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REPORT

OF

THE AUDITOR-GENERAL

ON

BOMET COUNTY BURSARY FUND

FOR THE YEAR ENDED

30 JUNE, 2023

11111





BOMET COUNTY BURSARY FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

Bomet County Bursary Fund Reports
Annual Report and Financial Statements for the year ended June 30, 2023

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Bomet County Bursary Fund
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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management The Fund	The key management personnel who had financial responsibility Refers to Bomet County Bursary Fund
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Bomet County Bursary Fund

Annual Reports and Financial Statements for the Year Ended 30th June, 2023

2. Key County Bursary Fund Information and Management

a) Background information

b) Bomet County Bursary Fund is established by and derives its authority and accountability from The Bomet County Ward Bursary Fund Act, 2021. The Fund is wholly owned by the County Government of Bomet and is domiciled in Kenya.

c) The fund's objective is to assist poor but bright students' access quality education.

d) The County Bursary Fund's principal activity is to meet tuition expenses for the beneficiaries of the bursary by equitably sharing the funds among the twenty-five wards existing in the county.

e) Principal Activities

The principal activity/mission/ mandate of the Fund is to equitably share the funds among the twenty-five wards existing in the county. (Refer to attached The Bomet County Ward Bursary Fund Act, 2021)

f) Fund Administration Committee

Ref	Name	Position
1	Mr. Andrew Kitur	Chairperson
2	Dr. John Keter	Committee Member
3	Mr. Langat Phylimon	Fund Administrator
4	Ms. Eunice Bett	Committee Member

g) Key Management Team

Ref	Name	Position
1	Ms. Agnes Ngeno	County Executive Committee Member
2	Dr. John Keter	Chief Officer
3	Mr. Langat Phylimon	Fund Administrator
4	Mr. Jacob Koech	Fund Accountant

Bomet County Bursary Fund
Annual Reports and Financial Statements for the Year Ended 30th June, 2023

h) Fiduciary Oversight Arrangements

SN	Position	Name
1	Internal Audit	County Audit Committee
2	County Assembly	Public investments Committee

i) Registered Offices

P.O. Box 19 - 20400
Department of Education and vocational Training Building
Huduma Centre Avenue
Bomet, KENYA

j) Fund Contacts

Telephone: (254) 717 289 000
E-mail : ecd.vti@bomet.go.ke
Website: www.bomet.go.ke

k) Fund Bankers

Equity Bank-Bomet Branch
AC/NO: 1220275961647

l) Independent Auditors

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

m) Principal Legal Adviser

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

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Key Fund and Management (Continued)





n) County Attorney

The County Attorney
County Attorney Office
Bomet County
P.O. Box 19 – 20400
Huduma Centre Avenue
Bomet, KENYA

Bomet County Bursary Fund

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3. Fund Administration Committee

Name	Details of qualifications and experience	Position
1. Andrew Kitur 	Key Academic Qualification: Degree Work Experience: 26 Years	Accountant Children's Department
2. John Keter 	Key Academic Qualification: PhD Work Experience: 17 Years	Chief officer Education and vocational training
3. Eunice Bett 	Key Academic Qualification: Degree Work Experience: 24 Years	Private Business
4. Langat Phylimon (Fund Administrator) 	Key Academic Qualification: Degree Work Experience: 21 Years	Assistant Director Administration

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4. Management Team

Name	Details of qualifications and experience	Position
1. John Keter 	Key Academic Qualification: PhD Work Experience: 17 Years	Chief officer Education and vocational training
2. Langat Phylimon (Fund Administrator) 	Key Academic Qualification: Degree Work Experience: 21 Years	Assistant Director Administration
3. CPA Jacob Koech 	Key Academic Qualification: Degree Work Experience: 11 years	Fund Accountant

**Bomet County Bursary Fund
Annual Reports and Financial Statements for the Year Ended 30th June, 2023**

5. Fund Chairperson's Report

The Fund is being administered as per Article 9 (1) and Article 12 of The Bomet County Ward Bursary Fund Act, 2021.

During the 2022/2023 FY the membership of the county committee of the bursary fund was changed to reflect the new accounting officer who is a member of the committee and carried out his key mandate for the smooth administration of the Bursary Fund as per the Act.

