

REPUBLIC OF KENYA



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REPORT

PARLIAMENT
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THE AUDITOR-GENERAL

ON

NAKURU COUNTY BURSARY FUND

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

PAPERS LAID	
DATE	19/03/2024
TABLED BY	ML
COMMITTEE	—
CLERK AT THE TABLE	Carolyne Chesep



NAKURU 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)**

Nakuru County Bursary Fund

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

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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 key management personnel who had financial responsibility
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2. Key Entity Information and Management

a) Background information

Nakuru Bursary Fund is established by and derives its authority and accountability from Article 116 of Public Fund Management Act of 2012 and also Public Finance Management (Nakuru County Bursary Fund Regulations, 2015 Section 4(1).

The Fund is wholly owned by the County Government of Nakuru and is domiciled in Kenya.

The fund's objective is:

1. Enable children from poor Families in Nakuru County access education.
2. Enable persons with disabilities, who deserve support to pursue their education in recognized schools and educational institutions.
3. Ensure increase in retention of students in schools.

b) Principal Activities

The Fund's principal activity is to provide for efficient allocation and disbursement of Bursary funds in Nakuru County.

The functions of the County Bursary Committee shall:

1. Be a clearing house for applications received from the Wards
2. Set the criteria and conditions for granting of Bursaries
3. Distribute the bursary funds among the wards in the county
4. Approve disbursement of Bursaries to awarded students
5. Monitor allocations of Bursaries to ensure needy students benefit
6. Maintain an up to date database of all applicants and beneficiaries of the fund
7. Raise and solicit funds and other assistance for the fund
8. Receive gifts, donations, grants or endowments made to the fund and committee
9. Grant Bursaries to eligible students upon recommendation of the relevant wards
10. Produce and share disbursement reports with relevant offices quarterly
11. Consider and entertain appeals from the wards

Nakuru County Bursary Fund

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Key Entity and Management (Continued)

12. Perform and exercise all other functions and powers conferred on the committee by the Nakuru Bursary Fund Regulations.

e) Nakuru County Bursary Fund Administration Committee

Ref	Name	Position
1	Moses Kiarie	Fund Chairman
2	Millicent A. Yugi	Fund Secretary
3	James Chacha	Fund Accountant
4	Simon Gaiho Kimani	Member
5	Phillip Kipkurui Ng'ok	Member
6	Salome Mukami	Member
7	Imam Ahmad Rashid	Member
8	Geoffrey Kirui Kipkorir	Member
9	Linda Kageha	Member

d) Key Management team

Ref	Name	Position
1	Moses Kiarie	Fund Chairman
2	John Koech	Fund Administrator
3	James Chacha	Fund Accountant

e) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

SN	Position	Name
1	Directorate Internal Audit	
2	Staff car Mortgage and car Loan Advisory Committee	
3		

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f) Registered Offices

Nakuru County Bursary Fund
Regional Co-ordinators Headquarters
Moi Rd.
P.O. Box 2870 -20100
Nakuru, Kenya.

g) Fund Contacts

Telephone: (254) 051-2216472
E-mail: info@nakuru.go.ke
Website: www.nakuru.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Family Bank Ltd. Head Office,
Family Bank towers
P.O Box 74145-00200
Nairobi, Muindi Mbingu Street
Tel: 020 325 2000 Cell: +254 703 095 000
Email: info@familybank.co.ke, www.familybank.co.ke

i) Independent Auditors

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

j) Principal Legal Adviser

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

Nakuru County Bursary Fund
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Key Entity and Management (Continued)




k) County Attorney




County Attorney
County Hall
Moi Rd.
P.O. Box 2870-20100
Nakuru, Kenya

Nakuru County Bursary Fund

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




3. Nakuru County Bursary Fund Committee

Name	Details of qualifications and experience
<p>1. MOSES KIARIE</p>  <p>Fund Chairman Date of Birth: 13-Jan-1976</p>	<ul style="list-style-type: none">• Diploma in Education.• NCDF Bahati committee.• Computer certificate.• World Bank certificate on agriculture certificate of participation on USA based NGO (BIM). Certificate in sports and culture under NGCDF Bahati.• Currently president of the chicken value chain in Nakuru county under world Bank.• Chairman Nakuru County Bursary Fund
<p>2. MILLICENT A. YUGI</p>  <p>Fund Secretary Date of Birth: 13-Sep-1969</p>	<ul style="list-style-type: none">• Master's Degree in Education, pursuing PHD• Currently Director of Education County Government of Nakuru having built a career in Education Administration for the past 20 years.• Served as Municipal Education Officer before becoming Director of Education for the County.• Nakuru County Bursary
<p>3. JAMES CHACHA</p>  <p>Fund Accountant Date of Birth: 05-MAY-1990</p>	<ul style="list-style-type: none">• Bachelor Degree in Economics• CPA (K)• SMC (senior management courses)• Accountant in Various Department in Nakuru County departments of Finance, Roads, Health and Education• Previously worked as an Accountant at Value max consulting ltd Kenya and PWC Kenya• Nakuru county bursary Fund CECM finance nominee

