

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

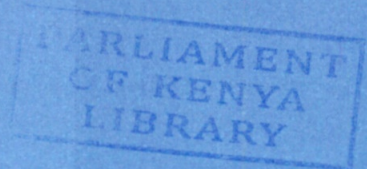
THE AUDITOR-GENERAL

ON

MAKUENI COUNTY BURSARY FUND

FOR THE YEAR ENDED

30 JUNE, 2023



PAPERS LAID	
DATE	12/03/2024
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE
CLERK AT THE TABLE	CHERO R

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.

08 JAN 2024

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MAKUENI 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)**

Makueni 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

CPA(K)	Institute of Certified Public Accountants of Kenya
CSR	Corporate Social Responsibility
DOB	Date of Birth
ECM	Executive Committee Member
FY	Financial Year
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
Key Management Team:	The key management personnel who financial responsibility of running the activities of the fund on daily basis.
Fund Administration Committee:	Management Personnel charged with the responsibility of approving the fund budget and final list of fund awardees.

2. Key Entity Information and Management

a) Background information

Makueni County Bursary Fund is established by and derives its authority and accountability from the Public Finance Management Act, 2012 and Makueni County Bursary Fund Regulations 2018. The Fund is wholly owned by the County Government of Makueni and is domiciled in Kenya.

The fund's objective is to provide a scheme for the provision of financial assistance to needy bright students.

The Fund's principal activity is to finance needy bright students in Makueni County and is managed by a Fund administration committee. Makueni County Bursary Fund Regulation 2018 mandates the committee to develop transparent and fair criteria for allocation of funds in secondary schools, colleges, universities, day scholars, boarders and people living with disability.

b) Principal Activities

The principal activity of the Fund is to provide bursaries and scholarships to needy learners of Makueni County as stipulated in Makueni County Regulation 2018.

The mandate of the fund is to provide funds to finance needy students in Makueni County. To successfully implement this mandate, the fund administration committee is mandated by the Makueni County Bursary Fund Regulation 2018 to develop a transparent criterion for apportioning and allocating funds to needy students.

c) Fund Administration Committee

Ref	Name	Position
1	Nicholis Mutua	The Fund Chairperson
2	Damaris Makau	The Fund secretary
3	Andrew M Kimondiu	Fund Administrator
4	Rev. Margaret Peter	Member
5	Josephine Musengya	Member
6	Isaac Muuo	Member
7	Magdalene Mutende	Member
8	Dr. Philip Kioko	Member
9	Eunice Ngina Muema	Member

d) Key Management team

Ref	Name	Position
1	Nicholis Mutua	The Fund Chairperson
2	Damaris Makau	The Fund Secretary
3	Andrew Kimondiu	Fund Administrator

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

No	Position	Name
1	ECM Finance	CPA Damaris Mumo Kavoi
2	Directorate Internal Audit	Director of Internal Audit
3	Controller of Budget	Makueni County Coordinator
4	PSASB	Public Sector Accounting Standards Board-Kenya
5	Makueni County Assembly	The sectoral committee responsible for ICT, Education and Internship

f) Registered Offices

P.O. Box 78-90300
County Headquarters Building
Off Wote-Makindu
MAKUENI, KENYA

g) Fund Contacts

Telephone: (254)202034944/2068236
E-mail: contact@makueni.go.ke
Website: www.makueni.go.ke.

h) Fund Bankers

Kenya Commercial Bank
Machakos –Wote Road
MAKUENI, 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

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






City Square 00200
Nairobi, Kenya

k) County Attorney

Office of the Governor Building – Wote Town
P.O BOX 78-90300
MAKUENI, KENYA.