The aim of this Bursary programme is to benefit needy students within all the twenty-five wards across the county. The Fund was able to allocate bursaries to all beneficiaries through full bursary and partial bursary programme.

During the 2022/2023 financial year the fund served it was able to achieve the intended objective of assisting bright and needy students in secondary school across all the forms as at the end of the financial year.

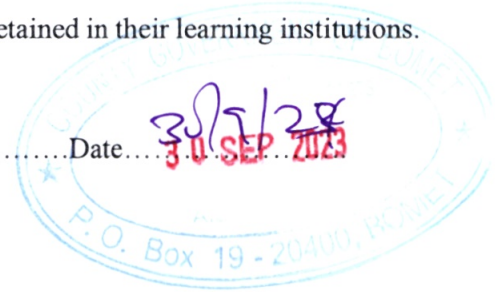
The fund's future plan is to increase and expand the kitty to include bright needy trainees in our vocational training centres, other tertiary institutions and also increased number of beneficiaries in secondary schools. The vocational trainees' bursary has been budgeted for in the current financial year.

In conclusion, the fund has been very useful and has assisted a number of bright students and helped them not only to access basic education but also to be retained in their learning institutions.

Name Andrew Keter Signature *AKeter*

Date 30/9/23
30 SEP 2023

Chairperson of the Fund



Bomet County Bursary Fund
Annual Reports and Financial Statements for the Year Ended 30th June, 2023

6. Report of the Fund Administrator

The 2022/2023 FY bursary application and disbursement activity was pushed to October 2022 due to the electioneering activities. This was based on our budgetary allocation of **Ksh. 38,373,157/-** money received in September 2022. This benefited a total number of 1025 of full bursary beneficiaries and 4768 partial bursary beneficiaries. Another disbursement of **Ksh. 18,123,503/-** was made to cater for term one 2023 for full scholarship beneficiaries in form 1 to form 4. This brings the total expenditure as at 31st March 2023 to **Ksh. 56,496,660/-**.

The budget was reviewed upwards in the second supplementary appropriations to **Ksh. 96,326,180.00/-**. This supplementary increment of **Ksh. 39,829,520.00/-** was used to pay Term 2 2023 fees for full scholarship, part of partial bursary and affirmative action bursary for Chepchabas.

The bursary is categorized as follows:

1. Full Tuition Support Bursary which benefits at least ten students per ward yearly
2. Partial scholarship which is a one-off payment of students where every ward gets an allocation.

Mode of application

The available form for application is uploaded in the Bomet County Website and is available online for public to access it freely.

Hard copies are availed at all the ward offices in the twenty-five wards across the county.

Bursary Fund Account

The bursary fund operates an account for the bursary at Equity Bank – Bomet branch and is used to facilitate the disbursement of monies for the scholarship via cheques.

Affirmative action

Chepchabas Ward is given special consideration by being awarded the partial scholarship funds above the rest. This is because the location under which the ward in the tea estates does not allow the county government to construct any infrastructure. The only project the county government

**Bomet County Bursary Fund
Annual Reports and Financial Statements for the Year Ended 30th June, 2023**

may work on is to pay bursaries. The indigenous community living within the area are relatively indigents with small pieces of land living in squalid conditions hence eligible for bursary aides.

Chepchabas Ward was allocated **Ksh. 5,000,000/= (Five million)** through a supplementary appropriation by Bomet County Assembly. This affirmative programme targets all students whose parents are residents of the ward and are enrolled in secondary schools and tertiary institutions.

Full bursary allocation and disbursement for beneficiaries in form one to form four covering 1235 beneficiaries was made up to term one of 2023. Total amount received in Bomet County Bursary Fund as at 30th June 2023 was **Ksh. 96,326,180.00/-** for 2022/2023 FY.

Collaborative operation

The County Bursary Committee will have more joint meetings with ward committee members to train other members on the need to be fair, just and honest during the exercise of awarding bursary to students.

There are also other collaborative efforts with Principals of Schools where county fully sponsors their students in which mentorship programmes are jointly facilitated through a monitoring and tracking system.

Parents and guardians would also be involved in co-parenting and cost sharing in the education of the sponsored students.

GENERAL OBSERVATIONS

1. There is need to acquire a software for data management for the bursary fund
2. The department should be allocated a vehicle for monitoring the implementation of the bursary programme in general.
3. The bursary committee should be facilitated to organize a mentorship programme for the bursary beneficiaries to ensure that they give value for money and understand obligations of parents and students respectively.