Name	Details of qualifications and experience
<p>4. SIMON GAITHO KIMANI</p>  <p>Member Date of Birth: 04-Apr-1991</p>	<ul style="list-style-type: none">• Bachelor of arts in criminology and security management.• Chairman Gilgil level 4 hospital• Nakuru county representative in Gilgil lands board.• Representative of youth in Nakuru County Bursary Fund.
<p>5. PHILLIP KIPKURUI NG'OK</p>  <p>Member Date of Birth: 28-Feb-1982</p>	<ul style="list-style-type: none">• Bachelor of Education (science)• Master of Development Studies• President, Nakuru County Youth Bunge Forum• Chairman, Nakuru Vocational Training Centre• Member Nakuru County Civil Society Forum• Member Nakuru County Bursary Fund
<p>6. SALOME MUKAMI</p>  <p>Member Date of Birth: 04-May-1995</p>	<ul style="list-style-type: none">• Certificate in hospitality• Registered Member of Association of Persons Living with Disability• Governor Nominee representing Persons Living with Disability• Member of Nakuru County Bursary Committee




Nakuru County Bursary Fund

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

Name	Details of qualifications and experience
<p>7. IMAM AHMAD RASHID</p>  <p>Member Date of Birth: 09-Mar-1978</p>	<ul style="list-style-type: none"> • Bachelor of degree-islamic law and sharia • County Religious Leader- SUPKEM • Chairman Kenya council of Imams (KCIU)- Central Rift • Head of imams in Nakuru county • Member of Nakuru County Bursary Committee
<p>8. GEOFFREY KIRUI KIPKORIR</p>  <p>Member Date of Birth: 01-Aug-1972</p>	<ul style="list-style-type: none"> • 2007-2009 Diploma in Theology (MATUMAINI BIBLE COLLEGE) • 2009-2011 worked with Abantu for CIVIL Education • 2012 Ordained as a Reverend • 2008-2013 Worked with NCKK • 11/01/2020 Installed as a Bishop (PEFA Nakuru West Region) • Currently works as a Regional Bishop Nakuru West PEFA • Member of Nakuru County Bursary Committee
<p>9. LINDA KAGEHA</p>  <p>Member Date of Birth: 13-Dec-1989</p>	<ul style="list-style-type: none"> • Bachelors Degree Business Management and Information technology • Director Kenya National Chamber of Commerce and Industry Nakuru Chapter • Child Welfare representative • Member of Nakuru County Bursary Committee

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

4. Management Team

Name	Details of qualifications and experience
<p>1. MOSES KIARIE</p>  <p>Fund Chairman Date of Birth: 13-Jan-1976</p>	<ul style="list-style-type: none"> • Diploma in Education. • NCDF Bahati committee. • Computer certificate. • World Bank certificate on agriculture certificate of participation on USA based NGO (BIM). Certificate in sports and culture under NGCDF Bahati. • Currently president of the chicken value chain in Nakuru county under world Bank.
<p>2. JOHN KOECH</p>  <p>Fund Administrator Date of Birth: 12-Dec-1968</p>	<ul style="list-style-type: none"> • Bachelors Degree Education • Teaching from 1994 • Chairman KSBHA Lodiani
<p>3. JAMES CHACHA</p>  <p>Fund Accountant Date of Birth: 05-MAY-1990</p>	<ul style="list-style-type: none"> • Bachelor Degree in Economics • CPA (K) • SMC (senior management courses) • Accountant in Various Department in Nakuru County departments of Finance, Roads, Health and Education • Previously worked as an Accountant at Value max consulting ltd Kenya and PWC Kenya • Nakuru county bursary Fund CECM finance nominee

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

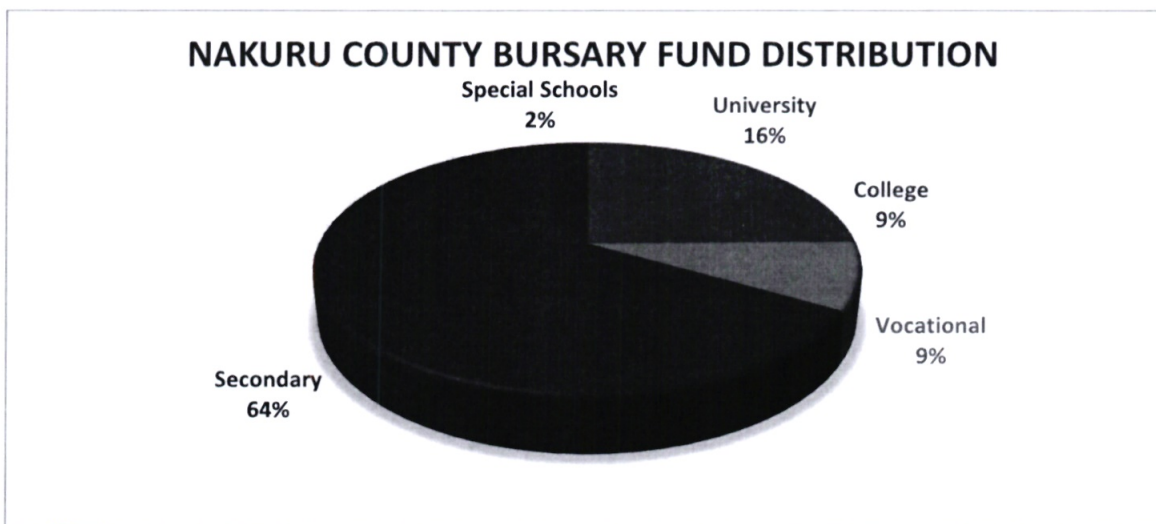
5. Nakuru County Bursary Fund Chairperson’s Report

