

REPUBLIC OF KENYA



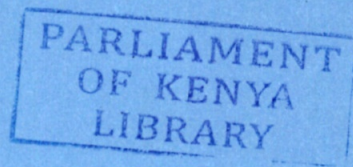
Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON



KISII COUNTY BURSARIES FUND

**FOR THE YEAR ENDED
30 JUNE, 2023**

PAPERS LAID	
DATE	21/3/2024
TABLED BY	Asst Maj. W. W. W.
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KISII COUNTY BURSARIES FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023

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

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KISII COUNTY BURSARIES 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

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2. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Kisii County Bursaries Fund is established by and derives its authority and accountability from Kisii County Bursaries Act of 5th March, 2014. The Fund is wholly owned by the County Government of Kisii and is domiciled in Kenya.

The fund's objective is to provide bursary to needy and vulnerable students in Kisii County

The Fund's principal activity is to provide bursaries to financially disadvantaged or needy students in the County, including those with disabilities who deserve support to pursue their education at recognised schools and educational institutions

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide financial support in terms of bursaries to needy and bright students from disadvantaged backgrounds in the County, including those with disabilities to pursue their education at recognised educational institutions.

c) Fund Administration Committee

Ref	Name	Position
1	Chairman of the Board	Mr. Julius Onyando
2	Fund Administrator (Secretary)	Mr. Wilson Moya Miranyi
3	Member	Mrs Jemiah Sarange Ogeto
4	Member	Mr. Ibrahim Moriki Nyandoro
5	Member	Mr. Lameck Atika
6	Member	Bridgite Kwamboka Bisonga

d) Key Management

Ref	Name	Position
1	CEC- Finance, Chairman	Kennedy Abincha
2	Chief Officer Education, Secretary	Caren Orori
3	Chief Officer Finance & Accounting Service and Revenue Management, Member	Dr. Isaiah Miencha
4	Head of Accounts, Member	CPA. John Nyandanyi
5	Fund Administrator	Mr. Wilson Moya Miranyi

KISII COUNTY BURSARIES FUND
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e) Registered Offices

Kisii Municipality Building

P.O. Box 4550-40200
Kisii, KENYA

f) Fund Contacts

Telephone: (254) 020-8029160
E-mail: education@kisii.go.ke
Website: www.kisii.go.ke

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank Limited
Kisii Branch
Account Number: 1180225465

h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O.Box 30084

GPO 00100

Nairobi, Kenya

i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112




City Square 00200

Nairobi, Kenya




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3. FUND ADMINISTRATION COMMITTEE.

Name	Details of qualifications and experience
 <p>Chairman Mr. Julius Nyandoro</p>	<p>Mr Julius Onyando was born in the year 1962. He holds a Bachelor of Arts degree in Music (BM) . He is a P 1 grade teacher. He has worked in the following capacity:</p> <ul style="list-style-type: none"> • 1992-1998 Music Chair (Kisii District) • 1999-2022 Kisii Music County Chair • 2002-2023 Regional Treasurer Nyanza • 2012-2022 Head Teacher Kirwanda primary School • 2012-2022 National Chief Marshal • 2014-2022 Gusii Mwalimu SACCO Delegate. • He is the County Bursary Board Chairman from 2023 to date.
 <p>Secretary Mr. Wilson Moya Miranyi</p>	<p>Mr. Wilson Moya Miranyi was born in the year 1973. His education and professional qualification is as follows;</p> <ul style="list-style-type: none"> • 1988-1999 O level • 1995-1999 Diploma in Automotive Engineering • 2002 Post graduate Diploma in Technical Education • 2009-2011 Bsc Information Technology & physics • 2011-2013 Msc Information Technology • 2012-2013 Higher Diploma Education Management • 2018 Senior Management Course. <p>He has worked in different levels the latest being Staffing Officer Vocational Training Centres in Kisii County Government</p> <p>He is the secretary to the County Bursary Board since the year 2023 to date.</p>
 <p>Mr. Ibrahim Moriki Nyandoro</p>	<p>Mr Ibrahim Moriki Nyandoro was born in 1960. He is a qualified graduate teacher from Machakos Teachers Training College. He has worked as a teacher from 1980-1991, then as Inspector of schools from 1992 -2020. He has attended the following courses:</p> <ol style="list-style-type: none"> 1. Literacy and adult education 2. Youth information and education towards responsible adulthood 3. AID management 4. SPRED for TAC tutors 5. PRISM- Zonal Inspectors 6. Youth information and Education Programme <p>He is a member of the County Bursary Board from the year 2023 to date.</p>