Signed: _____

LANGAT K PHYLIMON

Bomet County Bursary Fund

Annual Reports and Financial Statements for the Year Ended 30th June, 2023

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

Strategic development objectives

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the Bomet County bursary fund are:

- i. To increase equitable access to basic and tertiary education.
- ii. To support needy and highly qualified Students who may not afford basic and tertiary education education.
- iii. To enhance retention of needy student basic and tertiary education education

Since the start of this program the county has been able to support many needy students through the education bursary fund. The fund has ensured that disbursements are made promptly to ensure that the students are not inconvenienced. Though the fund has not been adequate to cover more needy students it is envisaged that with time an increase in the fund allocation will go a long way in supporting more deserving cases.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above objectives to specific sectors, all the objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Bomet County Bursary Fund

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DEPARTMENT OF EDUCATION AND VOCATIONAL TRAINING

Department	Objectives	Outcome	Indicator	Performance
EDUCATION AND VOCATIONAL TRAINING	<ul style="list-style-type: none"> • To increase equitable access to secondary school. • To support needy and highly qualified Students who may not afford secondary education. • To enhance retention of needy student in secondary school 		1,235 needy children on full scholarship supported	During the FY 6,914 needy children were supported

**Bomet County Bursary Fund
Annual Reports and Financial Statements for the Year Ended 30th June, 2023**

8. Corporate Governance Statement

The bursary fund committee was able to hold three meetings as follows:

- a. Meeting of county bursary committee held at Twiggs Annex Hotel on 05/10/2022 at 1000 hours

Members Present

1. Andrew Kipsang Kitur -Chairperson
2. Simon Langat -Secretary
3. Eunice Bett-Member
4. Phylimon Langat – Fund Administrator

Agenda

1. Preliminary
2. Postponement of Partial Bursary vetting exercise
3. Adjournment

- b. Minutes of county bursary committee meeting held at the education office on 04/11/2022 at 1100 hours

Members Present

1. Andrew Kipsang Kitur- Member
2. Simon Langat- Secretary
3. Eunice Bett-Member
4. Phylimon Langat – Fund Administrator

In attendance

- a. Agnes Ngeno – Chairperson

Agenda

1. Preliminary
2. Reading and confirmation of previous minutes
3. Matters arising from the previous minutes
4. Approval of payment of Partial bursary beneficiaries
5. A.O.B

Bomet County Bursary Fund

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- c. Minutes of county bursary committee meeting held at Twiggs Annex hotel on 01/02/2023 at 10.00 a.m**

Members Present

- a. Andrew Kipsang Kitur- Chairperson
- b. Dr. John Keter - Member
- c. Eunice Bett-Member
- d. Phylimon Langat – Fund Administrator/Secretary

In Attendance

1. Hon. Agnes Ngeno - CECM

Agenda

- i. Preliminary
- ii. Full bursary award and approval
- iii. Planning of flagging off ceremony

PROCESS OF APPOINTMENT AND REMOVAL OF COMMITTEE

The county bursary fund committee is composed as follows:

- a. Two members appointed by The Executive Committee Member for Education
- b. Chief officer, Education
- c. Bursary Fund Administrator

ROLES AND FUNCTIONS OF THE COMMITTEE

The committee's functions are as follows:

- a. Equitably share the funds among the twenty-five wards in the county
- b. Review allocations to ensure support offered is adequate and sufficient
- c. Approve disbursement of fee support to awarded students
- d. Monitor allocations of support to ensure needy and deserving students benefit
- e. Conduct periodic county skills survey to identify critical skills for the purpose of refocusing support and encouraging students to pursue necessary disciplines

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- f. Maintain an updated database of all the applicants and beneficiaries of the fund
- g. Periodically produce and share annual disbursement reports with the governor and the county assembly

BOARD REMUNERATION

The committee has a provision to utilize a maximum of three per cent of the of the total monies consisting of the Fund for administrative costs (The Bomet County Ward Bursary Fund Act, 2021) through a work plan for the year. The remuneration is paid as per SRC guidelines. The work plan includes local travel costs, meetings, workshops, bench-marking visits, monitoring and evaluation and committee allowances.

