs.229,437,128 as at 30 June, 2019 could not be confirmed.

### **5. Lack of Effective Internal Audit Unit**

During the year under review, it was observed that the Fund had an internal audit unit which was not fully functional and operated with only two senior officers, a deputy director and an assistant director. Further, it was established that the unit did not audit the operations of the Fund during the year under review.

In the circumstances, the effectiveness of the internal audit unit could not be ascertained.

### **6. Failure to Establish an Audit Committee**

The Fund did not have an audit committee to oversee its financial operations and to also support the accounting officers with regard to their responsibilities on issues of risk, control and governance and associated assurances, as required by the Public Finance Management Act, 2012 Section 155(5) and Section 167(1). Failure to have an audit committee may cause overriding of controls by Management and in such instances, cases of fraud and errors may not be detected or corrected in a timely.

Consequently, the Fund Management is in breach of the law.

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

### **Conclusion**

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

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

### **Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or 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 the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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



**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**22 October, 2021**

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**10. FINANCIAL STATEMENTS**

**10.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup>  
JUNE 2019**

	Note	2018/2019
		<b>KShs</b>
<b>Revenue from non-exchange transactions</b>		
Transfers from the County Government	1	238,000,000
<b>Total revenue</b>		<b>238,000,000</b>
<b>Expenses</b>		
Fund administration expenses	2	7,272,200
Bursary Payments	3	229,437,128
General expenses	5	156,794
Staff training expenses	4	775,800
<b>Total expenses</b>		<b>237,641,922</b>
<b>Surplus/( deficit) for the period</b>		<b>358,078</b>

The notes set out on pages 26 to 28 form an integral part of these Financial Statements

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 04.10 2019 and signed by:

Administrator of the Fund  
Name: GORNELIUS O. WAMUKOYA

Fund Accountant  
Name: BONIFACE OBARAIF  
ICPAK Member Number:

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**10.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	Note	2018/2019
		KShs
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	6	421,237
Inventories		-
		<b>421,237</b>
<b>Non-current assets</b>		
Property, plant and equipment		-
<b>Total assets</b>		<b>421,237</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables from exchange transactions		-
<b>Non-current liabilities</b>		
Non-current employee benefit obligation		-
<b>Total liabilities</b>		-
<b>Net assets</b>		<b>421,237</b>
Revolving Fund		-
Reserves		63,160
Accumulated surplus		358,077
<b>Total net assets and liabilities</b>		<b>421,237</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 04/10 2019 and signed by:



Administrator of the Fund  
Name: CORNELIUS N. WAMUKOYA



Fund Accountant  
Name: BONIFACE ORAPA  
ICPAK Member Number:

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**10.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2019**

	<b>Revolving Fund</b>	<b>Revaluati on Reserve</b>	<b>Accumulated surplus</b>	<b>Total</b>
		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>Balance as at 1 July 2017</b>	-	-	(1,823,416.50)	(1,823,416.50)
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2018</b>	-	-	<b>(1,823,416.50)</b>	<b>(1,823,416.50)</b>
<b>Balance as at 1 July 2018</b>	-	-	<b>(1,823,416.50)</b>	<b>(1,823,416.50)</b>
Surplus/(deficit) for the period	-	-	358,077.00	358,077
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2019</b>	-	-	<b>(1,465,339.50)</b>	<b>(1,465,339.50)</b>

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**10.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2018/2019
		KShs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Public contributions and donations		-
Transfers from the County Government	1	238,000,000
Receipts from other operating activities		-
<b>Total Receipts</b>		<b>238,000,000</b>
<b>Payments</b>		
Fund administration expenses	2	7,272,200
Bursary Payments	3	229,437,128
General expenses	5	156,794
Staff training costs	4	775,800
<b>Total Payments</b>		<b>237,641,922</b>
<b>Net cash flows from operating activities</b>		<b>358,077</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment and intangible assets		-
Proceeds from sale of property, plant and equipment		-
Proceeds from loan principal repayments		-
Loan disbursements paid out		-
<b>Net cash flows used in investing activities</b>		<b>-</b>
<b>Cash flows from financing activities</b>		<b>-</b>
Proceeds from revolving fund receipts		-
Additional borrowings		-
Repayment of borrowings		-
<b>Net cash flows used in financing activities</b>		<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>358,077</b>
Cash and cash equivalents at 1 JULY		63,160
<b>Cash and cash equivalents at 30 JUNE</b>	6	<b>421,237</b>

