

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

PARLIAMENT  
OF KENYA  
LIBRARY

**KIAMBU COUNTY EDUCATION BURSARY  
FUND**

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

PAPERS LAID	
DATE	2/3/2024
TABLED BY	Dep. Maj. Whop
COMMITTEE	CPIC
CLERK AT THE TABLE	Cherif





OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
08 DEC 2023  
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**KIAMBU COUNTY EDUCATION BURSARY FUND**

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

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

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

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**Table of Content**

1. Acronyms and Glossary of Terms	ii
2. Key Entity Information and Management	iii
3. Board of Trustees/ Fund Administration Committee (Or Any Other Corporate Governance Body for The Fund)	vi
4. Management Team	ix
5. Board/Fund Chairpersons Report	xi
6. Report of the Fund Administrator	ix
7. Statement of Performance Against the County Fund's Predetermined Objectives	xii
8. Corporate Governance Statement	xiii
9. Management Discussion and Analysis	xv
10. Environmental and Sustainability Reporting	xvi
11. Fund Administrative Committee	xviii
12. Statement of Management's Responsibilities	xviii
13. Report of The Independent Auditor on the Financial Statements for Kiambu County Education Bursary Fund.	xix
14. Statement of Financial Performance for the Year Ended 30 <sup>th</sup> June 2023	1
15. Statement of Financial Position As at 30 <sup>th</sup> June 2023	2
16. Statement Of Changes in Net Assets for the year ended 30 <sup>th</sup> June 2023	3
17. Statement of Cash Flows for The Year Ended 30 June 2023	4
18. Statement Of Comparison Of Budget And Actual Amounts For The Period	5
19. Notes to the Financial Statements	6
20. Annexes	20

**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
CECM	County Executive Committee Member

**2. Key Entity Information and Management**

**a) Background information**

Kiambu County Education Bursary Fund is established by and derives its authority and accountability from Kiambu County Education Bursary Fund Act 2014 Assented on *19th May, 2014* and Commenced on *24th June, 2014*. The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kenya.

The fund's objective is to:

- Provide financial assistance to the needy, orphaned and vulnerable students in Kiambu County, enrolled in secondary schools, universities, colleges and special primary or secondary schools.

The Fund's principal activity is to offer Bursaries and Scholarships to the needy and vulnerable students in Kiambu County.

**b) Principal Activities**

The Fund's principal activity is to offer Bursaries and Scholarships to the needy and vulnerable students in Kiambu County. The principal activity/mission/ mandate of the Fund is to

- Grant scholarships in accordance with the criteria established under the Act; and
- Meet any expenditure related to administration of the Fund as may be approved by the Executive Member.

**c) Fund Administration Committee**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	William Kimani	Chairman (Chair and C.O. Finance)
2	Emily Nkoroi	A.g C.O Education/ Fund Administrator Director Vocational Training
3	Catherine Nduati	Director-Social Services (Upto 20 <sup>th</sup> March 2023)
4	David G. Warwathe	Director- Gender, Culture & Social services (From 20 <sup>th</sup> March 2023 – Date)
5	Judy Cheserek	Legal Officer
6	Peter Gichuki	Community Member

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

**d) Key Management team**

Ref	Name	Position
1	Emily Nkoroi	A.g C.O Education/ Fund Administrator Director Vocational Training
2	David G Warwathe	Director- Gender, Culture & Social services (From 20 <sup>th</sup> March 2023 – Date)
3	Catherine Nduati	Director - Social Services (Upto 20 <sup>th</sup> March 2023)
4	Susan Kimando	Bursary Accountant In Charge CPA
5	Miriam N. Kamau	Bachelor Degree CPA Accountant
6	Tabitha W. Muigai	Accountant CPA

**e) Fiduciary Oversight Arrangement**

SN	Position	Name
1	Directorate Internal Audit	Joel Ruo Ngeru

**f) Registered Offices**

P.O. Box 2344-00900  
Kiambu Community Building  
Kiambu Road  
Kiambu, Kenya

**g) Fund Contacts**

Telephone :( 254) 709877000  
E-mail: info@kiambu.go.ke  
Website: www.kiambu.go.ke

**h) FundBankers**

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

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The Cooperative Bank of Kenya  
Kiambu Branch  
P.O. Box 1064  
Kiambu 00900  
Kiambu, Kenya

**i) Independent Auditors**

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

**j) Principal Legal Adviser**

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







**k) County Attorney**

Kiambu County Government  
State Law Office  
P.O Box 2344-00900  
Kiambu, Kenya








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

**3. Fund Administration Committee**

Name	Details of qualifications and experience
<p>1.  William Kimani</p>	<p>Chief Officer Finance, ICT &amp; Economic Planning D.O.B – 25<sup>th</sup> August 1977 BBA – Finance and Accounting MBA – Finance CPA - K</p>
<p>2.  Emily Nkoro</p>	<p>County Bursary Committee Member Secretary/Fund Administrator (Ag. C.O. Education 12<sup>th</sup> March 2022-To Date) Director Vocational Training D.O.B - 29<sup>th</sup> December 1965 Master of Education</p>
<p>3.  Catherine Nduati</p>	<p>Director Social Services (Up to 20<sup>th</sup> March 2023) County Bursary Committee Member D.O.B –18<sup>th</sup> June 1968 Bachelor of Education Work Experience-15 years.</p>
<p>4.  David Warwathe</p>	<p>Director Gender, Culture &amp; Social Services (From 20<sup>th</sup> March 2023 – to Date) County Bursary Committee Member Education-MSC-Finance .CPA(K) CPS(K) D.O.B –11/04/1967 Work Experience -15years</p>
<p>5.  Judy Cheserek</p>	<p>County Bursary Committee Member Legal Officer Dip in Law(KSL.) DOB-5<sup>th</sup> October 1988</p>
<p>6.  Peter Gichuki</p>	<p>County Bursary Committee Member DOB- 21/04/1976 Education - Degree, BED Science Experience- 16 years of teaching Accountant</p>