Bomet County Bursary Fund
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9. Management Discussion and Analysis

During the 2022/2023 FY the membership of the county committee of the bursary fund was changed to reflect the new accounting officer who is a member of the committee and it carried out its key mandate for the smooth administration of the Bursary Fund as per the Act.

The management committees held their meetings at the two levels to plan, vet bursary applications and approve lists of applicants for both full bursary and partial bursaries.

The committee made recommendations including that Finance department should consider other means of disbursing funds to the bursary account in quotas based on the budget for bursary rather than relying entirely on the list of beneficiaries.

The department should be allocated a vehicle for monitoring the implementation of the bursary programme in general.

The bursary committee should be facilitated to organize a mentorship programme for the bursary beneficiaries to ensure that they give value for money and understand obligations of parents and students respectively.

The committee also proposes for increased allocation to take care of the ever-increasing demand for education support from the needy members of the community.

Bomet County Bursary Fund

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10. Environmental and Sustainability Reporting

Bomet County bursary fund exists to transform lives. This is our purpose; the driving force behind everything we do. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile

Accountability is one of the processes whereby a leader or government seeks to ensure integrity. In a global stakeholder society, accountability is among the key challenges of organizations. Responsible leaders are concerned with reconciling and aligning the demands, needs, interests, and communities, shareholders, nongovernmental organizations (NGOs), the environment, and society at large. The government's track record in terms of CSR accounting will be effective when appropriate CSR measures are included in its internal activities.

Economic sustainability implies that macroeconomic and financial stability, as well as the prevention of balance-of-payments crises are a basic requirement for sustained economic and social development. It also implies that human and financial resources must be used in a way that ensures continuous and lasting improvements in standards of living. Inappropriate consumption and production patterns, and waste of human, natural and financial resources compromise the quality of the natural environment and jeopardize peace.

The bursary fund intends to achieve its goals by:

- Ensuring equity distribution of the available resources and with emphasis on programmes that promotes quality education;
- Proper planning and allocation of resources, promote policies that encourage entrepreneurship and job creation to stimulate sustainable economic growth;
- Strengthening partnership and resource mobilization strategies to address resource limitation.

2. Environmental performance

Environmental sustainability implies that the quality and protection of the natural environment, as well as successful adaptation to climate change, influence the scope for long-term social progress and economic development. Environmental degradation, waste of non-renewable natural resources and the various impacts of climate change have a direct effect on living conditions. They also raise the risk of social friction and reduce the scope for economic growth and the allocation of public finances.

In ensuring a sustainable consumption and production patterns, the county shall leverage on this goal in ensuring that cleaner production mechanisms are adopted and promote the principle of 3Rs (Reduction, Reuse and Recycle) to reduce production of wastes; and

Goal 13: Take urgent action to combat climate change and its impacts. To achieve this goal, the county fund will strive to;

Bomet County Bursary Fund

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- Strengthen resilience and adaptive capacity to climate related hazards and natural disasters;
- Integrate climate change measures into funds policies, strategies and planning; and • Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss. A large percentage of the county is terrestrial with the biodiversity thereon facing threats due to land degradation as a result of increasing population. The county is committed to conserving and restoring the use of ecosystems such as forests, dry land and mountains.

On Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development. The fund is committed to developing multi-stakeholder partnerships to share knowledge, expertise, technology and financial support to achieve the SDGs. The county will also pursue the Public-Private Partnerships (PPPs) to foster these achievements.

3. Employee welfare

County Public Service Board is establish and abolish offices in the County public service; appoint persons to hold or act in offices of the county public service considering gender ratio including in the Boards of cities and urban areas within the county and to confirm appointments; exercise disciplinary control over, and remove, persons holding or acting in those offices as provided in the law; prepare regular reports for submission to the County Assembly on the execution of the functions of the Board; promote the values and principles referred to in Articles 10 and 232; evaluate and report to the County Assembly on the extent to which the values and principles referred to in Articles 10 and 232 are complied with in the County Public Service; facilitate the development of coherent integrated human resource planning and budgeting for personnel emoluments in counties; advise the county government on human resource management and development; advise county government on the implementation and monitoring of the national performance management system in counties; and make recommendations to the Salaries and Remuneration Commission (SRC), on behalf of the county government, on the remuneration, pensions and gratuities for County Public Service employees.