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)



**10.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2019**

	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>	<b>% utilisation</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	
Transfers from County Govt.	160,000,000	78,000,000	238,000,000	238,000,000	-	100
Other income	-	-	-	-	-	
<b>Total income</b>	<b>160,000,000</b>	<b>78,000,000</b>	<b>238,000,000</b>	<b>238,000,000</b>	<b>-</b>	
<b>Expenses</b>						
Fund administration expenses	4,400,000	2,500,000	6,900,000	7,272,200	(372,200)	105
Bursary Payments	155,200,000	75,000,000	230,200,000	229,437,128	762,872	99.7
General expenses	20,000	100,000	120,000	156,794	(36,794)	130
Staff costs	380,000	400,000	780,000	775,800	4,200	99.5
<b>Total expenditure</b>	<b>160,000,000</b>	<b>78,000,000</b>	<b>238,000,000</b>	<b>237,641,922</b>		
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>358,077</b>		

**Budget notes**

- The County released funds to the Board in good time leading to prudent disbursement of bursaries to institutions.*

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**10.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. 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.

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

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 40:</b>  Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b>  The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41: Financial Instruments</b>	<b>Applicable: 1<sup>st</sup> January 2022:</b>  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 information than IPSAS 29, by: <ul style="list-style-type: none"> <li>• 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;</li> </ul>

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></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"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul>

**c) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2019.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. 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.

**4. Budget information**

The original budget for FY 2018/2019 was approved by the County Assembly on 18/08/2018. 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 recorded additional appropriations of Kshs.78M on the FY 2018/2019 budget following the governing body's approval.

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 xxx of these financial statements.

**5. Nature and purpose of reserves**

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

**6. 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**7. 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.

**8. Comparative figures**

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

**9. Events after the reporting period**

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

**10. Ultimate and Holding Entity**

The entity is a County Public Fund established by the Tana River County Bursary Fund Act under the Department of Education and Vocational Training. Its ultimate parent is the County Government of Tana River.

**11. Currency**

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

**12. 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

**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.

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**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

**10.7. NOTES TO THE FINANCIAL STATEMENTS**

**1. Transfers from County Government**

<b>Description</b>	<b>2018/2019</b>
	<b>KShs</b>
Transfers from County Govt.	
1 <sup>st</sup> tranche (06/07/2018)	78,000,000
2 <sup>nd</sup> tranche (16/01/2019)	80,000,000
3 <sup>rd</sup> tranche (09/05/2019)	80,000,000
<b>Total</b>	<b>238,000,000</b>

**2. Fund administration expenses**

<b>Description</b>	<b>2018/2019</b>
	<b>KShs</b>
Administration fees(allowances)	5,310,200
Electricity expenses	50,370
Printing and stationery	1,431,630
Rental costs	480,000
<b>Total</b>	<b>7,272,200</b>

**3. Bursary payments**

<b>Description</b>	<b>2018/2019</b>
	<b>KShs</b>
Ward bursary disbursements	229,437,128
<b>Total</b>	<b>229,437,128</b>

**4. Staff costs**

<b>Description</b>	<b>2018/2019</b>
	<b>KShs</b>
Staff training expenses	775,800
<b>Total</b>	<b>775,800</b>

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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

**5. General expenses**

<b>Description</b>	<b>2018/2019</b>
	<b>KShs</b>
Bank Charges	156,794
Other expenses	-
<b>Total</b>	<b>156,794</b>

**6. Cash and cash equivalents**

<b>Description</b>	<b>2018/2019</b>
	<b>KShs</b>
Current account	421,238
Others	-
<b>Total cash and cash equivalents</b>	<b>421,238</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*



**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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

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

		2018/2019	2017/2018
<b>Financial institution</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
		-	-
<b>b) On - call deposits</b>		-	-
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
			-
<b>c) Current account</b>			-
Kenya Commercial bank	1166389197	421,238	-
Bank B		-	-
<b>Sub- total</b>		<b>421,238</b>	-
			-
<b>d) Others(specify)</b>		-	-
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>421,238</b>	-

**Tana River County Ward Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**10. PROGRESS ON FOLLOW UP OF AUDITOR 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 frame within which we expect the issues to be resolved.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>