**4. Management Team**

Name	Details of qualifications and experience
<p>1.  Emily Nkoroi</p>	<p>County Bursary Committee Member                      Secretary/Fund Administrator (Ag. C.O. Education                      12<sup>th</sup> March 2022-To Date)                      Director Vocational Training                      D.O.B - 29<sup>th</sup> December 1965                      Master of Education</p>
<p>2.  Catherine Nduati</p>	<p>Director Social Services (Up to 20<sup>th</sup> March 2023)                      County Bursary Committee Member                      D.O.B –18<sup>th</sup> June 1968                      Bachelor of Education                      Work Experience-15 years.</p>
<p>3.  David Warwathe</p>	<p>Director Gender, Culture &amp; Social Services (From                      20<sup>th</sup> March 2023 – to Date)                      County Bursary Committee Member                      Education-MSc-Finance ,CPA(K) CPS(K)                      D.O.B –11/04/1967                      Work Experience -15years</p>
<p>4.  Susan Kimando</p>	<p>Bursary Accountant In Charge                      DOB- 24/07/1968                      KACE                      CPA((K)                      Experience 16 years in accounting</p>
<p>5.  Miriam Njambi</p>	<p>Accountant                      DOB-26/09/1987                      Bachelor Degree- B.Ed Arts                      CPA (K)                      Experience- 10 years</p>
<p>6.  Tabitha Muigai</p>	<p>Accountant                      DOB-10/12/1987                      CPA                      Experience -5 years</p>

## **5. Board/Fund Chairperson's Report**

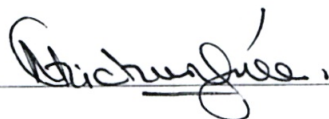
Kiambu County Education Bursary Fund was established under the PFM Act 2012 and County Government of Kiambu Act, 2014. In the year under review, the management of the fund changed its membership following the change in the top leadership. The changes included the Fund Administrator who is the Fund Account Mandatory Signatory.

The approved budget for the FY 2022/2023 was Kshs 200,000,000.00. However the County Treasury transferred Kshs. 200,000,000.00 in two disbursements of Kshs. 100,000,000.00 each. The budgeted allocation for the wards equitable share of 85% was Kshs170,000,000.00 as stipulated in the Kiambu County Education Bursary Fund Act of 2014 Section 5(3) "An amount totaling to 85% of the monies set aside for disbursement under the Act shall be allocated equally to all the wards". The budgeted allocation for the marginalized and needy cases was 12% of the total amount which totalled to Kshs24,000,000.00 as provided in the Act Section 5(4) "An amount totaling to 12% of the monies set aside for disbursement under this Act shall be utilized for special categories in accordance with the formula set out in the regulations". The budgeted allocation for the Administration cost was 3% of the total amount translating to Kshs6,000,000.00 as outlined in the Act Section 5(1) "...provided that not more than 3% of the total monies consisting of the fund shall be utilized for the administration of the fund."

The balance brought forward from 2020/2021 FY was Kshs5,824,285.20. The fund received Kshs200,000,000 for the FY 2022/2023. A total amount of Kshs102,146,417.00 was spent on bursary while Kshs4,364,450.00 was spent on administration and bank charges, leaving a balance of Kshs103,677,868.20 as at 30<sup>th</sup> June 2023.

The challenges facing the fund include the increased number of needy cases and other competing needs in the County caused by the Economic crisis in the country.

