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REPORT

OF

THE AUDITOR-GENERAL

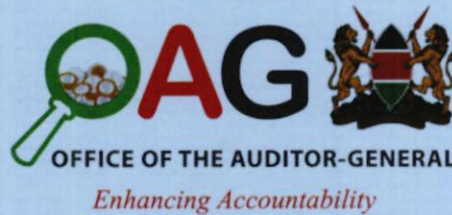
ON

BARINGO COUNTY BURSARY FUND

**FOR THE YEAR ENDED
30 JUNE, 2015**

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2015

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Baringo County Bursary Fund set out on pages 1 to 6, which comprise the statement of financial position as at 30 June, 2015, the statement of financial performance, statement of changes in nets 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. 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 and the following reports and statements were not included;

- 1.1. Key entity information by Management was missing,
- 1.2. The Board of Trustees report was missing,
- 1.3. Management Team was missing,
- 1.4. Board/Fund Chairperson's report was missing,
- 1.5. Report of the Fund Administrator was missing,
- 1.6. Corporate Governance Statement was missing,
- 1.7. Management discussion and analysis was missing,
- 1.8. Corporate Social Responsibility Statement/Sustainability report was missing,
- 1.9. Report of the trustees was missing,
- 1.10. Statement of Management responsibilities was missing,

- 1.11. Blank page for the report of the independent auditor was not provided,
- 1.12. Summary of significant accounting policies was missing,
- 1.13. The Financial Statements do not have page numbers,
- 1.14. Approval dates in the statement of financial performance and statement of financial position are blank,
- 1.15. 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,
- 1.16. A Trial Balance was not presented for audit.

Consequently, the annual report and financial statements as prepared and presented do not comply with the requirements of International Financial Reporting standards and as prescribed by the Public Sector Accounting Standards Board.

2. 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 revenue opening balance for the period of Kshs.29,097,880 which is not revenue item under IPSAS accrual and therefore wrongly disclosed;
- 2.2. The statement of financial position reflects surplus/deficit for the year of Kshs.1,827,359 while the statement of financial performance reflects Kshs.30,925,239 surplus resulting to a variance of Kshs.29,097,880;
- 2.3. The statement of financial performance reflects surplus for the period of Kshs.30,925,239 while the statement of changes in net assets reflects a deficit of Kshs.54,194,201 resulting to unexplained nor reconciled variance of Kshs.85,119,440;
- 2.4. The statement of cashflow has double accounted cash and cash equivalent at the beginning of the year thereby overstating the cashflow balance by Kshs.29,097,880.

Consequently, the accuracy and completeness of these balances included in the financial statements could not be confirmed.

3. Domestic Travel and Subsistence Allowance

The statement of financial performance reflects fund uses/ expenditure/ disbursement/ administration costs of Kshs.54,194,201;(2014 - Kshs.902,120) as disclosed under Note 2 to the financial statements. Included in the balance is domestic travel and subsistence allowance of Kshs.1,026,000. However, the schedule presented did not detail the payee, activities undertaken, when and where they were undertaken, participants and the rates paid. In addition, the respective payment vouchers and supporting documents were not provided for audit. This contravene Section 99(3) of the Public Finance Management (County Governments) Regulations, 2015, which requires

every entry in the accounts to be supported by a voucher or other approved document as gazetted by the Cabinet Secretary containing the full details, clear narrations and particulars of the item or items to which it relates.

Under the circumstances, the accuracy and completeness of domestic travel and subsistence allowance of Kshs.1,026,000 for the year ended 30 June, 2015 could not be confirmed.

4. Bursary Payments

The statement of financial performance reflects fund uses/expenditure/ disbursement/ administration costs of Kshs.54,194,201;(2014 - Kshs.902,120) and as disclosed under Note 2 of the financial statements. This amount includes award of bursary fund to needy beneficiaries of Kshs.53,114,801 but the supporting schedules reflects Kshs.27,541,600 resulting to unreconciled/ explained variance of Kshs.25,573,201. In addition, fifty-one (51) beneficiaries issued with Kshs.412,200 did not have admission numbers, eighty (80) beneficiaries received multiple bursaries totaling to Kshs.449,300 and eighty-six (86) beneficiaries from same institution shared registration numbers for amounts totalling to Kshs.467,500.

Under the circumstance, the accuracy and completeness of bursary payments of Kshs.53,114,801 could not be confirmed.

5. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents of Kshs.30,925,239 (2014 - Kshs.29,097,880) and as reflected under Note 3 of the financial statements. However, the cashbook reflects a balance of Kshs.29,762,914 resulting to unexplained nor reconciled variance of Kshs.1,162,325. Also, the balance is not supported by way of bank statements and certificate of bank balance.

Consequently, the accuracy and completeness of cash and cash equivalent of Kshs.30,925,239 as at 30 June, 2015 could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion and Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual revenue of Kshs.85,119,440 and actual expenditure of Kshs.54,194,201 resulting to under absorption of Kshs.30,925,239 or 36% under absorption. The under absorption affected the planned activities which 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 Public Financial Management (County Governments) Regulations, 2015 which requires that the approved budget estimates of expenditure shall form the basis of the financial statements for the financial year.

Under the circumstances, the Fund is in breach of the law.

2. Non-Adherence to Education Bursary Fund Regulations

The statement of financial performance reflects fund uses/ expenditure/ disbursement/ administration costs of Kshs.54,194,201;(2014 - Kshs.902,120) and as disclosed under Note 2 of the financial statements. This amount includes award of bursary fund to needy beneficiaries of Kshs.53,114,801. However, review of these disbursements revealed noncompliance 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 was in breach of the law.

3. Non-Response to Management Letter

The Fund Management failed to respond to the management letter dated 24 March, 2021. This is 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 was in breach of the law.

4. Late Submission of 2014/2015 Financial Statements

The financial statements were submitted late on 23 September, 2020, five (5) years later. 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.

Under the circumstances, the Fund is 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 Disclaimer of Opinion and Conclusion 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 Risk Management Policy

During the audit, it was noted 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 risk management, development of strategies and controls may not have been implemented in an orderly manner.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the 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 Baringo County Bursary Fund 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 Baringo County Bursary 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

03 December, 2021

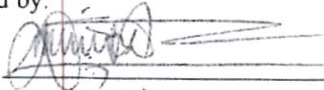
BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

I FINANCIAL STATEMENTS

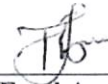
I.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2015

Particulars / Details	Note	2014-2015	2013-2014
		Kshs	Kshs
Revenue from Non-Exchange Transaction			
Opening Balance for the Period	1	29,097,880.00	-
Transfers from Baringo County	1	56,000,000.00	30,000,000.00
		85,097,880.00	30,000,000.00
Revenue from Exchange Transaction			
Interest Earned	1	21,560.00	-
		21,560.00	-
TOTAL REVENUES		85,119,440.00	30,000,000.00
<u>PAYMENTS</u>			
Fund Uses / Expenditure/Disbursements/ Administration Costs	2	54,194,201.00	902,120.00
TOTAL PAYMENTS/ EXPENSES		54,194,201.00	902,120.00
Other gains/Loses			
Gain / Loss on Disposal of Assets			
SURPLUS/DEFICIT FOR THE PERIOD		30,925,239.00	29,097,880.00

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 _____ 2015 and signed by:

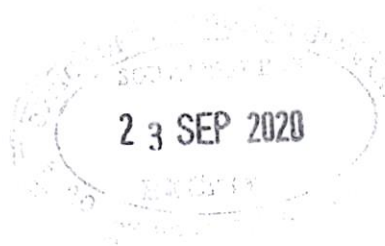


Fund Administrator
Name: Joseph Waiharo (CO)




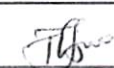
Fund Accountant
Name: CPA Thomas Chesaro
ICPAK Member Number 15566

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BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

1.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2015

		2014-2015	2013-2014
		Kshs	Kshs
FINANCIAL ASSETS			
Current Assets			
Cash and Cash Equivalents	3	30,925,239.00	29,097,880.00
Prepayments			
Inventories			
TOTAL FINANCIAL ASSETS		30,925,239.00	29,097,880.00
LESS: FINANCIAL LIABILITIES			
Accounts Payable		-	-
TOTAL FINANCIAL LIABILITIES		-	-
NET FINANCIAL ASSETS/(LIABILITIES)		-	-
REPRESENTED BY			
Fund balance b/fwd		29,097,880.00	-
Surplus/Deficit for the year		1,827,359.00	29,097,880.00
Prior year adjustments		-	-
NET FINANCIAL POSITION		30,925,239.00	29,097,880.00
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2015 and signed by:			
			