3. Fund Administration Committee




Name	Details of qualifications and experience
 Nicholis Mutua	<p><u>The Fund Chairperson</u> DOB:01.07.1986 Nicholis Mutua holds MSC Information Systems from JKUAT, BSc Electrical and Electronics from Moi University and Senior Management course – Kenya school of Government. He is a Certified Information Communication Technologists(CICT)-KASNEB. He has over 18 years’ working experience in private and public institutions.</p>
 Damaris Makau	<p><u>Fund Secretary</u> DOB:05.01.1973 Damaris Makau holds a BED-Kenyatta University 1996. Senior Management course – Kenya school of Government and a Diploma in Leadership and Motivation-Leadership Institute of Kenya. She has over 26 years Working experience in public service.</p>
 Andrew Kimondiu	<p><u>Fund Administrator</u> DOB:02-02-1973 CPA Andrew Kimondiu holds BBA – Accounting and Finance from Kenya Methodist University and Senior Management course from Kenya school of Government. He is a certified public accountant-CPA(K) with 17 years of experience in accounting and finance in private and public sectors..</p>
 Rev. Margret Peter	<p><u>Member: Representing faith-based organization in education matters</u> DOB:14-06-1982 Rev. Margret Peter holds first degree in divinity and A Master in Christian Muslim Relations from St. Paul University. She has 15 Years’ Experience in Religious Matters. She was born</p>
 Josephine Musengya	<p><u>Member: Representing marginalized Group-Women</u> DOB:05-03-1992 Josephine Musengya holds Bachelors in Bio Chemistry from SEKU and she’s self-employed since 2017 when she graduated</p>

Makueni County Bursary Fund

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

 Isaac Muuo	<p><u>Representing marginalized Group-Youth</u> DOB:13.07.1989 Over 18 Years active participation in community and self-employment activities</p>
 Dr. Philip Kioko	<p><u>Educationist</u> DOB:14-12-1958 Dr. Philip Kioko holds PhD -Peace and conflicts, MA-Education, Retired Principal, Lecturer SEKU He has over 38 Years working Experience.</p>
 Eunice Ngina Muema	<p><u>Educationist</u> DOB: 16-01-1984. Eunice Ngina Muema holds B.COM From University of Nairobi, MBA from Kenyatta university. She has over 10years working Experience.</p>

4. Management Team

Name	Details of qualifications and experience
 Nicholis Mutua	<p><u>The Fund Chairperson</u> DOB:01.07.1986 Nicholis Mutua holds MSC Information Systems from JKUAT, BSc Electrical and Electronics from Moi University and Senior Management course – Kenya school of Government.</p> <p>He is a Certified Information Communication Technologists(CICT)-KASNEB. He has over 18 years’ working experience in private and public institutions</p>
 Damaris Makau	<p><u>Fund Secretary</u> DOB:05.01.1973 Damaris Makau holds a BED-Kenyatta University 1996. Senior Management course – Kenya school of Government and a Diploma in Leadership and Motivation-Leadership Institute of Kenya. She has over 26 years Working experience in public service. She has over 26 years Working experience in public service. She was Born in 1973</p>
 Andrew Kimondiu	<p><u>Fund Administrator</u> DOB:02-02-1973 CPA Andrew Kimondiu holds BBA – Accounting and Finance from Kenya Methodist University and Senior Management course from Kenya school of Government. He is a certified public accountant-CPA(K) with 17 years of experience in accounting and finance in private and public sectors.</p>

5. Fund Chairperson's Report

Regulation 20 of the Public Finance Management (Makueni County Bursary fund) Regulations, 2018 requires the Committee to cause keeping of such books of accounts and other books in relation thereto of all its undertakings, Funds, activities and property as the County Executive Committee Member may from time to time approve and shall, within a period of three months after the end of the financial year, cause to be prepared, signed and forwarded to the Auditor-General;

- (a) a financial statement of the Fund; and
- (b) such other statements of accounts as the County Executive Committee Member for Finance may approve.

During the year under review the fund committee and the management had four new members by virtual of their county government job placement, that is, ECM -Finance, Planning, Budget and Revenue, CO Education and Internship-The Fund Chairperson, The Fund Secretary-Director ECDE and support to Education and the Fund Administrator – Accountant Department of ICT, Education and Internship.

In order to ensure improved transparency, accountability and fiscal responsibility in the fund, the Fund Committee is committed to prudent management of finances guided by sound financial policies and guidelines that ensure efficient utilization of resources. This helps bolster the key objective of fund, which is to provide a fund that is accessible to residents in order to achieve equitable social and economic development in the County.