I am pleased to present to you reports and financial statements for the Nakuru County Bursary Fund for the financial year ended June 30, 2023. During the year, the Nakuru County Bursary Fund was allocated a total of Kshs 177,250,852 being 100% of the total Department Approved Budget, a Balance Brought Forward of Kshs 7,833,151 making a total of Kshs. 185,084,003.

On receipt of the above allocations, The Nakuru County Bursary Fund Committee pursuant to the Public Finance Management (Nakuru County Bursary Fund) Regulations 2015, received Bursary Application Forms for the shortlisted applicants from Ward Bursary Committees in all 55 Wards within the County. The Committee met and approved applications for the applicants who met the set requirements as per the Application Form.

During the year, a total of Kshs 170,168.515 was disbursed to various educational institutions namely Universities, Colleges, Vocational Training, Secondary Schools and Special School being bursary awarded to needy students within the County. Kshs. 4,155,342 being 2% of the allocation to the fund was spent on Administrative Expenses hence a budget utilization of 98% totalling to Kshs. 174,453,857. This necessitated retention and transition rate of pupils to other levels of education.

The Distribution of Funds to Educational Institutions is reflected in the chart below:



[Handwritten signature]
.....

Name: Moses Kiarie

Chairman Nakuru County Bursary Fund Committee

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

6. Report of the Fund Administrator

Nakuru County Bursary Fund was established in the year 2014 by Public Finance Management (Nakuru County Bursary Fund) Regulations, 2015. The fund held its first meeting of the Financial Year ending June 30, 2023 on 8th February, 2023 as attended by the following: -

	Name	Position
1	Moses Kiarie	Fund Chairman
2	John Koech	Fund Administrator
3	James Chacha	Fund Treasurer
4	Millicent A. Yugi	Fund Secretary
5	Simon Gaitho Kimani	Member
6	Phillip Kipkurui Ng'ok	Member
7	Salome Mukami	Member
8	Imam Ahmad Rashid	Member
9	Geoffrey Kirui Kipkorir	Member
10	Linda Kageha	Member

- Review of the Fund's performance

The opening balance for the year was Kshs. 7,833,151 and it received Kshs. 177,380,852 from the Nakuru County Government Consolidated Fund. These funds were applied as follows: -

	Amount	Percentage
	Kshs.	
Administration Expenses	4,155,342	2%
Scholarship and other educational benefits	170,168,515	98%
Total	174,453,857	100%

The balance of Kshs. 10,760,146 is the amount carried forward to the following year

The fund operates an account No. 019000036428 held at Family Bank Ltd Nakuru whose signatories are: -

1. Moses Kiarie
2. John Koech
3. James Chacha

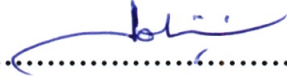
Nakuru County Bursary Fund

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

- Future outlook of the Fund

The Fund will strive to ensure that it is managed prudently and ensuring that the Nakuru County needy students obtain assistance from the fund.

The fund closed the year with a cash book balance of Kshs. 10,760,146.



.....
Name: John Koech
Fund Administrator

7. Statement of Performance Against the Nakuru County Bursary 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 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 objectives of the Nakuru County Bursary Fund 2018-2022 plan are to:

- Enhancing access, transition and retention through provision of bursaries and scholarships to needy students of Nakuru County.

Progress on attainment of Strategic development objectives (*Adopted from County Government of Nakuru*)

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
SP2.2 Bursaries	Enhancing access, transition and retention through provision of bursaries and scholarships to needy students of Nakuru County	Support for needy children through bursary	Amount of bursary funds budgeted (M) Number of actual children who benefit from bursaries	Bursary enhanced through ward kitty

8. Corporate Governance Statement

Section 167 of the PFM Act 2012 requires that an Administrator of a county public fund prepares the financial statements for the fund for each financial year in a format prescribed by the Accounting Standards Board. The Fund Administrator being the head of the 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 Nakuru County Bursary Fund for and as at the end of the year ended on June 30, 2023.

- **Number of meeting held and attendance**

The Nakuru Bursary Fund committee held a total of 18 meetings.

The main agenda revolved majorly on the validation/verification of bursary awarded by the Award Committees. These meetings are attended through invitation letters as communicated by the Fund Secretary.

- **Succession Plan**

The Committee is appointed for a life span of three years which is renewable.

The secretary to the fund notifies the appointing officer before the expiry period of the serving members upon which the officer appoints new or reappoints the serving members.

- **Existence of Service Charter**

Nakuru County Bursary Fund is guided by the Directorate of Education Service Charter.

