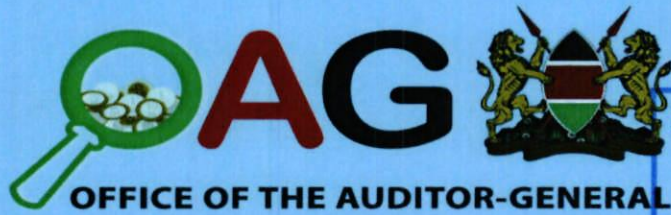


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REPORT

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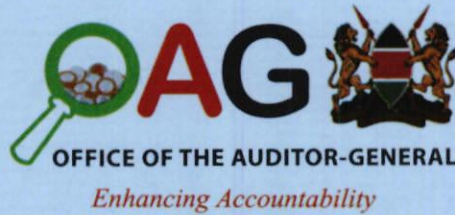
BARINGO COUNTY EDUCATION
BURSARY FUND

FOR THE YEAR ENDED
30 JUNE, 2016



REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY EDUCATION BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2016

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Baringo County Education Bursary Fund set out on pages 1 to 6, which comprise the statement of financial position as at 30 June, 2016, 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 notes to financial statements 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

1.0 Errors in Financial Statements Presentation and Disclosure

The financial statements prepared and presented for audit did not meet the presentation framework issued by the Public Sector Accounting Standards Board (PSASB) and the following reports and statements were not included or were incomplete;

- 1.1 Key entity information by Management
- 1.2 Details of the Board of Trustees
- 1.3 Details of the Management Team
- 1.4 The Board Chairperson's Report
- 1.5 Report of the Fund Administrator
- 1.6 Corporate Governance Statement
- 1.7 Management discussion and analysis
- 1.8 Corporate Social Responsibility statement report

- 1.9 Report of the Trustees
- 1.10 Statement of Management responsibilities
- 1.11 Blank page for the insertion of the Independent report of the auditor
- 1.12 Summary of significant accounting policies
- 1.13 Notes to the Financial Statements are incomplete
- 1.14 Other important disclosures
- 1.15 The Financial Statements do not have page numbers
- 1.16 The Financial Statements have been referred to as "Baringo County – Education Bursary and Scholarship Fund" instead of "Baringo County Education Bursary Fund" as per Section 3 of the Public Finance Management (Baringo County Education Bursary Fund) Regulations, 2014.

Consequently, the financial statements as prepared and presented do not comply with the format prescribed by the PSASB.

2.0 Inaccuracies in the Financial Statements

The following inaccuracies were noted in the financial statements presented for audit;

- 2.1 The statement of financial performance reflects balance brought forward of Kshs.30,925,239 which relates to the closing deficit for the financial year 2014/2015. However, the disclosure is not in line with the International Public Sector Accounting Standards (IPSAS) No.1 on presentation of the financial statements which requires such opening balances to be reflected in the statement of financial position and not in the statement of financial performance.
- 2.2 The statement of financial position reflects deficit for the period of Kshs.2,692,832 while the statement of financial performance reflects surplus of Kshs.28,232,407 resulting to unreconciled nor explained variance of Kshs.30,925,239.
- 2.3 The statement of financial performance reflects surplus for the period of Kshs.28,232,407 while the statement of changes in net assets reflects deficit of Kshs.56,794,832 resulting to unreconciled nor explained variance of Kshs.85,027,239.
- 2.4 The statement of changes in net assets reflects revolving fund of Kshs.140,000,000 and revaluation reserves of Kshs.123,560 which are not reflected in the statement of financial position and have not been supported by the relevant schedules.
- 2.5 The statement of cash flows reflects net decrease in cash and cash equivalents of Kshs.2,692,832 for the financial year 2015/2016. However, re-casting of the same revealed a net increase of Kshs.28,232,407 thus resulting to an unreconciled and unexplained variance of Kshs.30,925,239. Further, the statement reflects net increase in cash and cash equivalents of Kshs.1,827,359 for the financial year

2014/2015 while a re-computation of the same revealed an amount Kshs.30,925,239 thereby resulting to an unreconciled and unexplained variance of Kshs.29,097,880.

- 2.6 The statement of comparison of budget and actual amount reflects balance brought forward of Kshs.29,097,880 while the statement of financial performance reflects a balance of Kshs.30,925,239 thereby resulting to an unreconciled and unexplained variance of Kshs.1,827,359. Further, the statement reflects surplus/deficit for the period of Kshs.56,794,832 while re-casting of the balances revealed an amount of Kshs.26,405,084 resulting to an unreconciled and unexplained variance of Kshs.30,389,784.