KISII COUNTY BURSARIES FUND
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 <p>Mrs. Jemiah Sarange Ogeto (Member)</p>	<p>Madam Jemiah Sarange was born in the year 1963. She is P 1 teacher and Bachelor of Education graduate. She has 39 years' work experience in education having started working as assistant teacher 1 in 1984. She has risen in various ranks and now working as Assistant Director ECDE Kisii County Government. She is currently a member of the County Bursary Fund since 2014.</p>
	<p>Pastor Lameck Okerosi Atika was born in the year 1964. He has Masters in History from Jaramogi Oginga Odinga University of Science and Technology.</p> <p>Currently he is a Seventh Day Adventist Church pastor at Jogoo District. Also, he is serving as a member in the Kisii County Bursaries Board.</p>
 <p>Bridgit Bisonga (Member)</p>	<p>Bridgit Bisonga was born on 7th August,1990. Currently she is doing master's in Public Administration and Public Policy from Mount Kenya University.</p> <p>She is presently working at Kisii County Government as Senior Human Resource Officer in charge of the Department of the Executive Office of the Governor.</p> <p>She is a member in the Kisii County Bursaries board.</p>

KISII COUNTY BURSARIES FUND


Annual Report and Financial Statements for the year ended 30 June 2023

4. MANAGEMENT TEAM

Name	Details of qualifications and experience
 <p>Mr. Kennedy Abincha</p>	<p>Mr. Kennedy Okemwa Abincha – CEC Finance and Economic Planning. He holds a Master’s Degree in Business Administration –Strategic Management option and Bachelor’s degree – Insurance Option from The University Nairobi.</p> <p>Mr. Abincha is a chartered insurer and prior to his appointment, he had worked with Ventar Insurance Investigators as a Technical Manager</p> <p>And Ag. Chief Executive Officer /Principal Officer at Invesco Assurance Co Ltd</p>
 <p>Dr. Isaiah Onsarigo Miencha</p>	<p>Mr. Mr. Isaiah Onsarigo Miencha- CO Finance, Accounting services and Revenue Management. Prior to his appointment, Mr. Miencha was Lecturer at the Department of Accounting and Finance/Researcher and PhD Coordinator Graduate School in Bugema University, Uganda. He had also served in various capacity as a Dean and Masters Coordinator - Faculty of Management, Acting Rector and Senior Lecturer both at Bujumbura International University, Burundi.</p> <p>He holds PhD in Commerce (Financial Management - Banking Sector) from Bharathidasan University, Tiruchirappalli, India, Masters in Commerce, Accounting and Finance from Bharathidasan University, Tiruchirappalli, India and Bachelor of Commerce, Accounting and Finance from Karatak University, India</p>
 <p>John Nyalaji Nyandanyi</p>	<p>Mr. Nyandanyi was born on 10th November, 1974. He holds a Bachelor of Commerce degree in Finance. Further, he is a holder of CPA (K) and CPS (K). He has over 25 years working experience in Treasury Accounts department. He is currently the Head of Finance.</p>

KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2023

 <p>1 Mr. Wilson Moya Miranyi (Fund Administrator)</p>	<p>Mr. Wilson Moya Miranyi was born in the year 1973. His education and professional qualification is as follows;</p> <ul style="list-style-type: none">• 1988-1999 O level• 1995-1999 Diploma in Automotive Engineering• 2002 Post graduate Diploma in Technical Education• 2009-2011 Bsc Information Technology & physics• 2011-2013 Msc Information Technology• 2012-2013 Higher Diploma Education Management• 2018 Senior Management Course. <p>He has worked in different levels the latest being Staffing Officer Vocational Training Centres in Kisii County Government</p> <p>He is the secretary to the County Bursary Board since the year 2023 to date.</p>
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KISII COUNTY BURSARIES FUND
Annual Report and Financial Statements for the year ended 30 June 2023

5. FUND CHAIRPERSON'S REPORT

The Bursaries fund was established through the Kisii County Bursary Fund Act, 2014 with the sole purpose of providing bursaries to needy and bright students from disadvantaged backgrounds in the County. During the financial year 2022/2023 we had budgeted a total of Kshs. 145 Million to beneficiaries in various institutions. The fund has positively impacted the learning process of students by ensuring that they maintain at school. These goes a long way in the overall improvement of retention and completion rates of students.