Fund Administrator Name: Joseph Waiharo (CO)		Fund Accountant Name: CPA Thomas Chesaro ICPAK Member Number 15566	

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BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

1.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE, 2015

	Revolving Fund	Revaluation Reserve	Accumulated Surplus / Deficit	Total Amount
	Kshs	Kshs	Kshs	Kshs
Balance as at 1st July, 2013	-	-	-	-
Surplus / Deficit for the period	-	-	(902,120)	(902,120)
Funds Received During the Year	30,000,000	-	-	30,000,000
Revaluation Gain	-	-	-	-
Balance as at 30th June, 2014	30,000,000	-	(902,120)	29,097,880
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	86,000,000.00	21,560.00	(55,096,321.00)	30,925,239.00

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BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

1.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2015

Cash Flows from Operating Activities	Note	2014-2015	2013-2014
		Kshs	Kshs
Receipts for operating income			
Opening Balance for the Period	1	29,097,880.00	-
Transfers from Baringo County, Loan Recovered and Interest Earned	1	56,021,560.00	30,000,000.00
Total Receipts		85,119,440.00	30,000,000.00
Payments for operating expenses			
Award of the Bursary Fund to the Needy / Beneficiaries	2	53,114,801.00	-
Domestic travel and subsistence Allowances (Adm. Costs)	2	1,026,000.00	900,000.00
Other operating expenses (Bank Charges/Tax Deducted)	2	53,400.00	2,120.00
		54,194,201.00	902,120.00
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		30,925,239.00	29,097,880.00
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		1,827,359.00	29,097,880.00
Cash and cash equivalent at BEGINNING of the year		29,097,880.00	-
Cash and cash equivalents as at 30 th June, 2015		30,925,239.00	29,097,880.00

BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

1.5 **STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH JUNE, 2015**

	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	56,000,000	-	56,000,000	56,000,000	-	100.00%
Interest Income	-	-	-	21,560.00	(21,560)	0.00%
Other Income	-	-	-	-	-	0.00%
Total Income / Revenue	85,097,880	-	85,097,880	85,119,440	(21,560)	100.00%
Expenses						
Award of the Bursary Fund to the Needy / Beneficiaries	54,320,000	-	54,320,000	53,114,801	1,205,199	97.78%
Domestic travel and subsistence Allowances (Adm. Costs) (3%)	1,680,000	-	1,680,000	1,026,000	654,000	61.07%
Other operating expenses (Bank Charges/Tax Deducted)	-	-	-	53,400	(53,400)	0.00%
Total Expenses	56,000,000	-	56,000,000	54,194,201	1,805,799	96.78%
Surplus / Deficit for the Period	29,097,880.00	-	56,000,000.00	54,194,201.00	1,805,799.00	96.78%

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BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

NOTES TO THE FINANCIAL STATEMENTS

1 EXCHEQUER RELEASES/BARINGO COUNTY

Description and reference of the transfer	Date of transfer	2014-2015	2013-2014
		Kshs	Kshs
Revenue from Non-Exchange Transaction			
Balance Brought Forward	07/01/2014	29,097,880	-
1st quarter transfer		-	-
2nd quarter transfer	22/10/2014	15,000,000	-
3rd quarter transfer	20/01/2015	15,000,000	-
4th quarter transfer	24/6/2015	26,000,000	30,000,000
		56,000,000.00	30,000,000.00
Revenue from Exchange Transaction			
Interest Income/Earned	26/2/2015	21,560	-
		21,560.00	-
Total		85,119,440.00	30,000,000.00

2 FUND USES / EXPENDITURE / DISBURSEMENT

	2014-2015	2013-2014
	Kshs	Kshs
Award of the Bursary Fund to the Needy / Beneficiaries	53,114,801	-
Domestic travel and subsistence Allowances (Adm. Costs)	1,026,000	900,000
Other operating expenses (Bank Charges/Tax Deducted)	53,400	2,120
Total	54,194,201.00	902,120.00

3 Bank Accounts

Name of Bank, Account No. & currency	2014-2015	2013-2014
	Kshs	Kshs
Equity Bank, Ac no. 1390262458895 (Kshs)	30,925,239	29,097,880
Total	30,925,239.00	29,097,880.00

[The bank account held by the entity]

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