The main challenge faced during the period is delay in exchequer approval which affected timely issuance of bursary to the needy and deserving learners.

As I conclude, I would like to thank the County government of Makueni for the support they gave during that period.

Name Nicholis MulaSignature Date 05/01/2024

Chairperson of the Fund Administration committee

6. Report of The Fund Administrator

The Makueni County Government in recognition of the education financing challenges developed the Makueni County Bursary Fund Regulations, 2018 to offer student education support through bursaries to the vulnerable and needy students to transition through secondary and post-secondary education. The number of requests for financial support in education keep increasing each year while the available resources remain constrained.

During the period under review, there were changes in members of the Bursary Fund Committee. We had three (3) new members; the Fund Chairperson, the Fund Secretary, The Fund Administrator by virtue of their jobs.

During the period, under review, the bursary committee received and processed bursaries across the county and continuing scholarship learners have already received their monies. The intended programmes under scholarship have already been undertaken and all the beneficiaries have reported back to school and there is recommendable flow of activities without any disruption.

The financial performance for the period under review was impacted by the County Government as the fund depended fully on transfers from the county Government of Makueni for its operations. During the period under review, the fund disbursed a total of Kshs. **67,913,493.70** in the FY2022/23 compared to **60,207,372.00** for the FY2021/22 which shows an increase of Kshs **1,999,521.70**.

It is good to note that our total expenditure for the year was Kshs. **67,913,493.70** which was 95.5% of the total budget Kshs **72,593,903.00** which comprised of Kshs. **47,330,439.00** brought from the FY2021/22 and Kshs. **25,263,464.00** transfers for the FY2022/23 from the County Government.

The Bursary fund is dedicated to efficiency, quality and service delivery to ensure stakeholders satisfaction.

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government 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 Makueni County Bursary Fund's plan are to:

- a) To enhance access to secondary school and tertiary education.
- b) To enhance retention of learners in secondary schools, colleges, village polytechnics and university levels.
- c) To lessen the financial burden on parents/guardians of needy learners.
- d) To provide hope to orphaned and /or needy learners who lack family support.
- e) To provide an opportunity for the marginalised and learners living with disability to pursue education.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Scholarship/Bursary	Financial assistance to the needy bright students of Makueni County	Access of quality education for secondary and tertiary education	Number of students	100 Scholarship students were selected across the county forming the Form 1 2023 Cohort.

8. Corporate Governance Statement

The first substantive administration committee was appointed by the CECM in-charge of Education and ICT Dr. Naomi Makau in July 2020.

Fund Administration Committee meetings held and the attendance to those meetings by members.

During the FY2022/23 the committee held no meeting.

Succession plan,

All fund committee members are appointed for a 3-year term renewable once. The CECM in charge of ICT, Education and Internship has initiated the process of re-appointing the current committee whose term lapsed in July 2023.

Process of appointment and removal of committee members

All members of the Bursary Fund Committee are nominated and removed from office in accordance with the Makueni County Bursary Fund, 2018. A member can resign by writing to ECM responsible for education matters and/or can be removed from office if the member is absent for three consecutive meetings without good cause or violation of Makueni County Bursary Regulation, 2018 or guilty of gross misconduct or imprisoned for more than 6 months or physically/mentally impaired or adjudged bankrupt.

The role and the functions of the Fund Administration Committee

The role and the functions of the committee are well stipulated in Makueni County Bursary Fund Regulation, 2018 and are: -

- i. Discuss and approve budget for each fiscal year.
- ii. Determine and approve scholarship/Bursaries and methods of payment.
- iii. Receive on behalf of the Bursary Fund donations, subscriptions, bursaries and grants.
- iv. Prepare and submit financial statements and annual reports to all relevant authorities.
- v. Implement the strategic plan of the fund.

Induction and Training

The existing committee was inducted immediately they were nominated and there are structures in place to any new member joining the team.