Going forward, I wish to appeal to County Assembly Members to consider allocating more financial resources to the fund. This will cater for ever increasing number of needy and deserving cases. In order to create a more resounding impact I could wish to see the fund fully support the identified needy and bright students throughout their learning cycle i.e cover all fees through secondary school, college or university education. In the same vein, more consideration should be given to students in technical and vocational education during the award of bursaries which is part of our core mandate.



Name: Mr. Julius Onyando

Chairperson


27/11/2023

Date _____

6. REPORT OF THE FUND ADMINISTRATOR

We have always made and maintained adequate financial management arrangements for the Bursaries Fund. This has been made possible by keeping proper accounting records together with internal controls using appropriate accounting policies in accordance with International Public Sector Accounting Standards. We always ensure that the Fund has complied with applicable Government policies and are used for the eligible purposes.

In the financial year 2022/2023, the Kisii County Government budgeted Ksh.145 Million for bursaries. There is an overwhelming demand from the increasing numbers of the target group for bursary support. The financial resources have never been able to meet these demands. The Ward Bursary Committees have done extra work in identifying the beneficiaries from the huge numbers of applicants. It is for this reason that we could wish to appeal for more allocation to the fund so as to meet some of these demands from very vulnerable students. With the increase in the fund, the allocation will make an impact and will scale up our education in terms of quality.


.....

Name: Mr. Wilson M. Miranyi

Fund Administrator

KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 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.

The key development objective of the Kisii County Bursaries Fund for the F/Y 2022/2023 plan is to provide bursary for needy students.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Bursary/ Education	To support bright and needy students to access quality education	Increased number of students accessing education in the County	% of students retained in school / transitioned to next level institutions	The % of students dropping out of school has declined.

8. CORPORATE GOVERNANCE STATEMENT

In the course of the financial year, the Board managed holds five (5) sittings which were all attended by members of the board of trustees. As a best practice and in line with the law relating to meetings, they were all presided by the chairman. In cases of his or her absence the members elect one of their members to preside over the meeting.

The Fund is a semi-autonomous entity being managed by the Fund Administrator. The management intends to develop Board Service Charter. The process of appointment and removal of trustees, roles and functions of the Board and their remuneration are clearly stated in the Kisii County Bursary Fund Act 2014.

The members of the board recommended that a programme be developed on induction and training members on their roles to enable them offer better services to the public and a budgetary provision to be made in the forward budget.

KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2023

9. MANAGEMENT DISCUSSION AND ANALYSIS

The Kisii County Bursaries is specifically for financially disadvantaged or needy students including persons with disabilities from Kisii County admitted at various recognised educational institutions. The management of the Fund shall be vested in a management Board consisting of

- 1) Chairperson appointed by the Governor
- 2) One officer representing the County department for the time being responsible.
- 3) Two members representing the community and civil society.

The Ward Bursary Committees are charged with the responsibility of vetting applicants and identifying beneficiaries using a set out criteria. The committee shall consider all applicants submitted in accordance with the criteria set and may accordingly accept or reject any application for the bursary. Where it accepts the application, the committee shall recommend to the County Bursaries Fund Board, the grant of a bursary to the relevant qualified student. The secretary of ward bursary committee who is also the ward administrator has the responsibility of disbursing of cheques to the schools where the beneficiaries are schooling. The bursary award mainly covers part of tuition or boarding fees.

The strategic objectives of the Bursaries Fund are set out in Kisii County Bursary Fund Act, 2014. The main objective of the fund among others is to provide bursaries to financially disadvantaged or needy students in the county who deserve support to pursue their education.

A student wishing to receive a bursary from the fund shall make an application to the relevant committee in a prescribed form.

The criteria for granting a bursary from the Fund shall be in accordance with the regulations set out in the Act.

10. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The members appreciated their role in the board and took time to commend the county for taking a bold step in establishing and operationalizing the bursary fund which they believe has touched the hearts of more so the needy groups in the community hence improving the literacy levels especially to families that have bright students but face financial challenges.

The members indicated that since the promulgation of the new constitution which gave birth to devolved system of governance, services have been brought closure to the people and they are feeling the impact of county governments since resource allocation to the community at both levels i.e the sub-counties and even at ward levels have improved and even the public participation in identifying the needy cases from the grass root has been improved and appreciated by many.