Signed: \_\_\_\_\_



**Nancy Gichungwa**  
**County Executive Committee Member**  
**Education, Gender, Culture & Social Services**

**6. Report of the Fund Administrator**

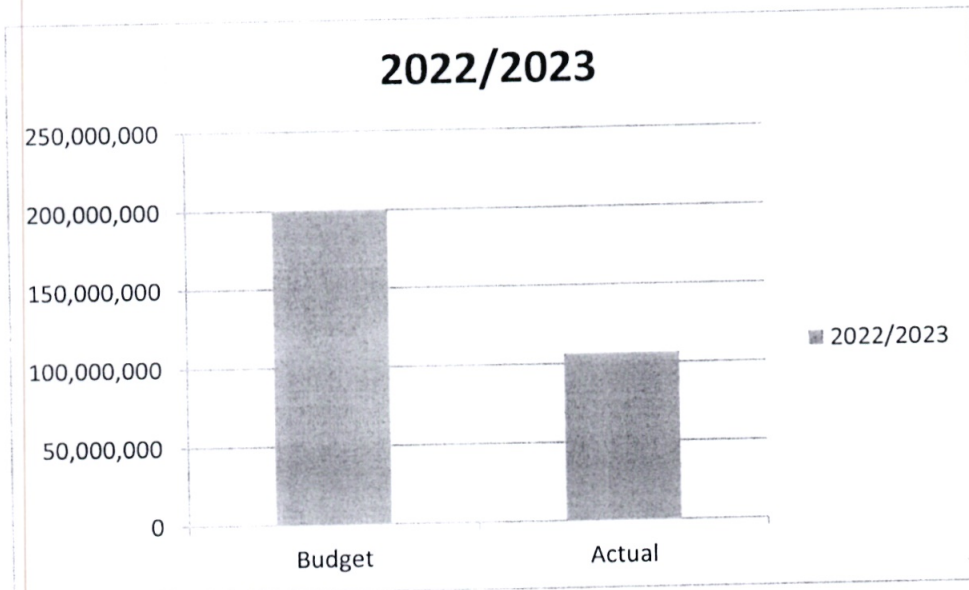
The scheme is aimed at ensuring that Students especially those from vulnerable grounds access education and are retained in school after enrolment, reducing disparities and inequalities in the provision of education.

Following the approval of Kshs. 231,000,000.00 budget for the 2021/2022 FY, Kshs. 180,000,000.00 was disbursed in two equal disbursements of Kshs. 90,000,000.00 each. This is an increase from the previous Financial Year's disbursement which was Kshs. 100,000,000.00.

The balance brought forward from 2021-2022 FY was Kshs. 5,824,285.20. The fund received Kshs. 200,000,000.00 for the FY 2022/23. A total amount of Kshs. 102,146,417.00 was spent on bursary while Kshs. 4,364,450.00 was spent on administration, leaving a balance of Kshs. 103,677,868.00 as at 30<sup>th</sup> June 2023. Bursary summary disbursement for the year was as follows

**COMPARISON BETWEEN ACTUAL AND EXPENDITURE FOR FY 2022/2023**

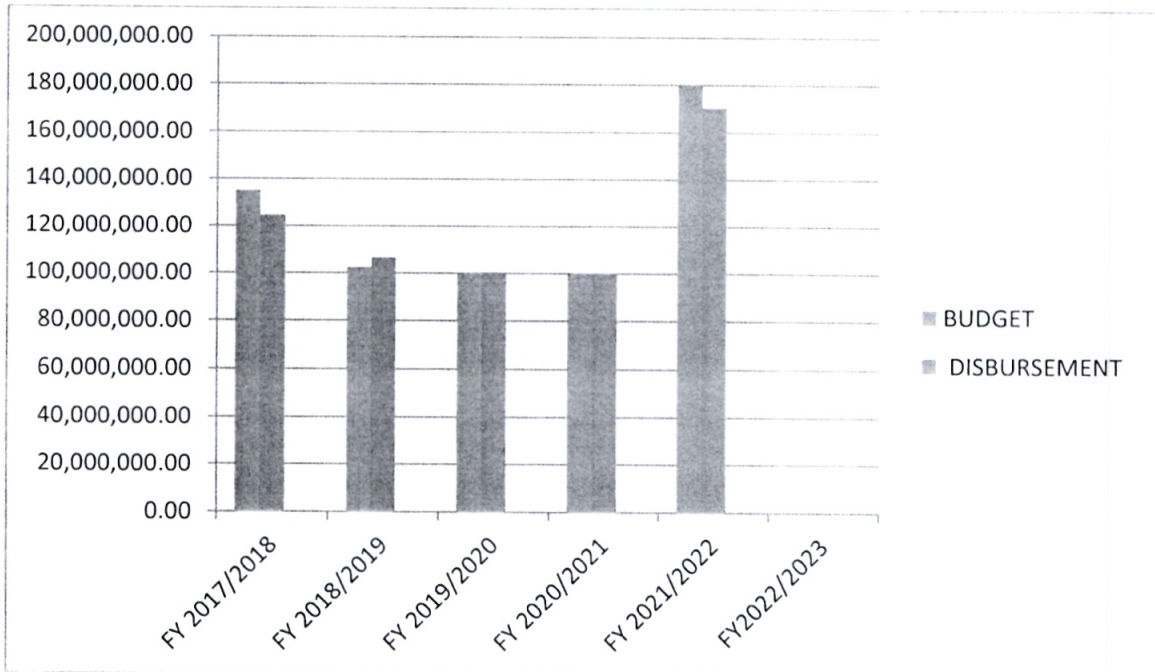
YEAR	Budget	Actual
2022/2023	200,000,000	106,509,867



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

**SUMMARY OF DIBURSEMENT OF FUND**

YEAR	BUDGET	DISBURSEMENT	ADMINISTRATION COST
FY 2017/2018	135,000,000.00	124,531,866.00	4,335,152.80
FY 2018/2019	102,500,000.00	106,548,428.00	3,923,590.00
FY 2019/2020	100,000,000.00	100,457,971.00	3,479,935.00
FY 2020/2021	100,000,000.00	100,002,547.00	3,778,730.00
FY 2021/2022	180,000,000.00	170,359,261.00	6,262,385.00
FY2022/2023	200,000,000.00	97,781,967.00	4,363,450.00



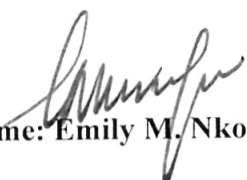
**Number of beneficiaries and amount disbursed**

Year	2019/2020	2020/2021	2021/2022	2022/2023
Number of beneficiaries	23,378	23,362	22,847	25,378
Amount disbursed	100,000,000	90,000,000	90,000,000	200,000,000

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

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Several clauses have been amended in the 2014 Act to comply with the PFM Act and to improve the management of the fund as recorded in the Kiambu County Bursary Fund Amendment Act 2016 and 2018.