- **Roles and Functions of Administration Committee Members**

The roles and functions of the Administration Committee Members is outlined in the Public Finance Management (Nakuru County Bursary Fund) Regulations, 2015 which includes among others:

- Clearing Applications received from the Ward Bursary Committees.
- Set the criteria and conditions for granting of bursaries.
- Approve disbursement of bursaries to awarded students.
- Monitor allocations of bursaries to ensure needy students benefits.

- Produce and share disbursement reports with the Governor, County Assembly and other relevant authorities every three months.
- Continuous induction and training of the committee members is done to capacity build the members for better performance.
- The ethics and conducts of the members is outlined in the Public Finance Management (Nakuru County Bursary Fund) Regulations, 2015 section 8 sub section 1(a) to (h)

9. Management Discussion and Analysis

- Financial Performance and Operations

Financial operations in broader sense refers to the degree to which financial objectives being or has been accomplished. It is used to measure firm's overall financial health over a given year of time.

Financial performance analysis includes analysis and interpretation of financial statements in such a way that it undertakes full diagnosis of the financial soundness of the fund. As it is, the fund is performing well financially and its operations within the scope of the fund.

- Compliance with statutory requirements

The fund Committee and Management team have generally complied with statutory requirements

- Major Risks facing the fund

Risk Management Techniques: One key to controlling financial management risks is the development and use of effective internal controls. Which involve general management controls and accounting controls.

Misuse of funds: The board is responsible for ensuring that the fund expenditure/expenses stays focused on its mission. An excellent way to monitor progress is through its use of funds.

General Management control: General management controls consist of the board's and senior management's responsibilities for establishing the proper oversight of financial operations. The board should require clear and informative financial reports and statements on a regular basis.

Description	FY2022/2023
	KShs
Scholarship and Other Educational Benefits - University	26,703,700
Scholarship and Other Educational Benefits - College	15,468,820
Scholarship and Other Educational Benefits - Vocational	14,797,350
Scholarship and Other Educational Benefits - Secondary	109,805,845
Scholarship and Other Educational Benefits - Special Schools	3,522,800
Total	170,298,515
Administration	
Administration Expenses	4,155,342
Total	4,155,342
Grand Total	174,453,857

10. Environmental and Sustainability Reporting

Nakuru County Bursary Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Vision 2030 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The Nakuru County Bursary Fund is entrenched in its strategy (**Education and Training**) to support needy and bright students from each ward of the County. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The Nakuru County Bursary Fund is committed to fair and ethical market practises.

The Procurement of goods and services is done through a transparent and competitive process that allows equal opportunities to all participants especially bursary applicants. We are also committed to healthy relations with our stakeholders and other key players in the process of awarding bursaries.

- Encouraging fair competition and zero tolerance to corruption during the process of shortlisting and awarding bursaries
- Good business practice by ensuring timely release and payments of approved bursary applicants.
- Advertisement and Notification to members of the public when bursary process begins.
- Stewardship by safeguarding consumer rights and interest

5. Community Engagements-

We engage community and other stakeholders during the process of vetting and awarding of bursary.

11. Report of Fund Administration Committee

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

Principal activities

The principal activities of the Nakuru County Bursary Fund are (*continue to be*): support for children through provision of bursaries and scholarships to needy students including Persons Living with Disability of Nakuru County to ensure higher transition and retention rate.

- a. Be a clearing house for applications received from the Wards;
- b. Set the criteria and conditions for granting of bursaries;
- c. Distribute the Bursary Funds among the wards in the county;
- d. Approve disbursement of bursaries to awarded students;
- e. Monitor allocations of bursaries to ensure needy students benefit;
- f. Maintain an up to date database of all applicants and beneficiaries of the Fund;
- g. Raise and solicit funds and other assistance for the Fund;
- h. Receive gifts, donations, grants or endowments made to the Fund and committee;
- i. Grant bursaries to eligible students upon recommendation of the relevant wards;
- j. Produce and share disbursement reports with the Governor and the County assembly every three months.
- k. Consider and entertain appeals from the Wards;
- l. Perform and exercise all other functions and powers conferred on the Committee by Nakuru County Bursary Fund Regulations.

Results

The performance of the Fund for the year ended June 30, 2023, are set out on page 1 to 6.

Fund Administration Committee

The members of the Nakuru County Bursary Fund Committee who served during the year are as shown on page iii.

Nakuru County Bursary Fund

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

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 Fund Administration Committee

Nakuru County Bursary Fund Sign:

Name: **Moses Kiarie**

Nakuru County Bursary Fund Chairperson

Date:

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 Nakuru County Bursary Fund established by Public Finance Management (Nakuru County Bursary Fund) Regulations, 2015 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 Nakuru County Bursary 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 Nakuru County Bursary Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. 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 Nakuru County Bursary 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

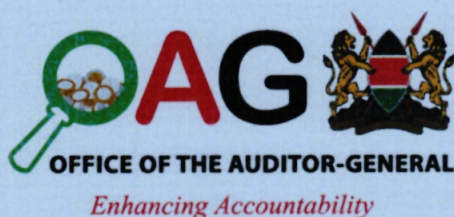
The Fund’s financial statements were approved by the Nakuru County Bursary Fund on _____ 2023 and signed on its behalf by:

.....