County has complied with the Occupational Safety and Health Act, 2007 in revising a written statement of general policy with respect to the safety and health at work of his employees and other arrangements for the time being in force for carrying out the policy

4. Market place practices-

The County government make its effort to:

Responsible competition practice: This has been well articulated in the County Vision, where distribution of resource is done based on the number of Wards in the County.

Bomet County Bursary Fund

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Responsible Supply chain and supplier relations: The County maintains good business practices, treats its own suppliers responsibly by honoring contracts and respecting payment practices on time. This is done with no discrimination when it comes to payment Responsible marketing and advertisement- The County comply with ethical marketing practices. This has been done when new varieties of product are introducing to the market for the resident to subscribe

Product stewardship. County has a mechanism in place to ensures that it safeguard consumer rights and interests. Public participation platform enables citizens' endorsement of any product as well as evaluating the taste and preference of the product and thus provide feedback on the product's relevancy

Community Engagements-The county government has been bringing on board all stakeholders in policy development, budgeting and implementation through public participation. This has solved governance challenges such as uncoordinated public participation and stakeholder engagement, inequitable distribution of public resources, unfairness in recruitment and promotions and misappropriation of public funds

**Bomet County Bursary Fund
Annual Reports and Financial Statements for the Year Ended 30th June, 2023**

11. Report of the committees

The committee submit their report together with the audited financial statements for the year ended June 30, 2023 through the fund administrator which show the state of the Fund affairs.

Principal activities

The principal activity/mission/ mandate of the Fund is to equitably share the funds among the twenty-five wards existing in the county

Results

The results of the Fund for the year ended June 30 2023 are set out Fund Administrator's report.

Trustees

The members of the Board of committees who served during the year are shown on page 6 under a two-year tenure ending in June 2024.

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 committee

Aster

.....
Chair of the Fund Administration Committee

Date:



Bomet County Bursary Fund
Annual Reports and Financial Statements for the Year Ended 30th June, 2023

12. Statement of Management's Responsibilities

The Fund was established by section 4 (1) of Bomet county ward bursary Fund 2021. 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 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, 2023. 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 judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (quote the applicable legislation establishing the County Public Fund). 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, 2023, 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.

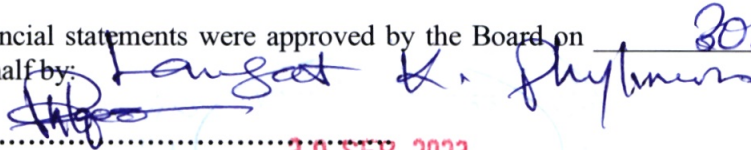
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention

**Bomet County Bursary Fund
Annual Reports and Financial Statements for the Year Ended 30th June, 2023**

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 30/09/ 2023 and signed on its behalf by:


.....

30 SEP 2023

Administrator of the County Public Fund

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BOMET COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bomet County Bursary Fund set out on pages 1 to 20, which comprise of the statement of financial position as at 30 June, 2023 and the statement of statement of financial performance, statement of

changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bomet County Bursary Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Bomet County Ward Bursary Fund Act, 2021.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1 Statement of changes in Net Assets

The statement of changes in net assets reflects comparative amounts of Kshs.556,751, Kshs.1,939,665 and Kshs.3,053,711 in respect of revolving fund, accumulated surplus and total net assets respectively that is at variance with the amounts in the previous year (2021/2022) audited financial statements amounts of Kshs.1,939,393, Kshs.1,382,643 and Kshs.1,939,665 resulting to an unexplained and unreconciled variance of Kshs.1,382,642, Kshs.557,022 and Kshs.1,114,046 respectively. Further re-casting the accuracy of the comparative amounts of Kshs.3,053,711 in respect of total net assets revealed Kshs.2,496,416 resulting to an unexplained and unreconciled variance of Kshs.557,295 thereby overstating the total net assets at the year end.

In the circumstances, the accuracy and completeness of the amounts in the statement of changes in net assets could not be confirmed.

1.2 Statement of Comparison of Budget and Actual Amounts

The statements of comparison of budget and actual amounts reflects final expenditure budget amount of Kshs.96,326,180 which includes amounts of Kshs.93,3132,945 and Kshs.3,012,235 in respect of bursary support services and use of goods and services. However, a re-casting on the accuracy of bursary support services and use of goods and services including the original budget and adjustments during the year revealed amounts of Kshs.93,436,394 and Kshs.2,889,786 resulting to an unexplained and unreconciled variance of Kshs.122,449 respectively there by understating the performance difference in respect of bursary support services and use of goods and services.