Performance of committee members

Due to transition, the committee members held no meeting(s). The performance contract for the FY2022/23 was not assessed.

Conflict of interest

No member has declared conflict of interest in the FY2022/23.

Committee Remuneration

The Fund Administration committee receive a sitting allowance as per SRC on attendance of meetings and are facilitated where the business of the fund requires their presence and /or input. However, during the year under review the committee received no sitting allowance.

Ethics and conduct

The members received training on ethics and conduct during the induction training and have adhered to the principles learnt and no committee member has been quoted for unbecoming behaviour. The Fund adheres to Chapter 12 of The Kenyan Constitution and relevant county government policies and statutes.

Governance Audit

Although the fund subscribes to good governance, the fund is yet to undergo such audit.

9. Management Discussion and Analysis

Financial performance

Receipts

Makueni County Government supports the fund through the department of ICT, Education and Internship by transferring funds for operational use. The funds are channelled through its Kenya Commercial Bank Account and are budgeted for and approved by the Fund Administration Committee. During the year under review the County Government transferred 25,263,464 as compared to Kshs. 113,244,011.00 for the FY2021/22. The fund uses close to 100% of its transferred funds.

Expenditure

During the year under review the Fund paid for scholarships and bursaries Kshs 67,765,787.30 and Kshs 147,706.40 administration expenses totaling Kshs 67,913,493.7 as compared to Bursaries and scholarships Kshs. 60,036,187.30 and Kshs 5,705,200 administration expenses totaling Kshs 65,912,572.00 in the FY 2021/22.

Period Under Review	No. of Beneficiaries	FY 2022/23	No. of Beneficiaries	FY 2021/22
		Kshs		Kshs
Bursary	8042	7,729,600.00	4,106	29,984,616.00
Ongoing scholarship students	634	60,036,187.30	510	30,222,372.00
Total	8676	67,765,787.30	4,666	60,036,187.30

Risks assessment

The Fund risk has been assessed as follows:

SNo.	Risk	Implication of the risk	How the risk will be addressed
1.	High expectations	amount awarded may not be sufficient to cater for the growing number of needy cases	increasing bursary fund kitty gradually and soliciting funds well-wishers and donor.

Compliance with laws and other legal requirements

The fund is fully compliant with the provisions of the constitution of Kenya and Makueni County Bursary Regulations 2018 under which it is established.

The Fund Administration Committee ensures that the fund complies with the provisions of the Public Finance Management (PFM) Act, 2012.

10. Environmental and Sustainability Reporting

Makueni County Bursary Fund exists to transform the livelihoods of the citizens guided by overarching vision, which is *a prosperous value based county with a high quality of life*. The delivery of the transformation agenda is guided by Five key principles and values which are; integrity and accountability; inclusiveness; equity and fairness; patriotism and responsiveness.

The development agenda is founded on three key pillars; Economic Pillar, Social Pillar and Political Pillar. The pillars have thematic interventions along six thematic areas namely; Community economic empowerment, water resource management, lands and urban development, social development, universal health care and institutional strengthening and capacity development.

To continue offering services to the citizens of Makueni County over the long-term, the County is focused on;

1. Sustainability strategy and profile

The County promotes sustainable development through governance reforms that are founded on integrity, transparency and accountability. The County has focused on provision of overall policy development and institutional development and strengthening. This is guided by issue based leadership, transparency and accountability in management of public resources.

Sustainability is achieved through Pollution prevention, Resource Conservation, zero waste to landfill, Waste reduction/minimization, Zero discharge and reduced Carbon foot print/ Zero emissions. This is achieved through adopting alternative energy, responsible consumption, waste management, advocacy, innovation, reuse and recycling. Makueni County is putting every effort to ensure sustainability is achieved in all aspects.