John Koech
Administrator of the Nakuru County Bursary Fund

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NAKURU 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

Adverse Opinion

I have audited the accompanying financial statements of Nakuru County Bursary Fund set out on pages 1 to 42, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of my report, the financial statements do not present fairly, the financial position of Nakuru 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 do not comply with the Public Finance Management Act, 2012 and the Public Finance Management (Nakuru County Bursary Fund) Regulations, 2015.

Basis for Qualified Opinion

1. Use of Goods and Services

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects a balance of Kshs.174,323,857 in respect to use of goods and services. Review of the supporting records revealed the following unsatisfactory matters:-

1.1. Unsupported Bursary Grants

Included in the balance is bursary grants amount of Kshs.170,168,515 disbursed to various institutions. However, the criteria for vetting beneficiaries, bursary committee vetting minutes and register of beneficiaries was not provided for audit review. Further, the analysis of the supporting schedule provided in support to bursary to secondary schools revealed that 284 students were each awarded bursary of less than Kshs.2,500 below the set minimum threshold.

In the circumstances, the accuracy and propriety of bursary grants amounting to Kshs.170,168,515 could not be confirmed.

1.2. Unsupported Committee Allowances

Included in the use of goods and service balance is committee allowances of Kshs.3,848,800 incurred on sitting allowances for ward and county bursary committee meetings. However, invitation letters, attendance registers and committee meeting minutes were not provided for audit review.

In the circumstances, the accuracy and propriety of committee allowances amounting to Kshs.3,848,800 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Nakuru 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 Adverse Opinion.

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 in the year under review.

Other Matter

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board reporting template.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion, I confirm that that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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 because of the significance of the matters discussed in the Basis for Adverse Opinion, I confirm that, internal controls, risk management and governance were not effective.

Basis for Conclusion

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 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 the Fund or to 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 Control 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 Control 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 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 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 sustain 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control 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

21 February, 2024

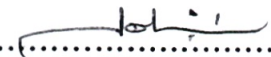
Nakuru County Bursary Fund

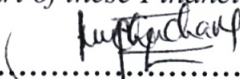
Annual Report and Financial Statements for the year ended June 30, 2023

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

	Note	FY2022/2023	FY2021/2022
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	177,250,852	254,763,209
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	-	-
Other income	5	-	-
Total revenue		177,250,852	254,763,209
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	174,323,857	260,342,947
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total expenses		174,323,857	260,342,947
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(deficit) for the period		2,926,995	(5,579,738)

(The notes set out on pages 18 to 32 form an integral part of these Financial Statements)

.....

Name: John Koech
Administrator of the Fund

.....

Name: James Chacha
Fund Accountant
ICPAK Member Number: 24184



15. Statement of Financial Position as at 30 June 2023

	Note	FY2022/2023	FY2021/2022
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	12	10,760,146	7,833,151
Current portion of long term receivables from exchange transactions	13	-	-
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16		
Total current assets		10,760,146	7,833,151
Non-current assets			
Property, plant and equipment	17	-	-
Intangible assets	18	-	-
Long term receivables from exchange transactions	13	-	-
Investment Property	19		
Total non-current assets		-	-
Total Assets		10,760,146	7,833,151
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23		
Total liabilities		-	-
Net Assets			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		10,760,146	7,833,151
Total Net Assets and Liabilities		10,760,146	7,833,151

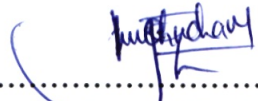
Nakuru County Bursary Fund

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

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 30/06/2023 and signed by:

.....


Name: John Koech
Administrator of the Fund

.....


Name: James Chacha
Fund Accountant
ICPAK Member Number: 24184

Nakuru County Bursary Fund

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

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

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2021	-	-	13,412,889	13,412,889
Surplus/(deficit) for the period	-	-	5,579,738	5,579,738
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	-	-	7,833,151	7,833,151
Balance as at 1 July 2022	-	-	7,833,151	7,833,151
Surplus/(deficit) for the period	-	-	2,926,995	2,926,995
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2023	-	-	10,760,146	10,760,146

Nakuru County Bursary Fund**Annual Report and Financial Statements for the year ended June 30, 2023****17. Statement of Cash Flows for The Year Ended 30 June 2023**

	Note	FY2022/2023	FY2021/2022
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	
Transfers from the County Government		177,250,852	254,763,200
Interest received		-	
Receipts from other operating activities		-	
Total Receipts		177,250,852	254,763,200
Payments			
Fund administration expenses		4,155,342	4,886,570
General Expenses		-	
Finance cost		-	
Other Payments		170,168,515	255,456,370
		174,323,857	260,342,940
Net cash flows from operating activities	25	2,926,995	(5,579,738)
		-	
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	
Proceeds from sale of property, plant and equipment		-	
Proceeds from loan principal repayments		-	
Loan disbursements paid out		-	
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		2,926,995	(5,579,738)
Cash and cash equivalents at 1 JULY	12	7,833,151	13,412,889
Cash and cash equivalents at 30 JUNE	12	10,760,146	7,833,151