In the circumstances, the accuracy and completeness of the amounts in the statement of comparison of budget and actual amounts could not be confirmed.

2. Bursary Support Services Expenditure

The statement of financial performance reflects an amount of Kshs.85,185,143 in respect of bursary support services and as disclosed in Note 2 to the financial statements.

However, review of the supporting documents including list of beneficiary students revealed that total expenditure incurred on bursary support services amounted to Kshs.85,321,880 resulting in an unexplained and unreconciled variance of Kshs.136,736. Further, the schedule provided in support of the bursary support services was not supported with the approved list and minutes of the bursary ward committees, cheque dispatch register and acknowledgement receipts from the school and tertiary institutions. Further, review of Chepchabas ward bursary committee minutes dated 5 October, 2022 reflected alterations to names, schools and allocated bursary amounts to the student beneficiaries.

In the circumstances, the accuracy and completeness of the payments of Kshs.85,185,144 in respect of bursary support services could not be confirmed.

3. Unsupported Cash and Cash Equivalents

The statement of financial position reflects a balance of Kshs.10,068,505 in respect of cash and cash equivalents and as disclosed in Note 4 to the financial statements. However, review of the bank reconciliation statements revealed balance of Kshs.3,684,104 in respect to unpresented cheques whose details did not include the date when the cheques were drawn. The cheque book dispatch register was also not provided for audit review. Further, the bank balance of Kshs.10,068,504 represents 11.8% of the bursary support expenditure that was not used in the allocated year contrary to Section 7 of the Bomet County Bursary Fund Act, 2021 which states that all money allocated for the purpose of bursary allocation should be spent within the financial year of allocation.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.10,068,505 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Bomet County Bursary Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final income budget and actual amounts on comparable basis of amounts of Kshs.96,326,180 and Kshs.88,197,340 respectively resulting to under absorption of Kshs.8,128,840 or 8% of the budget.

In the circumstances, the under-absorption of the funds could have impacted negatively on the implementation of service delivery to the residents of Bomet County.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There are no other key audit matters to report during the year under review.

Other Matters

Unresolved Prior Year Matters

As disclosed under the progress on follow up of auditors recommendation section of the financial statements, the Management presented three (3) prior year audit issues which included two (2) issues resolved and one (1) issue unresolved. However, Management did not provide reports from the oversight committee's detailing the deliberations and recommendations of the oversight committees in respect of resolved matters. Further, no satisfactory reason was provided for the delay in resolving other issue.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Over expenditure on Administration Expenses

Review of the statement of financial performance and statement of comparison of budget and actual amounts reflects use of goods and services expenses amount of Kshs.3,012,196 representing 3.12% of the total budget. This was contrary to Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 which states that the administration costs of the Fund shall be a maximum of three (3%) percent of the approved budgets of the Fund.

In the circumstances, Management was in breach of the law.

2. Unequal Allocation of Bursaries to Wards

As disclosed in Note 2 to the financial statements, the statement of financial performance reflects an amount of Kshs.85,185,143 in respect of bursary support services. However, review of the bursary allocations to the twenty-five (25) county wards revealed that the funds were not administered equally as required by the Act. This was contrary to Section 5(3) of Bomet County Ward Bursary Fund Act, 2021 provides that the total amount of

funds available annually for disbursements as bursaries shall be divided equally amongst wards in the county.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management Governance sections of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Non-Functional Internal Audit Unit

A review of the operations of the Fund revealed that the internal audit department is not in place contrary to provisions of Regulation 155(2) of the Public Finance Management (County Governments) Regulations, 2015 which stipulate that an accounting officer shall ensure that an internal audit is facilitated with sufficient authority to promote independence and ensure broad internal coverage, and adequate considerations of audit. In the circumstances, Management was in breach of the law.

2. Lack of IT Systems for Management of Bursary Funds

During the year under review, the Fund maintained lists of the students awarded bursary using Microsoft Excel, which is prone to manipulation, hence compromising the security and integrity of the data and information contained therein. This was contrary to Section 149(2)(b) of the Public Finance Management Act, 2012 which requires that all financial and accounting records that the entity keeps in any form including electronic form be adequately protected and backed up.