Name: Emily M. Nkoroi

**Fund Administrator**

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

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

The approved budget was Kshs. 200,000,000. However the County Treasury transferred Kshs. 200,000,000.00 disbursed in two disbursements of Kshs. 100,000,000.00 each. This was disbursed to needy students from Kiambu County. These students were selected by bursary ward committee members as per Kiambu County Education Bursary Fund Act. The challenges facing the fund include the increased number of needy students and inability of the fund to pay ward committee allowances and other fund administration expenses.

**Introduction**

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

The key development objectives of the Kiambu County Education Bursary Fund 2018-2022 strategic plan are to:

- a) Enhance access to education
- b) Promote and increase enrolment, retention ,completion and transition rates in schools
- c) Improve education standards and literacy levels
- d) Reduce poverty and inequality

**Progress on attainment of Strategic development objectives From *Kiambu County Education Fund***

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Kiambu County Education Bursary Fund	Increase bursary fund allocation to enhance accessibility to and completion by needy students secondary school and college.	Increased access and retention of learners amongst vulnerable Groups.	Number of students who benefited from bursary disbursed in 2022/2023 financial year	In financial year 2022/2023, 25,378 students benefited from bursary issued.

## **8. Corporate Governance Statement**

The County Bursary Committee holds not less than four times meetings in every financial year, and not more than four months should elapse between the date of one meeting and the date of the next one.

The chairperson may, and upon requisition in writing by at least five members, convene a special meeting of the Committee at any time for the transaction of the business of the Committee. Unless three quarters of the total members of the Committee otherwise agree, at least fourteen days' written notice of every meeting of the Committee is given to every member of the Committee. The quorum for the conduct of the business of the Committee is five members including the chairperson or the person presiding. The chairperson presides at every meeting of the Committee at which he is present but, in his absence, the members present elect one of their numbers to preside, who, with respect to that meeting and the business transacted, assumes all the powers of the chairperson.

The Kiambu County Education Bursary Fund Act 2014 guides the conduct of the meetings.

The Amendment Act 2016 provides for the appointment of the County and Ward Bursary Committee members as follows:-

Ward Bursary Committee:-chairperson appointed by the Executive Member through a competitive process, the county officer in charge of education in the ward is the secretary to the committee, one person with experience in education matters nominated by a joint forum on faith based organizations in the ward, one person experienced in education matters nominated by a joint forum of Non-Governmental Organizations in the ward, one person experienced in education matters nominated by joint organizations of persons with disability in the ward; and one person nominated by a joint forum of youth in the ward.

Their roles and functions include: receiving, reviewing and approving applications for education grant, bursary or scholarship, as the case may be, under the Act; determining the amount of education grant, bursary or scholarship, as the case may be, to be awarded to each approved applicant; monitoring and evaluating the progress and performance of the eligible students supported under the Act.

The County Bursary Committee on the other hand is appointed as follows-(a)the Chief Officer responsible for matters relating to Finance or a designated alternate not being below the level of a finance director; (b)the officer administering the Fund who is an ex-officio member with no right to vote and the secretary to the Committee; (c)the Director of social services in the County Government; (d)Director of polytechnics in the County Government; and (e)two other persons qualified in matters relating to education, community development or law appointed by the Executive Member through a competitive process.

The Committees' functions include (a)approve the disbursement of the education grant, bursary and scholarships to beneficiaries; (b)monitor and evaluate the activities of the Ward committees to ensure the implementation of this Act in a manner that promotes the objects of the Fund; (c)receive and address complaints that may arise from the implementation of the Act;(d)consider appeals from the



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

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Ward Committees; (e) make recommendations to the Executive Member on any matter relating to the Fund; (f) compile, update and forward reports to the Executive Member; (g) perform any other function as the Executive Member may determine.

A member of the Committee may at any time resign from office by notice in writing to the Executive Member or be removed from office by the Executive Member, if the person has been absent for three consecutive meetings of the Committee without the permission of the chairperson, is convicted of a criminal offence, and sentenced to imprisonment, is convicted of an offence involving dishonesty or fraud, is adjudged bankrupt, or enters into a composition scheme of arrangement with his or her creditors, is incapacitated by prolonged physical or mental illness, or is deemed otherwise unfit to discharge his or her duties as a member of the Committee, or fails to comply with any of the provisions of the Act.