Nakuru County Bursary Fund

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

18. Statement of Comparison of Budget and Actual Amounts for The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	-	-	-	-	-	-
Transfers from County Govt.	177,250,852	7,833,151	185,084,003	185,084,003	-	100%
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total income	177,250,852	7,833,151	185,084,003	185,084,003	-	100%
Expenses						
Fund Administration Expenses	4,155,342	-	4,155,342	4,155,342	-	100%
General Expenses	173,095,510	7,833,151	180,928,661	170,168,515	10,760,146	94%
Finance Cost	-	-	-	-	-	-
Total expenditure	177,250,852	7,833,151	185,084,003	174,323,857	10,760,146	94%
Surplus for the period	-	-	-	10,760,146	(10,760,146)	6%

19. Notes to the Financial Statements

1. General Information

The Nakuru County Bursary Fund is established by and derives its authority and accountability from Article 116 of Public Fund Management Act of 2012 and also **Public Finance Management (Nakuru County Bursary Fund) Regulations, 2015 Section 4(1)**. The principal activity/mission/ mandate of the Fund is to provide educational Bursaries to financially disadvantaged or needy children including persons with disabilities to support their education in recognised institutions of learning.

The entity is wholly owned by the Nakuru County Government and is domiciled in Kenya.

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) Relevant new standards and amendments to published standards effective for the year ended 30 June 2023

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

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 Entity's future cash flows.

Standard	Effective date and impact:
	<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; 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 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.

Standard	Effective date and impact:
<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. <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>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</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 202</p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</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</p>

Standard	Effective date and impact:
	<p>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> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<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 entity did not early – adopt any new or amended standards in year 2023.

1. 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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity'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 29 June 2023. 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 recorded additional appropriations of N/A on the FY 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.

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 xxx 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 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) 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. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* 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 entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* 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 entity 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 entity'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 cashflows 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.

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.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Significant Accounting Policies (Continued)

Financial liabilities

Classification

The entity 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 Entity.

h) 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.

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 entity 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 entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

j) 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.

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.

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

l) 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.

m) 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.

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 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.

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 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. Additional disclosure of these estimates of provisions is included in Note xxx.

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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

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

6. Notes to The Financial Statements

1. Public contributions and donations

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Transfers from County Govt. – operations	10,000,000	55,000,000
Transfers from County Govt. – operations	57,250,852	41,024,182
Transfers from County Govt. – operations	110,000,000	18,643,240
Transfers from County Govt. – operations	-	5,000,000
Transfers from County Govt. – operations	-	61,053,066
Transfers from County Govt. – operations	-	5,000,000
Transfers from County Govt. – operations	-	55,000,000
Transfers from County Govt. – operations	-	2,772,078
Transfers from County Govt. – operations	-	11,270,643
Transfers from County Govt. – operations	-	-
Transfers from County Govt. – operations	-	-
Payments by County on behalf of the entity	-	-
Total	177,250,852	254,763,209

3. Fines, penalties and other levies

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Late payment penalties	-	-
Unik Driving School	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Interest income from loans (mortgage or car loans)	-	-
Total interest income	-	-

Notes to the Financial Statements Continued

5. Other income

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total other income	-	-

6. Employee Costs

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (Specify)	-	-
Total	-	-

7. Use of Goods and Services

Description	FY2022/2023	FY2021/2022
	KShs	KShs
General Office Expenses	-	-
Loan Processing Costs		
Professional Services Costs		
Administration Fees		
Committee Allowances	3,848,800	3,860,359
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel and Oil Costs	-	-
Insurance Costs	-	-
Postage and Courier	-	579,512
Printing and Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone and Communication Expenses	-	-
Bank Charges	306,542	446,706
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (Specify)	-	-
University	26,703,700	30,545,740
College	15,468,820	30,058,693
Vocational Centers	14,667,350	38,169,933
Secondary	109,805,845	153,156,247
Special Schools	3,522,800	3,525,757
Social benefit expenses*		
Total	174,323,857	260,342,947

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

Notes to the Financial Statements Continued

8. Depreciation and Amortization Expense

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	FY 2022/2023	FY2021/2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	10,760,146	7,833,151
Others	-	-
Total cash and cash equivalents	10,760,146	7,833,151

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

Notes to the Financial Statements Continued

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

Financial institution	Account number	FY2022/2023	FY2021/2022
		KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			
Family Bank Ltd	A/C No. 019000036428	10,760,146	7,833,151
Bank B		-	-
Sub- total		10,760,146	7,833,151
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		10,760,146	7,833,151

13. Receivables from exchange transactions

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables	-	-
Non Current receivables		
Long term loan repayments due	-	-
Total Non current receivables	-	-
Total receivables from exchange transactions	-	-

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

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

14. Prepayments

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Total	-	-

15. Inventories

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value	-	-

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	FY2022/2023	FY2021/2022
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	FY 2022/2023	FY2021/2022
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Nakuru County Bursary Fund

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

Notes to The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2021)	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2023)	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June 2022)	-	-	-	-	-
At 30th June 2023	-	-	-	-	-

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

Notes to The Financial Statements (Continued)