In the circumstances, Management was in breach of the law and the authenticity of the lists of the students awarded the bursary could not be confirmed.

3. Lack of Risk Management Policy

Review of documents and records revealed that the Management had not established a Risk Management Policy. This is contrary to Regulation 158(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which states that 'the Accounting Officer shall ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal controls that builds robust business operations'.

In the circumstances, Management was in breach of the law and was not able to identify risks and develop mitigating strategies.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as the 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 controls, risk management and governance.

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

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

21 March, 2024

**Bomet County Bursary Fund Reports
Annual Report and Financial Statements for the year ended June 30, 2023**


14. Statement of Financial Performance for the Year Ended 30th June 2023

STATEMENT OF FINANCIAL PERFORMANCE	Note	FY2022/23	FY2021/22
		KShs	KShs
Revenue From Non-Exchange Transactions			
Transfers from the County Government	1	96,326,180	91,916,005
Revenue from exchange transactions			
Total Revenue		96,326,180	91,916,005
Expenses			
Bursary support services	2	85,185,144	88,883,524
Use of goods and services	3	3,012,196	2,475,459
Total Expenses		88,197,340	91,358,983
Surplus/(deficit) for the period		8,128,840	557,022



 Name: Langat K. Phyllis

 Administrator of the Fund



 Name: CPA Jacob Nguni

 Fund Accountant

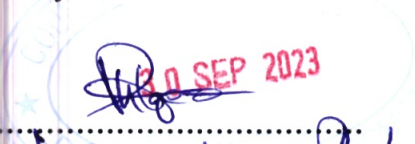
 ICPAK Member Number: 19149

Bomet County Bursary Fund
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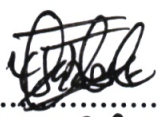
15. Statement of Financial Position as at 30 June 2023

Description	Note	FY2022/23	FY2021/2022
			KShs
Assets			
Current assets			
Cash and cash equivalents	4	10,068,505	1,939,665
Non-current assets			
Property, plant and equipment		-	-
Long term receivables from exchange transactions		-	-
Total assets		10,068,505	1,939,665
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions			
Provisions			
Current portion of borrowings			
Non-current liabilities			
Non-current employee benefit obligation			
Long term portion of borrowings			
Total liabilities			
Net assets			
Accumulated surplus		10,068,505	1,939,665
Total net assets and liabilities		10,068,505	1,939,665

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 30/09/2023 and signed by:



.....
 Name: Langet K. Phyllis
 Administrator of the Fund



.....
 Name: CPA Jacob Wazir
 Fund Accountant
 ICPAK Member Number: 19141

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16. Statement Of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	-		1,382,643	1,382,643
Surplus/(Deficit) For the Period	-	-	557,022	557,022
Funds Received During the Year	91,916,005	-	-	91,916,277
Transfers	-91,359,254	-	-	-91,359,254
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	556,751	-	1,939,665	2,496,688
	-	-	-	-
Balance As At 1 July 2022	556,751	-	1,939,665	3,053,711
Surplus/(Deficit) For the Period	-	-	8,128,840	8,128,840
Funds Received During the Year	96,326,180	-		96,326,180
Transfers	-88,197,340	-		-88,197,340
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	8,685,591	-	10,068,505	19,311,391

Bomet County Bursary Fund**Annual Reports and Financial Statements for the Year Ended 30th June, 2023****17. Statement of Cash Flows for The Year Ended 30 June 2023**

Description	Note	FY2022/2023	FY2021/22
		KShs	
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	96,326,180	91,916,005
Total Receipts		96,326,180	91,916,005
Payments			
Bursary support services	2	85,185,143	88,883,524
Use of goods and services	3	3,012,196	2,475,459
Total Payments		88,197,340	91,358,983
Net cash flows from operating activities		8,128,840	557,022
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	
Proceeds from sale of property, plant and equipment		-	
Net cash flows used in investing activities		-	
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	
Additional borrowings		-	
Repayment of borrowings		-	
Net cash flows used in financing activities			
Net increase/decrease in cash and cash equivalents		8,128,840	557,022
Cash and cash equivalents at 30 th June 2022	4	1,939,665	1,382,643
Cash and cash equivalents at 30th June 2023	4	10,068,505	1,939,665