2. Environmental performance

Makueni County Bursary Fund efforts to mainstream the management and coordination of environmental and climate change aspects are guided by the Environment and Climate Change Policy, 2021 available in CGM website. The policy provides direction for Environmental and Climate Change Management in the County. In implementing the Policy on Climate Change management, the County has developed the County Climate Change Act 2022 which provides for establishment of County Climate Change Fund. The County allocates 2% of its Development Budget for Climate actions in the County. Additionally, The County has carried out a participatory process in identification of climate risk, strategic interventions culminating into a County Climate Change Action Plan 2023-2027 which provides a plan for implementing Climate actions and providing a platform for resource mobilization.

In implementing Environmental Management and ensuring sustainability, the County has developed Environmental and Social Safeguard (ESS) Framework to support green, resilience and inclusive projects and programs. Through The ESS framework, the County has;

- Trained 19 staff on Environmental and Social Safeguards
- Carried out Environmental Impact Assessment for Emali Wholesale Trade and Mukuyuni Modern Market
- Environmental Audits for Makueni County Fruit Processing Plant

- Appointed Environment, Social and Grievance Redress Focal Persons

3. Employee welfare

The County Government is guided by various labour legislations in handling the County Public Service while hiring and handling staff to enhance objectiveness, Equity and Fairness. These include the County Government Act 2012, the Employment Act 2012 and the Constitution of Kenya, 2010. Makueni County developed Human Resource Policies and Procedures Manual 2017 which guides the Human Resource practices in the County including stakeholder engagements and continuous improvement. Every effort is made in ensuring Gender balance and involvement of various stakeholders in the hiring process. The County carries out staff sensitization on matters of concern as well as periodic engagement forums to hear from the staff.

Through the County Public Service Board, the County Government has made tremendous effort in improving skills, managing careers, appraisal and reward systems of employees. These include Performance Management system, training of staff, formation of Departmental Human Resource Management Advisory Committees, Appointment of committee to review the schemes of service and introduction of reward system under the Performance Management System. The County has further ensured employee benefits are provided timely like Medical cover, WIBA among others. Provision of conducive work environment has been paramount in enhancement of employee welfare. There has been continuous review of the County Staff establishment made to enhance staff career progression, alignment of various functions in departments and address staff stagnation.

The County has formulated various policies in Human Resource Management aimed at enhancing objectivity in handling staff matters that is; Performance Management, HIV/Aids at workplace, Drug and Substance Abuse, Conflict of Interest and Sexual Harassment Policy and implementation guidelines. The County Government has also formulated and documented a safety and health policy in compliance with Occupational Safety and Health Act of 2007, (OSHA). This is part of County Service Delivery manual which addresses pertinent safety and health concerns such as safety and health regulations, fire safety provisions and insurance cover

4. Market place practices-

CGM has made efforts in promoting fairness in the market place in the following aspects;

a) Responsible Supply chain and supplier relations

Makueni County has continued to enhance access of government opportunities to every interested supplier by publishing all tenders in the County Government dedicated tenders' portal, that is, Public Procurement Information Portal, and its own website. This gives an opportunity to the general public including Youth, Women and PWDs to access procurement opportunities. The County Government also writes to every bidder who has applied for any advertised tender communicating the outcome, disclosing who was awarded and why a certain bidder was not successful.

A minimum of 30% of the County procurable budget is reserved to the Youth, Women, PWDs and other disadvantaged groups while 20% of County procurable budget is reserved for contractors who are residents of Makueni County. This forms part of empowering our suppliers and guaranteeing procurement opportunities.

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A minimum of 30% of the County procurable budget is reserved to the Youth, Women, PWDs and other disadvantaged groups while 20% of County procurable budget is reserved for contractors who are residents of Makueni County. This forms part of empowering our suppliers and guaranteeing procurement opportunities.

In the Financial Year ending 30th June, 2023, the County Government published all procurement contracts to the Public Procurement Information Portal as a way of enhancing transparency and subjecting the information to public scrutiny to ensure processes were fair, open and ensured getting value for money.