On conflict of interest, if a member is directly or indirectly interested in any contract, proposed contract or other matter before the Committee, and is present at a meeting of the Committee at which the contract, proposed contract or other matter is the subject of consideration, the member should disclose the fact before the meeting starts, and is barred from taking part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the contract or matter: Provided that, if the majority of the members present are of the opinion that the experience or expertise of such a member is vital to the deliberations of the meeting, the Committee may permit the member to participate in the deliberations subject to such restrictions as it may impose, but the member is not eligible to vote on the matter in question. A member of the Committee shall be considered to have a conflict of interest for the purposes of the Act if he or she acquires any pecuniary or other interest that could conflict with the proper performance of his or her duties as a member of the Committee. Where the Committee becomes aware that a member has a conflict of interest in relation to any matter before the Committee, the Committee shall direct the member to refrain from taking part, or taking any further part, in the consideration or determination of the matter.

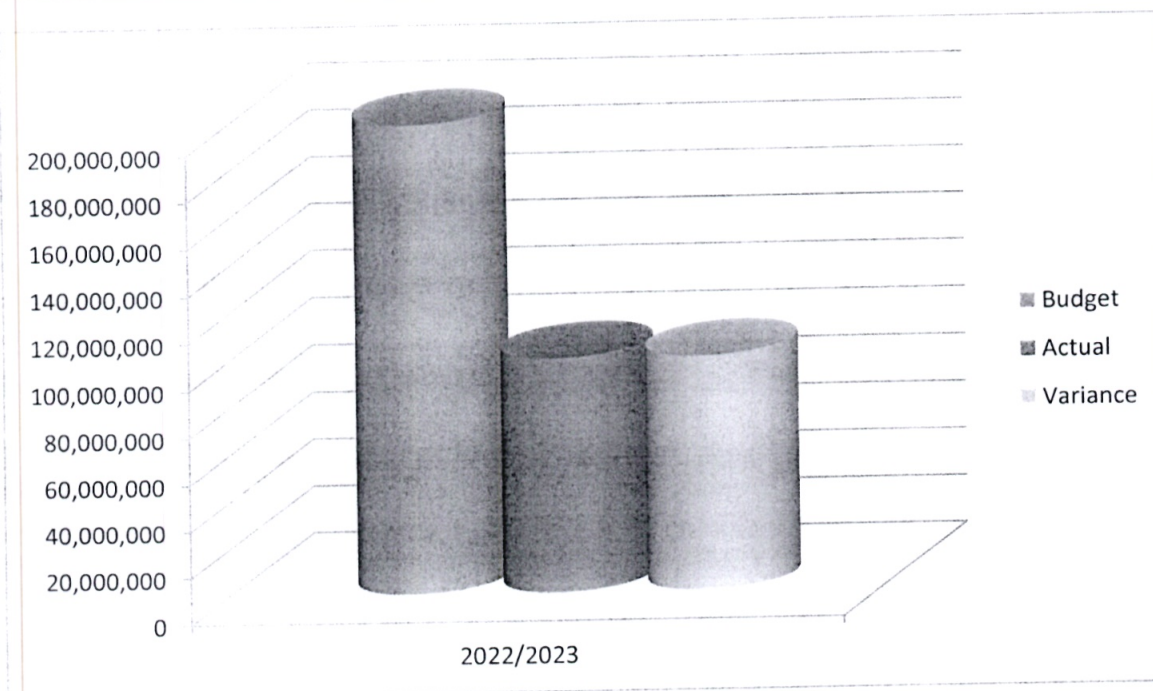
If the chairperson has a conflict of interest he should, in addition to complying with the other provisions of this section, disclose the conflict in writing to the Executive Member. Upon the Committee becoming aware of any conflict of interest, it decides as to whether in future the conflict is likely to interfere significantly with the proper and effective performance of the functions and duties of the member or the Committee, and the member with the conflict of interest does not vote on this determination.

Upon their appointment, members of both Committees are inducted and briefed on all the related bursary procedures. They carry out their roles and functions as outlined in the act. The allowances paid are determined by the County Treasury in consultation with the Salaries and Remuneration Commission.

**9. Management Discussion and Analysis**

The Kiambu County Education Funds discussion and analysis provides an overview of the Funds financial activities for the fiscal year ended 30<sup>th</sup> June 2023. The financial report is prepared using appropriate accounting policies and in conformity with the IPSAS.

	Budget	Actual	Variance
2022/2023	200,000,000	100,000,000	100,000,000



**CASH RECEIVED FROM COUNTY**

The statement shows transfer from county treasury in Financial Year 2022/2023 was Kshs. 200,000,000 which was more than the amount transferred from county treasury 2021/2022 financial year. In the previous Financial Year the county treasury transferred Kshs. 180,000,000.00.

**ADMINISTRATION EXPENDITURE**

The amount of administration expenditure reported in the current year decreased from Kshs 6,262,385.00 to Kshs. 4,364,450.00

**CASH AND CASH EQUIVALENT**

The amount of cash and cash equivalent reported in the current year is Kshs. 103,677,868.20 which is an increase from Kshs. 5,824,285.20 in the previous Financial Year.

## **10. Environmental and Sustainability Reporting**

Since Education Bursary Fund is a social function meant as an intervention program to cushion the vulnerable in the society and to promote retention of learners in schools, no other *CSR* activities are undertaken.

**11. Fund Administration Committee**

The Executive Bursary Fund Committee submitted their reports with financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Fund are:

- a. Provide education grants or bursaries to eligible students enrolled in secondary schools, universities, colleges and special primary or secondary schools.
- b. Granting scholarships in accordance with criteria established under Kiambu County Education Bursary Act.
- c. Meeting any expenditure related to administration of the Fund as may be approved by the Executive Member.