Consequently, the accuracy and completeness of the balances included in the financial statements for the year ended 30 June, 2016 could not be confirmed.

3.0 Unsupported Balances

The statement of financial performance for the year ended 30 June, 2016 contained figures that varied with the support schedules provided for audit review resulting to an unexplained variance of Kshs.41,613,162 as detailed below;

Component	Financial Statements (Kshs.)	Schedules (Kshs.)	Variance (Kshs.)
Transfers from County Treasury	54,000,000	42,000,000	12,000,000
Fund uses/Expenditures/ Disbursements	56,794,832	27,181,670	29,613,162
Total	110,794,832	69,181,670	41,613,162

Under the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2016 could not be confirmed.

4.0 Unsupported Administration Costs

The statement of financial performance reflects total payments of Kshs.56,794,832 (2015 - Kshs.54,194,201). Documents provided for audit revealed that the Kshs.56,794,832 includes domestic travel and subsistence allowances (Administration Costs) of Kshs.1,881,000 which was not supported by detailed schedules and payment vouchers. In addition, the Kshs.1,881,000 exceeded Kshs.1,620,000 being 3% of Kshs.54,000,000 allocation for the financial year 2015/2016. This contravenes Section 16(5) of the Public Finance Management (Baringo County Education Bursary Fund) Regulations, 2014 which states that for each disbursement, the Board shall set aside a sum of three per centum of the total allocation to cater for the administration expenses of the Fund. The sum set aside under this regulation shall be properly accounted for and proper books of accounts kept and returns made to the Board on how the sum has been used.

Under the circumstances, the accuracy and completeness of administration cost of Kshs.1,881,000 for the year ended 30 June, 2016 could not be confirmed.

5.0 Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balances of Kshs.28,232,407 (2015 – Kshs.30,925,239) as disclosed under Note 3 to the financial statements. However, the cashbook provided for audit reflects Kshs.21,956,367 resulting to an unexplained variance of Kshs.6,276,040.

Further, the bank reconciliation statement as at 30 June, 2016 reflects unrepresented cheques of Kshs.6,276,040. However, an analysis of respective bank statements revealed cheques worth Kshs.3,314,376 were stale and were not reversed in the cashbook. In addition, the Kshs.6,276,040 includes stale cheques and payments for the subsequent year (2016/2017) of Kshs.1,606,113 and Kshs.269,050 respectively which should not form part of the reconciling items.

Under the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.28,232,407 as at 30 June, 2016 could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Budgetary Control and Performance

The statement comparison of budget and actual amounts reflects final revenue budget of Kshs.83,097,880 and actual expenditure of Kshs.56,794,832 resulting to under absorption of Kshs.26,303,048. The under absorption may have impacted negatively on bursary awards to needy beneficiaries. Further, approved budget for the Fund was not provided for audit, this contravenes Section 31(a) of the Public Financial Management (County Governments) Regulations, 2015 which requires that all revenue and expenditure shall be entered into the county government budget estimates and approved for one year only. It also contravenes Section 99(2) of the Regulations which require that the approved budget estimates of expenditure shall form the basis of the financial statements for the financial year.

Under the circumstances, the Fund's Management was in breach of the law.

2.0 Non-Adherence to Education Bursary Fund Regulations

The statement of financial performance for the year ended 30 June, 2016 reflects Fund uses/disbursements of Kshs.56,794,832. However, review of the disbursements revealed

non-compliance to the Public Finance Management (Baringo County Education Bursary Fund) Regulations, 2014 as detailed below:

- 2.1 The Fund Administrator did not provide evidence of quarterly returns to the County Executive Member responsible for finance, County Assembly and the Board pursuant to Regulation 12(3). These returns include summary of beneficiaries and approval status of disbursements, disbursements to the ward, disbursements from County Government and restrictions imposed as per section 12(4) (a to d);
- 2.2 There was no evidence that beneficiaries were vetted through a transparent, democratic, equitable and fair process that is community-based as per Regulation 15(2); and
- 2.3 Bursaries were not acknowledged in writing and formal receipts issued to the beneficiaries and bursary Board as required by Regulation 17.

To this extent, the Fund Management was in breach of the law.

3.0 Non-Response to Management Letter

The Fund's Management failed to respond to a Management Letter issued by the Auditor General dated 30 April, 2020 contrary to Section 31(4) of the Public Audit Act, 2015, which states that the accounting officer shall within fourteen days from the date of receipt of the draft management letter, submit a response to the Auditor-General including remedial actions that have been undertaken to address any qualifications in the draft management letter.