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18. Statement Of Comparison Of Budget And Actual Amounts For The Year ended 30th June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023	2023 00%
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.	56,496,660.00	39,829,520	96,326,180	96,326,180	-	100%
Interest income	-	-	-	-	-	
Other income	-	-	-	-	-	
Total income	56,496,660.00	39,829,520	96,326,180	96,326,180	0.00	100%
Expenses						
Bursary support services	54,801,760	38,634,634	93,313,945	85,185,144	8,128,801	91%
Staff costs	-	-	-	-	-	
Use of goods and services	1,694,900	1,194,886	3,012,235	3,012,196	39	100%
Finance cost	-	-	-	-	-	
Total expenditure	56,496,660.00	39,829,520	96,326,180	88,197,340	8,128,840	92%
Surplus for the period				8,128,840	-	

Bomet County Bursary Fund Reports
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19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Bomet county Bursary Fund is established by and derives its authority and accountability from Bomet County Ward Bursary Fund Act 2021. The Fund is wholly owned by the Bomet County Government and is domiciled in Kenya. The Fund's principal activity is to provide for establishment and administration of Bursary Fund.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2023 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 Fund's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

**Bomet County Bursary Fund Reports
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Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Fund’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

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Standard	Effective date and impact
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

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

(iii) Early adoption of standards

The Fund did not early – adopt any new or amended standards in the financial year

Bomet County Bursary Fund Reports
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the fund's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2023 was approved by the County Assembly on 28th June 2022. 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 Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Ksh. 39,829,520 on the FY 2023 budget following the governing body's approval.

The Fund'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.

Summary of Significant Accounting Policies (Continued)

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 18 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Fund's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Fund's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

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Summary of Significant Accounting Policies (Continued)

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

The fund classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Fund.

h) Provisions

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Fund recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Fund will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

The Fund does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Fund does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirement. There were no reserves in the financial period.

l) Changes in accounting policies and estimates

The Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits – Retirement benefit plans

The Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which a Fund pays fixed contributions into a separate Fund (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

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Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

The Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

q) 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.

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Fund'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.

a) Estimates and assumptions –

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Fund 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 Fund. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Fund
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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6. Notes to The Financial Statements

1. Transfers from County Government

Description	2022/2023	2021/2022
	KShs	KShs
Transfers from County Govt. – operations	96,326,180	91,916,00
Payments by County on behalf of the Fund	-	-
Total	96,326,180	91,916,005

2. Bursary Support Services

Description	2022/2023	2021/2022
	KShs	KShs
Bursary support services	85,185,144	88,883,524
Total	85,185,144	88,883,524

3. Use of goods and services

Description	2022/2023	2021/2022
	Kshs.	Restated Kshs.
Administration Fees	2,889,746	2,349,909
Bank Charges	122,450	125,550
Total	3,012,196	2,475,459

**The bank charges for prior year had been posted to finance cost and has been restated in the current financial statement under use of goods and services. The changes in use of goods and services for prior year of Ksh 2,349,909 to Ksh 2,475,459 is due to the restated figure of Ksh 125,550*

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Notes to The Financial Statements (Continued)

4. Cash and cash equivalents

Description	2022/2023	2021/2022
	Kshs	KShs
Bomet county Bursary fund	10,068,505	1,939,665
Total cash and cash equivalents	10,068,505	1,939,665

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

		2022/2023	2021/2022
Financial institution	Account number	Kshs	KShs
a) Current account			
Equity bank	1220275961647	10,068,505	1,939,665
Sub- total		10,068,505	1,939,665
		-	
Grand total		10,068,505	1,939,665

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20. Annexes

Annex I Progress On Follow Up of Prior Year Auditor’s Recommendations

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

Refer ence No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe
4.1	Inaccuracies in the financial statement	The unreconciled variance has been corrected and a copy has been shared to auditor	Key management	Resolved	
4.2	Unapproved and unbalanced budget	The Fund has been allocated a line item in the department of education and vocational training from which it gets disbursement from approved county budget.	Key management, Fund committee	Resolved	The budget process for the next financial year is ongoing
4.3	Lack of Risk Management Policy	However, the fund is using County Risk Management Policy currently.	Key management	Unresolved	Policy framework has been initiated in the current financial year