To ensure goods relations with our service providers and contractors, the County ensures that all completed projects are duly inspected and processed for payment without delays.

b) Responsible ethical practices

The County Government promoted ethical practices by conducting a risk assessment in liaison with EACC and putting in place measures to ensure a Corruption free environment. Some of the measures put in place include: having a signboard of “corruption free zone” in all the main entrance of all the offices, Publication of tenders online, Publication of the list of registered suppliers, Complaints register kept in all offices, Suggestion boxes, MakueniApp and Hotline number shared to citizenry to report any malpractices. Such measures have promoted a culture of accountability and ethical practices among Makueni County officers.

c) Stewardship of goods and services

The county has continued to implement consumer protection programme whose objective is to safeguard the business owners and promote fair trade practices. Inspection of weights and measures equipment has been of priority to ensure the quantity and quality of products in our markets. Owing to the great oversight roles vested to the MCAs and the public, County staff are obligated to offer services and goods in a manner that is diligent, truthful and faithful with a sense of responsibility. This enhances and ensures good stewardship of goods and services provided by the Makueni County Government.

5. Community Engagements

Citizen participation in County governance and decision making processes is constitutional requirement. The County Government of Makueni in FY 2022/2023 engaged the communities in the following participatory development areas;

a) County Planning

In the development of the CIDP 2023-27, The County Government organized and facilitated public participation forums in 247 cluster blocks, 30 wards, 9 urban areas (for business community and urban area/municipalities residents), 9 thematic groups participation for



PWDs, Women, Youth, PLHIV and trade/labour unions and Development partners/professionals and elected leaders to provide Makueni residents and leaders with an opportunity to deliberate on their development issues, challenges and prioritize interventions. The forums took place from 14th to 20th December,2022.

Figure 2: CIDP III public participation, Kathonzweni and Ukia Wards, 19th Dec,2022

b) Citizen Engagement in Service Delivery

The County Government has ensured citizen participation in service delivery through establishing and capacity building project management and sustainability committees who play a critical role in overseeing project implementation and guaranteeing project sustainability after handover by the County Government or development partners/donor.

Each county project that was implemented in FY 2022/23 had project management committees whose members are democratically elected by project beneficiaries and have veto powers of certifying payment of contractors/suppliers after project completion. The County has also established committees to vet program beneficiaries such as Ward Bursary



Committees.

Figure 3: Munyenze Borehole PMC training, Masongaleni Ward Figure 4: Joint Inspection Meeting for Kwa Kithue Wetland Protection Project, Mbooni Ward

c) Citizen Involvement in County Budgeting Process.

Section 125 (2) of the Public Finance Management Act,2012 mandates the CECM in charge of Finance to ensure active citizen engagement in the budget making process. The County

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Government facilitated budget participation forums in 60 sub wards, 30 wards, 2 diaspora fora and 2 municipalities fora for Citizens to provide their inputs on development priorities



for FY 2023/24. The forums were all inclusive with participation by special interest groups in the County. The process was technically data-driven with use technical officers and County statistical abstracts.

Figure 5: Budget Participation, Wote and Mukaa Wards



Figure 6: County Assembly Budget PP at Muvau/Kikumini Ward

d) Community Driven Development

The County Government implemented community projects under Miradi Kwa Jamii program that aimed at creating employment opportunities for the citizens and community assets. The program was implemented through labour intensive approach. The program provided employment opportunities directly to at least 12,078 residents of Makueni County.



Figure 7: Manual Light grading at Ilima Ward

e) Other Public Participation Aspects

The County Government supported Kenya Youth Inter Sport Association games in an effort to support young sports talents. The CG has put efforts towards achieving Universal Health Care and subsidized treatment costs. The County Government supported County ECDE program by construction of ECDE classes and training of the ECDE teachers. The County also offers scholarships and bursaries to students.

11. Report of the 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 Fund are to support needy bright learners and solicit funds from donors and well-wishers.

Results

The results of the Fund for the year ended June 30, 2023 are set out on Management and discussion analysis page.

Administration Committee

The members of the Fund Administration Committee who served during the year are shown on pages Vii-Viii. During the year under review, four new members joined the committee by virtue of their jobs. They were, ECM -Finance, Planning, Budget and Revenue, CO Education and Internship-The Fund Chairperson, The Fund Secretary-Director ECDE and support to Education and the Fund Administrator – Accountant Department of ICT, Education and Internship.