The members through the chairman requested for more allocation since the needy cases are on the rise.

KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2023

11. REPORT OF THE FUND ADMINISTRATION COMMITTEE

The Trustees submit their report together with the audited financial statements for the year ended 30 June 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund is to provide bursary to needy and vulnerable students in Kisii County

Results

The results of the Fund for the year ended 30 June 2023 are set out on page 1 to page 22

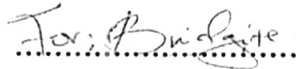
Trustees

The members of the Fund Administration Committee who served during the year are shown on page v.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


.....

Mr. Wilson Moya Miranyi

Chair of the Board/Fund Administration Committee

Date: 27/11/2023

KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2023

12. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Kisii County Bursaries Fund established by the Kisii County Bursary Act 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on 30 June 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 the Kisii County Bursary Act 2014. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended 30 June, 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 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 27th November 2023 and signed on its behalf by:

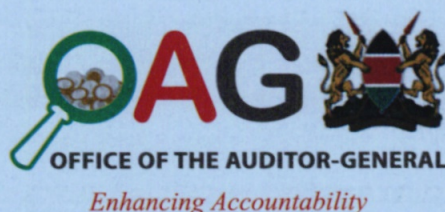
by:


.....

CECM- Finance and Economic Planning

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KISII COUNTY BURSARIES 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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations the 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 Kisii County Bursaries Fund set out on pages 1 to 22, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

amounts for the year then ended, and 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kisii County Bursaries 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.

Basis for Qualified Opinion

Unsupported Loan to Kisii County Executive

The statement of financial position reflects current portion of short-term receivables from non-exchange transactions balance of Kshs.14,855,000 which includes a loan advanced to Kisii County Executive amounting to Kshs.4,855,000 in the financial year 2021/2022 and was expected to be refunded immediately upon receipt of funds from the National Government. However, the funds have not been paid back to date. Further, the cash withdrawals were not approved by the Fund Administration Committee while no evidence was provided for audit to confirm that the monies were deposited in the County Executive bank account.

In addition, no evidence of a loan agreement between the Fund Management and the County Executive was provided for audit.

In the circumstances, the accuracy and recoverability of the transfer of funds to the County Executive amounting to Kshs.4,855,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kisii County Bursaries Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. 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 expenditure budget and actual on comparable basis amounts of Kshs.151,000,000 and Kshs.133,857,124 respectively, resulting in an under expenditure of Kshs.17,142,876 or 11% of the budget. The under absorption of funds affected the issuance of bursaries to needy students.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else 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

Over-Expenditure in Administration Costs

The statement of financial performance reflects use of goods and services amount of Kshs.5,417,544 which is 3.6% of the approved budget of Kshs.151,000,000, thus exceeding the limit of three 3 percent (3%) by 0.6% or approximately Kshs.132,544 provided for under Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015

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

The audit was conducted in accordance with 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 are in compliance, 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Controls Weakness Over the Cash and Bank Management

Review of documents revealed that cash amounting to Kshs.2,550,000 was withdrawn from the Fund's bank accounts for the payment of allowances, in total disregard of the risk of undertaking huge cash transactions. Management did not explain why the

allowances were not paid using cheques or direct transfers to the beneficiaries' bank accounts.

In the circumstances, the effectiveness of internal controls over cash and bank management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 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 controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its 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 Fund's financial reporting process, reviewing the effectiveness of how the 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 overall 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 control 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's 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 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 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 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

05 February, 2024

KISHI COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2023

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	151,000,000	5,340,920
Total Revenue		151,000,000	5,340,920
Expenses		-	-
Use of Goods and Services	2	5,417,544	520,000
Bursary Disbursement	3	128,439,580	-
Total expenses		133,857,124	520,000
Surplus/(deficit)for the period		17,142,876	4,820,920

Wilson M. Miranyi
.....

Name: Wilson M. Miranyi

Administrator of the Fund

John Nyandanyi
.....