**Results**

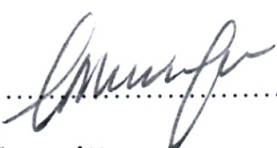
The results of the Fund for the year ended June 30, 2023 are set out on page 1 to 5.

**Fund Administration Committee**

The members of the Fund Administration Committee who served during the year are shown on page iii to v. The Kiambu County Bursary Fund did not have Trustees during the Financial year.

**Auditors**

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

By Order of the Board.....

**Fund Administration Committee**

Date: 6/12/2023.....

## **12. Statement of Management’s Responsibilities**

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

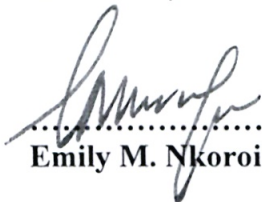
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Kiambu County Education Bursary Fund*. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2023, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the financial statements**

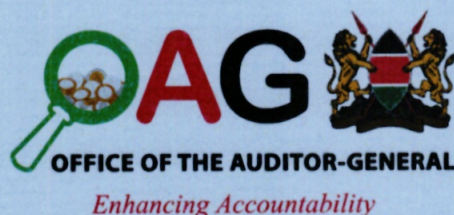
The Fund’s financial statements were approved by the Board on 6<sup>th</sup> December 2023 and signed on its behalf by:

  
.....  
**Emily M. Nkoroi**

**Administrator of the Kiambu County Education 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 KIAMBU COUNTY EDUCATION BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kiambu County Education Bursary Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Kiambu County Education Bursary Fund, 2014.

### **Basis for Qualified Opinion**

#### **1. Unsupported Committee Allowances**

The statement of financial performance reflects fund administrative expenses of Kshs.4,364,450 as disclosed in Note 3 to the financial statements. Included is committee allowances amounting to Kshs.1,719,500 out of which an amount of Kshs.1,500,000 was paid to 60 bursary wards committee secretaries as sitting allowances. However, the payment was not supported by committee minutes and attendance register from the ward committees.

In the circumstances, the accuracy and completeness of the committee allowances amounting to Kshs.1,500,000 could not be confirmed.

#### **2. Irregular Payment of Allowances to Staff Members Carrying out Departmental Activities**

The statement of financial performance reflects fund administration expenses of Kshs.4,364,450 as disclosed in Note 3 to the financial statements. Included is facilitation allowance to members of staff of Kshs.278,000 involved in preparation of books of account for the year 2021/2022. Review of documents revealed that the payments related to activities and duties within the staff jurisdiction and therefore the staff were paid for performing their normal duties within their work stations. Payment of taskforce allowances to members of internal institution in addition to their basic salary amounts to double compensation. Further, the ad hoc committee allowances were not subjected to tax as required by the law.

In the circumstances, the regularity, accuracy and completeness of the fund administration expenses of Kshs.278,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kiambu County Education Bursary Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical

requirements applicable to performing audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts revealed that the County Government of Kiambu appropriated Kshs.200,000,000 to the Bursary Fund. The Fund budgeted an amount of Kshs.194,000,000 which is equivalent to 97% of the funds. However, the Fund awarded bursary to applicants totalling to Kshs.97,781,967 or 50.4% of the budget resulting to underutilization of Kshs.96,281,083 or 49.6% of the allocated funds. In the circumstances, the residents of Kiambu County may not benefit from the unallocated bursary funds.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Audit Matters**

In the audit report of the previous year, several paragraphs were raised under Report on Financial Statements. However, although Management has indicated that the issues have been resolved, the matters remain unresolved as the Senate and County Assembly have not deliberated on them.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Irregular Vetting of Bursary Applicants**

The statement of financial performance and Note 2 to the financial statements reflects general expenses-bursary disbursement of Kshs.97,781,967. During the year, the County Government of Kiambu issued bursary to students in the County. However, review of sampled application forms revealed no evidence of vetting by the Ward Committee and



the chairman or the secretary of the vetting committee did not sign the application forms as proof of approval or rejection. Further, it was not possible to confirm how much the successful applicants were awarded as the amount was not indicated on the application form. This was contrary to Regulations 3(4) and (5) of the Kiambu County Education Bursary Fund Regulations, 2014, which states that an application under this Regulation shall be submitted to the Ward Committee which shall review the application as provided under the Act.

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

## **2. Irregular Award of Multiple Bursary to Applicants**

Analysis of the Kiambu County bursary beneficiary list revealed that one hundred and nineteen (119) applicants were issued with multiple bursaries in one application amounting to Kshs.924,500. This was contrary to Regulations 3(4) and (5) of the Kiambu County Education Bursary Fund Regulations, 2014, which states that an application under this Regulation shall be submitted to the Ward Committee which shall review the application as provided under the Act.

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

## **3. Award of Bursary to Non-Residence of Respective Wards**

Analysis of the Kiambu County bursary beneficiary list revealed that ninety-one (91) applicants were issued with multiple bursaries in one application from different wards within the County amounting to Kshs.714,200. This shows that the bursary ward committee did not verify whether the applicants' reside in the respective Ward contrary to Regulation 4 of the Kiambu County Education Bursary Fund Regulations, 2014 which states that the Ward Committee shall consider and verify whether the applicant resides in the respective Ward.