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 Administration Committee



.....

Chair of Fund Administration Committee

Date: 05/01/2024

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 *The Makueni County Bursary Fund Regulation, 2018* 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 Makueni Bursary Fund Regulation 2018. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2023, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

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 Committee on 05/01/2024 and signed on its behalf by:

.....


Administrator of the Makueni County Fund

REPUBLIC OF KENYA

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



HEADQUARTERS
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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Makueni County Bursary Fund set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, Statement of net assets,

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Makueni County Bursary Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Makueni County Bursary Fund Act, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Cash and Cash Equivalent Balance

The statement of financial position and as disclosed in Note 12 to the financial statements reflect cash and cash equivalents balance of Kshs.4,680,409. The bank reconciliation statement and the cashbook however reflect closing balance of Kshs.80,798 as at 30 June, 2023. Further, the bank reconciliation statement shows unrepresented cheques totaling Kshs.4,567,834 payable to various institutions. The details of the unrepresented cheques were however, not provided for audit review. The Fund management also did not provide justification for the non-presentation of the bursary cheques by the beneficiaries despite being needy.

In the circumstances, the accuracy and fair statement of cash and cash equivalents balance of Kshs.4,680,409 as at 30 June, 2023 could not be confirmed.

2. Unconfirmed Bursary Awards

The statement of financial performance reflects use of goods and services amount of Kshs.67,913,493. Included in the amount is fund general expenses of Kshs.67,765,787 as disclosed in Note 7 to the financial statements. The general expenses relate to expenditure on bursaries and scholarships. However, the ward committee minutes provided for audit review lacked detailed list of bursary applicants. It was therefore not possible to establish the criteria of awarding bursary. Further, it was not possible to confirm receipt of the funds since the beneficiary institutions did not acknowledge the.

In the circumstances, the validity and propriety of the expenditure on bursaries and scholarships of Kshs.67,765,787 could not be confirmed.

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

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

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 were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in use of Public Resources 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. Appointments and Composition of Ward Bursary Committee

Review of board records revealed that the Fund had a functional board during the year under review. However, documents in respect of ward bursary committee including evidence of applications by the candidates, report of the selection panel, evidence of fulfillment of the requirements of Section 11 of bursary regulations on matters of composition of the committee, letters of appointment, qualifications and gazettelement of the committee members were not provided for audit review. Further, it was observed that the Bursary Committee of each ward consisted of thirteen (13) committee members, contrary to Section 11 (2) of the regulation which limits the number of committee members to seven. The County also appointed two sub ward committees per Ward without ensuring there was an enabling legislation for the appointment.

In the circumstance, the Fund Management was in breach of the law.

2. Unsupported Payment of Scholarships

The statement of financial performance reflects use of goods and services amount of Kshs.67,913,493.70 as disclosed in Note 7 to the financial statements. Included in the amount are fund general expenses of Kshs.67,765,787 of which Kshs.60,183,894 relate to scholarships expenditure totaled but without an enabling legislation.

In the circumstance, the Fund Management was in breach of the law.

3. Failure to Undertake Public Participation on the Bursaries Awards

The statement of financial performance reflects use of goods and services amount of Kshs.67,913,494. Included in the amount is fund general expenses of Kshs.67,765,787 as disclosed in Note 7 to the financial statements. The general expenses relate to expenditure on bursaries and scholarships. However, management did not provide evidence of public participation such as notices indicating dates of the meetings, venues and minutes of the deliberations. Further, there was no evidence that the list of beneficiaries was forwarded to the respective sub-wards for verification by the residents.

In the circumstance, the Fund Management was in breach of the law.

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 overall 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 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 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.

The Management is 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 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 control 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 Fund policies and procedures may deteriorate.

