

REPORT OF THE AUDITOR-GENERAL ON WEST POKOT COUNTY BURSARY, EDUCATION DEVELOPMENT AND INFRASTRUCTURE FUND FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of West Pokot County Bursary, Education Development and Infrastructure Fund set out on pages 8 to 12, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, 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 paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, as required by Article 229(6) of the Constitution, I have not been able to obtain sufficient appropriate audit evidence to confirm that public money has been applied lawfully and in an effective way.

Basis for Disclaimer of Opinion

1.0 Presentation of Financial Statements

The financial statements submitted for audit did not include the table of contents to guide the users of the financial statements. Further, the financial statements do not include the statement of cash flows and a summary statement of appropriation as required by International Public Sector Accounting Standards 2 (IPSAS). In addition, the financial statements do not have explanatory notes to provide additional information on the balances reflected in the financial statements.

Under the circumstances, the financial statements have not been prepared in line with International Public Sector Accounting Standards as prescribed by the Public Sector Accounting Standards Board.

2.0 Transfers from Other Government Entities

The statement of receipts and payments for the year ended 30 June 2017 reflects transfers from other government entities figure of Kshs.239,099,700 which is at variance with the IFMIS report balance of Kshs.196,150,000 resulting in unreconciled variance of Kshs.42,949,700.00. Further the bank statement availed for audit review indicates total receipts of Kshs.55,499,700 which is also at variance with an amount of Kshs.239,099,700 as reflected in the statement of receipts and payments, again resulting in a variance of Kshs.183,600,000.

Consequently, the accuracy and completeness of transfers from other government entities balance of Kshs.239,099,700 could not be confirmed.

3.0 Lack of Approved Budget

The statement of receipts and payments reflects transfers from other government entities amount of Kshs.239,099,700 and total payments of Kshs.211,882,399 for the year ended 30 June 2017. However, as reported in the previous year, the management did not provide the approved budget contrary to Section 149 (2) (h) of the Public Finance Management Act, 2012, which requires the accounting officer to prepare estimates of the expenditure of the entity in conformity with strategic plan and section 149(2)(i) which requires the accounting officer to submit the estimates of an entity which is not a county corporation to the County Executive Committee member for Finance.

The management of the Fund is in breach of the law and the propriety of the total payments of Kshs.211,882,399.00 could not be confirmed.

4.0 Unaccounted for Funds

Included in the disbursements to bursary beneficiaries figure of Kshs.211,882,399 is an amount of Kshs.20,103,100.00 whose supporting documents such as the approvals by the County Bursary Education Development and Infrastructure Committee as per the Public Finance Management (West Pokot County Bursary, Education Development and Infrastructure Fund) regulations, 2014 were not availed for audit review.

Consequently, the propriety of the payments of Kshs.20,103,100 for the year ended 30 June 2017 could not be confirmed.

5.0 Disbursement to Bursary Beneficiaries

The statement of receipts and payments for the year ended 30 June 2017 reflects disbursements to bursaries/bank charges figure of Kshs.211,882,399 which is at variance with the supporting schedules balance of Kshs.248,817,758.00 resulting in unexplained difference of Kshs.36,935,359. Further, the payment vouchers for the payments amounting to Kshs.211,882,399 have not been availed for audit review. In addition, acknowledgement letters from recipient institutions were not provided for audit review.

Consequently, the validity and the accuracy of the figure of disbursement to bursary beneficiaries Kshs.211,882,399 could not be confirmed.

6.0 Bank Balance

The statement of financial position as at 30 June 2017 reflects bank balance of Kshs.29,572,801. However, the cash book and the bank reconciliation statements, were not availed for audit verification.

Consequently, the validity, accuracy and completeness of the bank balance of Kshs.29,572,801 could not be confirmed.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the County Fund's or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

My responsibility is to conduct an audit of the West Pokot County Bursary, Educational Development and Infrastructure 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 matter 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.

I am independent of West Pokot County Bursary, Educational Development and Infrastructure Fund in accordance with ISSAI 30 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.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

02 August 2018