18. Intangible assets

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

19. Investment Property

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation		
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

Nakuru County Bursary Fund

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

Notes to The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	FY2022/2023		FY 2021/2022	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables				
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years				
Total (tie to above total)	-	-	-	-

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance at the Beginning of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due to Discount and Time Value For Money				
Transfers from Non -Current Provisions	-	-	-	-
Balance at The End of The Year	-	-	-	-

Nakuru County Bursary Fund

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

Notes to The Financial Statements (Continued)

22. Borrowings

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Balance at Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period		
Repayments of Domestic Borrowings During the Period	-	-
Balance at End of The Period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

Description	FY 2022/2023	2021/2022
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings from Other Government Institutions	-	-
Total Balance at End of The Year	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	FY2022/2023	FY2021/2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Nakuru County Bursary Fund

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

Notes to The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	FY 2022/2023	FY 2021/2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme		
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non-current social benefits	-	-
Total (tie to totals above)		

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

Notes to The Financial Statements (Continued)

25. Cash generated from operations

	FY2022/2023		FY2021/2022	
	KShs		KShs	
Surplus for the year before tax	2,926,995	-	5,579,738	
Adjusted for:				
Depreciation	-	-	-	-
Gains/ losses on disposal of assets	-	-	-	-
Interest income	-	-	-	-
Finance cost	-	-	-	-
Working Capital adjustments				
Increase in inventory	-	-	-	-
Increase in receivables	-	-	-	-
Increase in payables	-	-	-	-
Net cash flow from operating activities	2,926,995	-	5,579,738	

Notes to The Financial Statements (Continued)

26. 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

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Transfers from Related Parties'	-	-
Transfers to Related Parties	-	-

c) Key management remuneration

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Nakuru County Bursary Fund Committee	3,848,800	3,860,359
Key Management Compensation	0	0
Total	3,848,800	3,860,359

d) Due from related parties

Description	FY 2022/2023	2021/2022
	Kshs	Kshs
Due from Parent Ministry	0	0
Due from County Government	177,250,852	254,763,209
Total	177,250,852	254,763,209

Other Disclosures Continued

e) Due to related parties

Description	FY 2022/2023	2021/2022
	Kshs	Kshs
Due to Parent Ministry	-	-
Due to County Government	-	-
Due to Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2022/2023	FY2021/2022
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Notes to The Financial Statements (Continued)

28. 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 minimise 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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from Exchange Transactions	0	0	0	0
Receivables from Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0
At 30 June 2021				
Receivables from Exchange Transactions	0	0	0	0
Receivables from Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0

Notes to The Financial Statements (Continued)

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.

The entity has significant concentration of credit risk on amounts due from N/A

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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2022				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

Notes to The Financial Statements (Continued)**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.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables	0	0	0
Liabilities			
Trade and Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

Notes to The Financial Statements (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund’s statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Kshs	Kshs	Kshs
FY 2022/2023			
Euro	10%	0	0
USD	10%	0	0
FY 2021/2022			
Euro	10%	0	0
USD	10%	0	0

ii. Interest rate risk

Interest rate risk is the risk that the entity’s financial condition may be adversely affected as a result of changes in interest rate levels. The entity’s interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund’s deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs NIL (2022: Kshs NIL). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs NIL (2021 – Kshs NIL).

Notes to The Financial Statements (Continued)

d) Capital risk management.

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	FY2022/2023	FY 2021/2022
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0	0

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by Article 116 of Public Fund Management Act of 2012 and also **Public Finance Management (Nakuru County Bursary Fund) Regulations, 2015 Section 4(1)** under the Ministry of Education. Its ultimate parent is the County Government of Nakuru.

31. Currency

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

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

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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Inaccuracies in the Transfers from County Government The statement of financial performance reflects transfers from the County Government amounting to Kshs.254,763,209. However, a review of the Bank statement reflects receipts of Kshs.257,326,352. The resulting variance of Kshs. 2,563,143 has not been explained or reconciled.</p> <p>In the circumstance, the accuracy of transfers from County Government amounting to Kshs.254,763,209 for the year ended 30 June, 2022 could not be confirmed.</p>	<p>FY 2021/22 Nakuru County Bursary Fund budget was Kshs. 254,763,209 (Attached fund budget extract). The County Treasury transferred a total of 257,326,352 as tabulated below.</p> <p>Included in Kshs. 257,326,352 are the arrears from the previous financial year FY 2020/21 which was received as Kshs 2,000,000 and Kshs. 559,143 respectively from the Treasury and Uhuru High School refund of Kshs. 4,000 resulting to variance of 2,563,143.</p>		
	<p>Unsupported Other Operating Expenses The statement of financial performance reflects use of goods and services of Kshs.4,886,577. The amount includes other operating</p>	<p>Attached find support documents for operating expenses amounting to Kshs. 4,886,577 which was erroneously stated in Note 7 instead of Note 6 and Note 7 as follows. 3,860,359 for Staff Cost (Note 7)</p>		