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

## **4. Irregular Award for Supply and Delivery of Bursary Application Forms**

The statement of financial performance reflects fund administrative expenses amounting to Kshs.4,364,450 as disclosed in Note 3 to the financial statements. This amount includes printing and stationery expenses of Kshs.824,110 out of which Kshs.575,000 was paid to a local supplier for supply and delivery of bursary application forms under quotation no: CGK/RFQ/03/2023. Review of the procurement documents revealed that there was no evidence that the head of the procurement unit submitted a recommendation for the award to the Accounting Officer through issuing a professional opinion and whether the Accounting Officer approved the award of the contract to the successful bidder. This is contrary to Section 84(1) of the Public Procurement and Asset Disposal Act, 2015 which states that the head of procurement function of a procuring entity shall, alongside the report to the evaluation committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the Accounting Officer on the procurement or asset disposal proceedings.

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 overall 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control does not necessarily disclose all matters in the internal control 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 Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**21 February, 2024**

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

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023**

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Transfers From the County Government	1	200,000,000.00	180,000,000.00
<b>Total Revenue</b>		<b>200,000,000.00</b>	<b>180,000,000.00</b>
<b>Expenses</b>			
Fund Administrative Expenses	3	4,364,450.00	6,262,385.00
General Expenses –Bursary Disbursement	2	97,781,967.00	170,359,261.00
<b>Total Expenses</b>		<b>102,146,417.00</b>	<b>176,621,646.00</b>
<b>Surplus/ (Deficit) for the Period</b>		<b>97,853,583.00</b>	<b>3,378,354.00</b>

*(The notes set out on pages 18 to 19 form an integral part of these Financial Statements)*

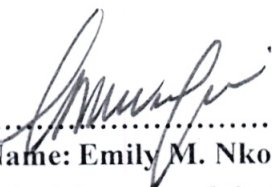
.....  
Name: Emily M. Nkoroi  
Administrator of the Fund


.....  
Name: Susan W. Kimando  
Fund Accountant  
ICPAK Member Number:19478

**15. Statement of Financial Position As at 30th June 2023**

Description	Note	2022-2023 FY	2021-2022 FY
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	103,677,868.20	5,824,285.20
<b>Total current assets</b>		<b>103,677,868.20</b>	<b>5,824,285.20</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>		00	00
<b>Total current liabilities</b>		<b>00</b>	<b>00</b>
<b>Total Liabilities</b>		<b>00</b>	<b>00</b>
<b>Net Assets</b>		<b>103,677,868.20</b>	<b>5,824,285.20</b>
Accumulated Surplus		103,677,868.20	5,824,285.20
<b>Total Net Assets and Liabilities</b>		<b>103,677,868.20</b>	<b>5,824,285.20</b>

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 6<sup>th</sup> December 2023 and signed by:

  
 Name: Emily M. Nkoroi  
 Administrator of the Fund

  
 Name: Susan W. Kimando  
 Fund Accountant  
 ICPAK Member Number:19478

*Kiambu County Education 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 30<sup>th</sup> June 2023**

Description	Accumulated surplus	Total
	Kshs	Kshs
<b>Balance As At 1 July 2021</b>	2,445,931.20	2,445,931.20
Surplus/(Deficit) For the Period	3,378,354.00	3,378,354.00
<b>Balance As At 30 June 2022</b>	<b>5,824,285.20</b>	<b>5,824,285.20</b>
<b>Balance As At 1 July 2022</b>	<b>5,824,285.20</b>	<b>5,824,285.20</b>
Surplus/(Deficit)For the Period	97,853,583.00	97,853,583.00
<b>Balance As At 30 June 2023</b>	<b>103,677,868.20</b>	<b>103,677,868.20</b>

*Kiambu County Education 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**

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the county government	1	200,000,000.00	180,000,000.00
<b>Total receipts</b>		<b>200,000,000.00</b>	<b>180,000,000.00</b>
<b>Payments</b>			
Bursary Disbursement	2	97,781,967.00	170,359,261.00
Fund administration expenses	3	4,364,450.00	6,262,385.00
<b>Total Payments</b>		<b>102,146,417.00</b>	<b>176,621,646.00</b>
<b>Net cash flows from operating activities</b>		<b>97,853,583.00</b>	<b>3,378,354.00</b>
<b>Cash flows from investing activities</b>			
<b>Net cash flows used in investing activities</b>		<b>00</b>	<b>00</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>00</b>	<b>00</b>
<b>Net increase/ (decrease) in cash &amp; cash Equivalents</b>		<b>97,853,583.00</b>	<b>3,378,354.00</b>
Cash and cash equivalents at 1 July	4	5,824,285.20	2,446,931.20
<b>Cash and cash equivalents at 30 June</b>	4	<b>103,677,868.20</b>	<b>5,824,285.20</b>

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)