Under the circumstances, the Fund's Management was in breach of the law.

4.0 Late Submission of 2015/2016 Financial statements

The financial statements for the year ended 30 June, 2016 were submitted late on 20 January, 2020, which is approximately thirty-nine (39) months after the expected submission date of 30 September, 2016. This is contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

Under the circumstances, the Fund's Management was in breach of the law.

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 Conclusion of the Effectiveness

of Internal Controls, Risk Management and Governance sections of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

Lack of a Risk Management Policy

Documents provided for audit revealed that the Fund does not have a risk management strategy. This is contrary to Section 158(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the accounting officer to develop risk management strategies, which include fraud prevention mechanism and internal control that builds robust business operations.

Under the circumstances, the Fund's risk management strategy for the year under review could not be ascertained.

Responsibilities of Management and those Charged with Governance

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the Fund's 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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections 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 Fund in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 December, 2021

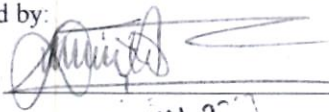
**BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016**

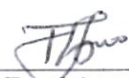
1 FINANCIAL STATEMENTS

1.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2016

Particulars / Details	Note	2015-2016	2014-2015
		Kshs	Kshs
Revenue from Non-Exchange Transaction			
Opening Balance for the Period	1	30,925,239.00	29,097,880.00
Transfers from Baringo County	1	54,000,000.00	56,000,000.00
		84,925,239.00	85,097,880.00
Revenue from Exchange Transaction			
Interest Earned	1	102,000.00	21,560.00
		102,000.00	21,560.00
TOTAL REVENUES		85,027,239.00	85,119,440.00
PAYMENTS			
Fund Uses / Expenditure/Disbursements/ Administration Costs	2	56,794,832.00	54,194,201.00
TOTAL PAYMENTS/ EXPENSES		56,794,832.00	54,194,201.00
Other gains/Loses			
Gain / Loss on Disposal of Assets			
SURPLUS/DEFICIT FOR THE PERIOD		28,232,407.00	30,925,239.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2016 and signed by:


 JUN 2016
 Fund Administrator
 Name: Joseph Waiharo (CO)

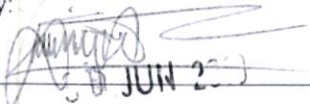
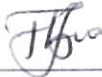

 Fund Accountant
 Name: CPA Thomas Chesaro
 ICPAK Member Number 15566

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 P. O. Box 10000 NAIROBI
 REGISTRY
 13 MAY 2021
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23 SEP 2020

BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

1.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2016

		2015-2016	2014-2015
		Kshs	Kshs
FINANCIAL ASSETS			
Current Assets			
Cash and Cash Equivalents	3	28,232,407.00	30,925,239.00
Prepayments			
Inventories			
TOTAL FINANCIAL ASSETS		28,232,407.00	30,925,239.00
LESS: FINANCIAL LIABILITIES			
Accounts Payable		-	-
TOTAL FINANCIAL LIABILITIES		-	-
NET FINANCIAL ASSETS/(LIABILITIES)		-	-
REPRESENTED BY			
Fund balance b/fwd		30,925,239.00	29,097,880.00
Surplus/Deficit for the year		(2,692,832.00)	1,827,359.00
Prior year adjustments		-	-
NET FINANCIAL POSITION		28,232,407.00	30,925,239.00
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2016 and signed by:			
 JUN 23 2016 Fund Administrator Name: Joseph Waiharo (CO)	 Fund Accountant Name: CPA Thomas Chesaro ICPAK Member Number 15566		

BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

1.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE, 2016

	Revolving Fund	Revaluation Reserve	Accumulated Surplus / Deficit	Total Amount
	Kshs	Kshs	Kshs	Kshs
Balance as at 1st July, 2014	30,000,000	-	(902,120)	29,097,880
Surplus / Deficit for the period	-	-	(54,194,201)	(54,194,201)
Funds Received During the Year	56,000,000	-	-	56,000,000
Revaluation Gain	-	21,560	-	21,560
Balance as at 30th June, 2015	86,000,000	21,560	(55,096,321)	30,925,239
Balance as at 1st July, 2015	86,000,000	21,560	(55,096,321)	30,925,239
Surplus / Deficit for the period	-	-	(56,794,832)	(56,794,832)
Funds Received During the Year	54,000,000	-	-	54,000,000
Revaluation Gain	-	102,000	-	102,000
Balance as at 30th June, 2016	140,000,000.00	123,560.00	(111,891,153.00)	28,232,407.00