Nakuru County Bursary Fund

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>expense amounting to Kshs.3,860,359 as further referred as Note 7 to but in Note 6 to the financial statements. However, payments voucher in support of the other operating expenses were not provided for audit verification.</p> <p>Under the circumstance, the accuracy and propriety of other operating expenses of Kshs.3,860,359 for the year ended 30th June, 2022 could not be confirmed.</p>	<p>1,026,018 for Fund Administration (Note 6.) Totaling to Kshs. 4,886,577</p>		
	<p>Unsupported Scholarship and Other Operating Benefits As disclosed in Note 8 to the financial statements, the statement of financial position reflects an amount of Kshs.255,456,370 in respect of scholarship and education benefits. However, the statement of financial performance as disclosed in Note 8 reflects depreciation and amortization expense amounting to Kshs. 255,456,370. Further, the criteria and conditions used for</p>	<p><u>Bursary criteria</u> The criteria and conditions used for awarding scholarship and bursaries have been provided below.</p> <p>Multiple Bursaries totaling to 56,737,404 awarded to 6,813 students Nakuru County Bursary Fund are requisitioned in tranches and one may be a beneficiary in more than one tranche depending on awards from Ward committees as per the needs of the students and these does not necessarily imply multiple allocations.</p>		

Nakuru County Bursary Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>awarding scholarship and bursaries were not provided for audit review. In addition, multiple bursaries totaling to Kshs.56,737,404 were awarded to six thousand eight hundred and thirteen (6,813) students contrary to Regulation (9) (11) of the Public Finance Management (Nakuru County Bursary Fund) Regulations, 2015, which provides that bursary will be ordinarily be awarded for one year period but may be reviewed on a case by case basis. Bursary recipient shall be selected on an objective and non-discriminatory basis.</p>			
	<p>Unsupported Cash and Cash Equivalents</p> <p>Bursary criteria</p> <p>Multiple Bursaries totaling to 56,737,404 awarded to 6,813 students</p>	<p>The criteria and conditions used for awarding scholarship and bursaries have been provided below.</p> <p>Nakuru County Bursary Fund are requisitioned in tranches and one may be a beneficiary in more than one tranche depending on awards from Ward committees as per the needs of the students and these does not necessarily imply multiple allocations.</p>		

Nakuru County Bursary Fund

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>Unsupported Cash and Cash Equivalents</p> <p>Payment in Bank Statement not in the Cash Book 9,50,303 and Beneficiaries</p> <p>Cancelled and reversed cheques of 11,828,156</p>	<p>Attached please find list of beneficiaries amounting to Kshs. 9,570,303 which were already posted in the Cashbook as per attached cash book extract</p> <p>Cheques were cancelled and reversed due to various reasons: - Minutes authorizing replacement have been attached.</p>		
	<p>Irregular Payments to Savings and Credit Cooperative Societies and Private Companies</p>	<p>The payment amounting to Kshs. 3,514,000 were not paid to SACCOs and Co-operative Credit Societies directly by the Fund Management, but to institutions/schools as per bursary awards. However, in consultation with the fund bank, most of the institution hold their bank accounts in saccoes and co-operative societies which does not directly participate in clearing cycle as per Bank correspondence and cheque images The management has noted audit concern and is going to advice the affected institutions to open accounts with commercial banks. Attached please find list of beneficiaries amounting to Kshs. 3,514,000.</p>		

Nakuru County Bursary Fund

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Budgetary Control and Performance	The under absorption was due to delay in exchequer release.		
	Non-Compliance with Public Sector Accounting Standards Board Requirements	The Management have corrected the errors noted above in the Financial Statements for the year under review and will ensure that the Financial Statements will be aligned to the requirement and format issued by the Public Sector Accounting and Standard Board.		
	Lack of an Approved Budget	The management had an approved budget which was approved by Bursary Committee vide attached minutes.		
	Lack of Risk Management Policy and Strategy	The Management of Nakuru County Bursary Fund has noted audit recommendation and is in the process of developing RISK Management Policy and Strategy for the Fund.		

Fund Administrator



Date 30/6/23.....

Nakuru County Bursary Fund

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

Annex II: Inter-Fund Confirmation Letter



COUNTY GOVERNMENT OF NAKURU
DEPARTMENT OF EDUCATION, ICT AND E-GOVERNMENT
NAKURU COUNTY BURSARY FUND

EDUCATION OFFICE
P.O. BOX 2870
NAKURU
Kenya

E-Mail: educationdirector@nakuru.go.ke
meonaku@yahoo.com

The Nakuru County Government wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Nakuru County Bursary Fund as at 30 th June 2023							
		Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2023				Amount Received by [beneficiary Fund] (Kshs) as at 30th June 2023 (E)	Differences (Kshs) (F)=(D-E)
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
REC/0000123894	07-Mar-23	10,000,000	0	0	10,000,000	10,000,000	0
REC/0000123895	07-Mar-23	110,000,000	0	0	110,000,000	110,000,000	0
REC/0000123893	07-Mar-23	57,250,852	0	0	57,250,852	57,250,852	0
Total		177,250,852	0	0	177,250,852	177,250,852	0

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name JAMES CHACHA Sign [Signature] Date 30/06/2023

Nakuru County Bursary Fund

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

Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
NIL									

Nakuru County Bursary Fund

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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
NIL						