Name: John Nyandanyi

Fund Accountant

ICPAK Member Number:13373

KISII COUNTY BURSARIES FUND
Annual Report and Financial Statements for the year ended 30 June 2023

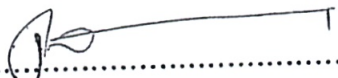
15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	19,756,999	14,743
Current portion of short- term receivables from non-exchange transactions	5	14,855,000	4,855,000
Total Current Assets		34,611,999	4,869,743
Total Assets		34,611,999	4,869,743
Liabilities			
Current Liabilities			
Payables from non-exchange transactions	6	12,599,380	-
Total Current Liabilities		12,599,380	-
Total Liabilities		12,599,380	-
Net Assets			
Revolving Fund		-	-
Accumulated Surplus		22,012,619	4,869,743
Total Net Assets and Liabilities		34,611,999	4,869,743

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 27/11/2023 and signed by:



Name: Wilson Moya Miranyi
 Administrator of the Fund



Name: CPA John Nyandanyi
 Fund Accountant
 ICPAK Member Number:13373

KISHI COUNTY BURSARIES FUND
Annual Report and Financial Statements for the year ended 30 June 2023

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2023

	Revolving Fund	Accumulated surplus	Total
		Kshs	Kshs
Balance as at 1 July 2021	15,577,085	-15,528,262	48,823
Transfer revolving fund to accumulated surplus	(15,577,085)	15,577,085	-
Surplus/(deficit) for the period	-	4,820,920	4,820,920
Balance as at 30 June 2022	-	4,869,743	4,869,743
Balance as at 1 July 2022	-	4,869,743	4,869,743
Surplus /(Deficit) for the period	-	17,142,876	17,142,876
Balance as at 30 June 2023	-	22,012,619	22,012,619

Wilson Moya Miranyi

Name: Wilson Moya Miranyi
 Administrator of the Fund

John Nyandanyi

Name: John Nyandanyi
 Fund Accountant
 ICPAK Member Number: 13373

KISII COUNTY BURSARIES FUND
Annual Report and Financial Statements for the year ended 30 June 2023

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	141,000,000	5,340,920
Total receipts		141,000,000	5,340,920
Payments			
Use of Goods and Services	2	5,417,544	520,000
Bursary Disbursement	3	115,840,200	-
Total Payments		121,257,744	520,000
Net cash flows from operating activities		19,742,256	4,820,920
Cash from financing activities			
Loan advanced to County Treasury	5	-	(4,855,000)
Net cash flow used in financing activities		-	(4,855,000)
Net increase/(decrease) in cash & cash Equivalents		19,742,256	(34,080)
Cash and cash equivalents at 1 July 2022	4	14,743	48,823
Cash and cash equivalents at 30 June 2023	4	19,756,999	14,743

The statement of cash flows has been prepared using the direct method

Wilson Moya Miranyi

Name: Wilson Moya Miranyi
 Administrator of the Fund

John Nyandanyi

Name: John Nyandanyi
 Fund Accountant
 ICPAK Member Number: 13373

KISII COUNTY BURSARIES FUND
Annual Report and Financial Statements for the year ended 30 June 2023

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE, 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Transfers From County Govt.	12,000,000	139,000,000	151,000,000	151,000,000	-	100%
Total Income	12,000,000	139,000,000	151,000,000	151,000,000	-	100%
Expenses						
Use of Goods and Services	12,000,000	(6,000,000)	6,000,000	5,417,544	582,456	90.3%
Bursary Disbursement	-	145,000,000	145,000,000	128,439,580	16,560,420	88.6%
Total Expenditure	12,000,000	139,000,000	151,000,000	133,857,124	17,142,876	88.6%
Surplus For The Year	-	-	-	17,142,876	(17,142,876)	-

Budget Notes

1. Bursary disbursement under absorption was caused by late release of funds from the National Treasury.
2. Use of goods and services under absorption was caused by late release of funds from the National Treasury.
3. Changes between the original and final budget amounts was caused by adding of the bursary funds to the budget during the supplementary budget preparation.

KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2023

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kisii County Bursaries Fund is established by and derives its authority and accountability from Kisii County Bursaries Act. The entity is wholly owned by the Kisii County Government and is domiciled in Kenya. The entity's principal activity is to provide bursary to needy and vulnerable students in Kisii County.

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	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <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; <p>and</p>

KISII COUNTY BURSARIES FUND
Annual Report and Financial Statements for the year ended 30 June 2023

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<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. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2023

Standard	Effective date and impact:
	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.
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>
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 cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
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</p>

KISII COUNTY BURSARIES FUND
Annual Report and Financial Statements for the year ended 30 June 2023

Standard	Effective date and impact:
	operations to be presented separately in the statement of financial performance.