*Kiambu County Education 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**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Transfers From County Govt.	100,000,000	100,000,000	200,000,000	200,000,000	00	
<b>Total Income</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>200,000,000</b>	<b>200,000,000</b>	<b>00</b>	<b>100%</b>
<b>Expenses</b>						
Fund Administration Expenses	3,000,000.00	3,000,000.00	6,000,000.00	4,364,450	1,635,550	72.74%
General Expenses	97,000,000.00	97,000,000.00	194,000,000.00	97,781,967	96,218,033	50.40%
Finance Cost	00	00	00	00	00	
<b>Total Expenditure</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>200,000,000</b>	<b>102,146,417</b>	<b>97,853,583</b>	<b>51.07%</b>
<b>Surplus For the Period</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>97,853,583</b>	<b>(97,853,583)</b>	

**Budget notes**

1. The under utilization of Fund Administration Expenses and General Expenses was occasioned by the fact that a bursary disbursement was underway when the Financial Year came to a close.
2. There was a budget increase during the supplementary budget and therefore the Final Budget came to Kshs. 200,000,000.00.

**19. Notes to the Financial Statements**

**1. General Information**

Kiambu County Education Bursary Fund entity is established by and derives its authority and accountability from Kiambu County Education Bursary Fund Act. The entity is wholly owned by the Kiambu County Government and is domiciled in Kenya. The entity’s principal activity is to;

- Grant scholarships in accordance with the criteria established under the Act; and
- Meet any expenditure related to administration of the Fund as may be approved by the Executive Member.

**2. Statement of compliance and basis of preparation**

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

**3. Adoption of new and revised standards**

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

Standard	Effective date and impact
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful</p>

**Kiambu County Education Bursary Fund**  
*Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023*

Standard	Effective date and impact
	<p>information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted</p>

**Kiambu County Education Bursary Fund**

*Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023*

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

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

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

**Kiambu County Education Bursary Fund**  
*Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023*

Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> 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 the financial year.

### **3. 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 2022-2023 was approved by the County Assembly on 28<sup>th</sup> June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Kshs 100,000,000 on the FY 2022-2023 budget following the governing body's approval.

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

***Kiambu County Education Bursary Fund***

*Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023*

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**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 4 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.

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.

**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.

**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)*

**d) Going concern**

**It is expected that the county will continue funding the bursary kitty as well as increase allocation in subsequent years.**

**6. Notes To The Financial Statements**

**1. Transfers from County Government**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Transfers From County Govt. –Operations	200,000,000.00	180,000,000.00
<b>Total</b>	<b>200,000,000.00</b>	<b>180,000,000.00</b>

**2. Bursary Disbursement**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Bursary Disbursement	97,781,967.00	170,359,261.00
<b>Total</b>	<b>97,781,967.00</b>	<b>170,359,261.00</b>

**3. Fund Administration Expenses**

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Administration Fees	1,264,900.00	00
Committee Allowances	1,719,500.00	3,633,740.00
Bank Charges	555,940.00	607,440.00
Printing And Stationery	824,110.00	2,021,205.00
<b>Total</b>	<b>4,364,450.00</b>	<b>6,262,385.00</b>

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42*

**4. Cash and cash equivalents**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Current Account	103,677,868.20	5,824,285.20
<b>Total Cash And Cash Equivalents</b>	<b>103,677,868.20</b>	<b>5,824,285.20</b>

**Kiambu County Education Bursary Fund**  
*Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023*

**Notes to the Financial Statements Continued**

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

Financial Institution	Account number	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
<b>a) Current Account</b>			
Co-operative bank , Kiambu Branch	01141371814200	103,677,868.20	5,824,285.00
<b>Sub- Total</b>		<b>103,677,868.20</b>	<b>5,824,285.00</b>

**5. Events after the reporting period**

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

**6. Ultimate and Holding Entity**

The entity is Kiambu County Education Bursary Fund established by Kiambu County Education Bursary Act under the Department of Education, Gender, Culture and Social Services. Its ultimate parent is the County Government of Kiambu

**7. Currency**

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

**Kiambu County Education Bursary Fund**  
*Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 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)
1	Unsupported Cash and Cash Equivalents Balance	The issue was noted and appropriate action taken. Proper documentation will be maintained.	Resolved	Immediately
2	Unsupported Fund Administration Expenses	The issue was noted and appropriate action taken. Proper documentation will be maintained.	Resolved	Immediately
3	Unsupported General Expenses – Bursary Disbursements	The issue was noted and appropriate action taken. Proper documentation will be maintained.	Resolved	Immediately

Fund Manager/Accounting Officer Kiambu County Bursary Fund

Date.....6/12/2023.....



**Annex II: Inter-Fund Confirmation Letter**



*Kiambu County Education Bursary Fund  
Department of Education, Gender, Culture & Social Service*

The County Treasury wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> 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 Kiambu County Education Bursary Fund as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by County Treasury (Kshs) as at 30 <sup>th</sup> June 2023				Amount Received by Kiambu County Education Bursary Fund (KShs) as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT22349RYLF7	15 <sup>th</sup> December 2022	100,000,000.00			100,000,000.00	100,000,000.00	00
FT23146LQZ4C	26 <sup>th</sup> May 2023	100,000,000.00			100,000,000.00	100,000,000.00	00
<b>Total</b>		<u>200,000,000.00</u>			<u>200,000,000.00</u>	200,000,000.00	00

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

**Head of Accountants Department of beneficiary Fund:**

Name EMILY M. NAKORO Sign [Signature] Date 6/12/2023