30 JUN 2016

BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

1.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2016

Cash Flows from Operating Activities	Note	2015-2016	2014-2015
		Kshs	Kshs
Receipts for operating income			
Opening Balance for the Period	1	30,925,239.00	29,097,880.00
Transfers from Baringo County, Loan Recovered and Interest Earned	1	54,102,000.00	56,021,560.00
Total Receipts		85,027,239.00	85,119,440.00
Payments for operating expenses			
Award of the Bursary Fund to the Needy / Beneficiaries	2	55,819,537.00	53,114,801.00
Domestic travel and subsistence Allowances (Adm. Costs)	2	968,200.00	1,026,000.00
Other operating expenses (Bank Charges/Tax Deducted)	2	7,095.00	53,400.00
		56,794,832.00	54,194,201.00
Adjusted for:			
Decrease / Increase in Accounts Receivables (Outstanding Imprest)		-	-
Increase / Decrease in Accounts payables (Deposits and Retention)		-	-
Adjustments during the year			
Net Cash flows from operating activities		28,232,407.00	30,925,239.00
Cash Flows from Investing Activities			
Purchase of Property, Plant, Equipment and Intangible Assets		-	-
Proceeds from sale of Property, Plant and Equipment			
Proceeds from Loan Principal Repayments			
Loan Disbursement Paid Out		-	-
Net cash flows from Investing Activities		-	-
Cash Flows from Financing Activities			
Proceeds from Revolving Fund Receipts		-	-
Additional Borrowings		-	-
Repayment of principal on Domestic and Foreign borrowing		-	-
Net cash flows from financing activities		-	-
Net Increase In Cash and Cash Equivalents		(2,692,832.00)	1,827,359.00
Cash and cash equivalent at BEGINNING of the year		30,925,239.00	29,097,880
Cash and cash equivalents as at 30 th June, 2016		28,232,407.00	30,925,239.00

BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

1.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH JUNE, 2016

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% Utilisation
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	29,097,880	-	29,097,880	29,097,880	-	100.00%
Transfer from County Government	54,000,000	-	54,000,000	54,000,000	-	100.00%
Interest Income	-	-	-	102,000.00	(102,000)	0.00%
Other Income	-	-	-	-	-	0.00%
Total Income / Revenue	83,097,880	-	83,097,880	83,199,880	(102,000)	100.00%
Expenses						
Award of the Bursary Fund to the Needy / Beneficiaries	52,380,000	-	52,380,000	55,819,537	(3,439,537)	106.57%
Domestic travel and subsistence Allowances (Adm. Costs) (3%)	1,620,000	-	1,620,000	968,200	651,800	59.77%
Other operating expenses (Bank Charges/Tax Deducted)	-	-	-	7,095	(7,095)	0.00%
Total Expenses	54,000,000	-	54,000,000	56,794,832	(2,794,832)	105.18%
Surplus / Deficit for the Period	29,097,880.00	-	54,000,000.00	56,794,832.00	(2,794,832.00)	105.18%

30 JUN 2016

BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

NOTES TO THE FINANCIAL STATEMENTS

1 EXCHEQUER RELEASES/BARINGO COUNTY

Description and reference of the transfer	Date of transfer	2015-2016	2014-2015
		Kshs	Kshs
Revenue from Non-Exchange Transaction			
Balance Brought Forward	07/01/2015	30,925,239	29,097,880
1st quarter transfer		-	-
2nd quarter transfer		-	15,000,000
3rd quarter transfer	03/03/2016	15,000,000	15,000,000
4th quarter transfer	1st Apr, 5th May & 2nd Jun, 2016	39,000,000	26,000,000
		54,000,000.00	56,000,000.00
Revenue from Exchange Transaction			
Interest Income/Earned		102,000	21,560
		102,000.00	21,560.00
Total		85,027,239.00	85,119,440.00

2 FUND USES / EXPENDITURE / DISBURSEMENT

		2015-2016	2014-2015
		Kshs	Kshs
Award of the Bursary Fund to the Needy / Beneficiaries		55,819,537	53,114,801
Domestic travel and subsistence Allowances (Adm. Costs)		968,200	1,026,000
Other operating expenses (Bank Charges/Tax Deducted)		7,095	53,400
Total		56,794,832.00	54,194,201.00

3 Bank Accounts

Name of Bank, Account No. & currency		2015-2016	2014-2015
		Kshs	Kshs
Equity Bank, Ac no. 1390262458895 (Kshs)		28,232,407	30,925,239
Total		28,232,407.00	30,925,239.00

[The bank account held by the entity]

30 JUN 2016