(ii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

4. 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 entity 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.

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 30th 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 entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations on the FY 2022-2023 budget following the governing body’s approval.

The entity’s budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2023

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented.

Summary of Significant Accounting Policies (Continued)

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 entity 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) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

KISII COUNTY BURSARIES FUND
Annual Report and Financial Statements for the year ended 30 June 2023

Summary of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or entity of financial assets is impaired. A financial asset or entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2023

Summary of Significant Accounting Policies (Continued)

f) 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 Entity.

g) Provisions

Provisions are recognized when the Entity 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 Entity 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.

h) Contingent liabilities

The Entity 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.

KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2023

Summary of Significant Accounting Policies (Continued)

Contingent assets

The Entity 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 Entity 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.

i) Nature and purpose of reserves

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

j) Changes in accounting policies and estimates

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

k) Employee benefits– Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (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.

l) 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.

KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2023

Summary of Significant Accounting Policies (Continued)

m) 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.

n) Related parties

The Entity 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

o) 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.

p) Comparative figures

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

q) Events after the reporting period

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

r) Ultimate and Holding Entity

The entity is a County Public Fund established by Kisii County Bursaries Act under the Ministry of Education Labour and Manpower Development. Its ultimate parent is the County Government of Kisii.

s) Currency

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

KISII COUNTY BURSARIES FUND
Annual Report and Financial Statements for the year ended 30 June 2023

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made e.g.

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 Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

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 Entity

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

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.

KISII COUNTY BURSARIES FUND
Annual Report and Financial Statements for the year ended 30 June 2023

6. Notes to the Financial Statements

1. Transfers From the County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From the County Government	151,000,000	5,340,920
Total	151,000,000	5,340,920

The fund received Kshs.141,000,000 within the period under review and Kshs.10,000,000 on 5 July 2023

2. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Administration Fees	5,286,000	511,459
Bank Charges	131,544	8,541
Total	5,417,544	520,000

3. Bursary Disbursement

Description	2022-2023	2021-2022
	Kshs	Kshs
Bursary Disbursement	128,439,580	-
Total	128,439,580	-

The total amount approved for disbursements as bursaries was Kshs.128,439,580. However, only an amount of Kshs.115,840,200 was transferred successfully to beneficiaries school bank accounts in the period under review. The remainder was transferred in the financial year 2023/2024.

4. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	19,756,999	14,743
Total Cash And Cash Equivalents	19,756,999	14,743

KISII COUNTY BURSARIES FUND
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Detailed analysis of the cash and cash equivalents are as follows:

		2022-2023	2021-2022
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1180225465	19,756,999	14,743
Sub- Total		19,756,999	14,743

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5. Current portion of short term receivables from non-exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Borrowed by Finance and Accounting Services	4,855,000	4,855,000
Transfer from County Government in transit	10,000,000	-
Total	14,855,000	4,855,000

6. Payables from non-exchange transactions

	2022-2023	2021-22
	Kshs	Kshs
Unremitted bursaries	12,599,380	-
Total	12,599,380	-

The bursaries were not remitted due to incorrect bank account details

Other Disclosures

7. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees;etc

b) Related party transactions

	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Government	151,000,000	5,340,920
Total	151,000,000	5,340,920

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Other Disclosures Continued

8. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	14,855,000	10,000,000	4,855,000	-
Bank Balances	19,756,999	19,756,999	-	-
Total	34,611,999	29,756,999	4,855,000	-
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	4,855,000	4,855,000	-	-
Bank Balances	14,743	14,743	-	-
Total	4,869,743	4,869,743	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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The entity has no significant concentration of credit risk on amounts due

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

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20. 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame:
KSI/KSI BURSARY/2021/2022(26)	Irregular transfer of funds to County Treasury	We have sent letters to County Executive to have the borrowed money immediately refunded to the Fund.	Not Resolved	October, 2021
SNY/KISII BUR/2021/2022/(31)	Non-Allocation of Funds to the Bursaries Fund	We have allocated funds to the bursary	Resolved	Immediately
SNY/KISII BUR/2021/2022/(31)	Unresolved Prior Year Matters	There will be allocation of bursary funds in every financial year so that to help the needy students.	Resolved	Immediately
SNY/KISII BUR/2021/2022/(31)	Budgetary Control and Performance	We will implement the budget fully so that to minimize the under-funding and under absorption.	Resolved	