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

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 February, 2024

Makueni County Bursary Fund
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14. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	FY2022/23	FY2021/22
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	25,263,464.00	113,244,011.00
Fines, Penalties and Other Levies	3	-	-
		25,263,464.00	113,244,011.00
Revenue From Exchange Transactions			
Interest Income	4	-	-
Other Income	5	-	-
		-	-
Total Revenue		25,263,464.00	113,244,011.00
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	67,913,493.30	65,913,972.00
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		67,913,493.30	65,913,972.00
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		(42,650,029.70)	47,330,439.00

(The notes set out on pages 10 to 49 form an integral part of these Financial Statements)

.....
Name: Andrew M. Kimondiu
Administrator of the Fund
ICPAK Member Number: 9253
Date 05/01/2024

.....
Name: Boniface Juma
Fund Accountant
ICPAK Member Number: 18089
Date 05/01/2024


15. Statement of Financial Position as at 30 June 2023

Description	Note	FY 2022/23 KShs	FY 2021/22 KShs
Assets			
Current Assets			
Cash and Cash Equivalents	12	4,680,409.30	47,330,439.00
Current Portion of Long- Term Receivables From Exchange Transactions	13	-	-
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		4,680,409.30	47,330,439.00
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		4,680,409.30	47,330,439.00
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	-	-


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Description	Note	FY 2022/23	FY 2021/22
		Kshs	Kshs
Total Liabilities		-	-
Net Assets		4,680,409.30	47,330,439.00
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		4,680,409.30	47,330,439.00
Total Net Assets and Liabilities		4,680,409.30	47,330,439.00

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 05/01/2024 and signed by:



Name: Andrew M. Kimondiu
Administrator of the Fund
ICPAK Member Number: 9253



Name: Boniface Juma
Fund Accountant
ICPAK Member Number: 18089

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

Description	Revolving Fund	Revaluation	Accumulated surplus	Total
		Reserve		
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	-	-	-	-
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022		-	47,330,439.00	47,330,439.00
Balance As At 1 July 2022		-	47,330,439.00	47,330,439.00
Surplus/(Deficit) For the Period			(42,650,029.70)	(42,650,029.70)
Funds Received During the Year		-		
Transfers		-		
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023			4,680,409.30	4,680,409.30

Makueni County Bursary Fund
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17. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	2022/23	2021/22
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		25,263,464.00	113,244,011.00
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		25,263,464.00	113,244,011.00
Payments			
Fund administration expenses		116,000.00	5,705,200
General expenses		67,765,787.30	60,207,372.00
Finance cost		-	-
Other payments/Bank Charges		31,706.40	-
Net cash flows from operating activities	25	(42,650,029.70)	47,330,439.00
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-

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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 & cash Equivalents		(42,650,029.70)	47,330,439.00
Cash and cash equivalents at 1 July 2022		47,330,439.00	0.00
Cash and cash equivalents at 30 June 2023		4,680,409.30	47,330,439.00

Makueni County Bursary Fund
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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
Revenue						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.	34,000,000.00	-	34,000,000.00	25,263,464.00	8,736,536.00	74%
Fund Balance Brought Forward	-	47,330,439.00	47,330,439.00	47,330,439.00	-	100%
Other Income	-	-	-	-	-	
Total Income	34,000,000	47,330,439.00	81,330,439.00	72,593,903.00	8,736,536.00	89%
Expenses						
Fund Administration Expenses	116,000.00	-	116,000.00	116,000.00	-	100%
General Expenses	33,852,293.60	47,330,439.00	81,182,732.60	67,765,787.30	13,416,945.30	83%
Finance Cost/Bank Charges	31,706.40	-	31,706.40	31,706.40	-	100%
Total Expenditure	34,000,000	47,330,439.00	81,330,439.00	67,913,493.70	13,416,945.30	84%
Surplus For the Period				4,680,409.30		
Capital Expenditure	-	-	-	-	-	-

The below 90% utilization is the inability by the County Government to transfer all the amounts as per the fund's budget.

19. Notes to the Financial Statements

1. General Information

Makueni Bursary Fund entity is established by and derives its authority and accountability from Makueni County Bursary Fund Regulation 2018. The entity is wholly owned by the Makueni County Government and is domiciled in Kenya. The entity's principal activity is financial support to learners.

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>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

Makueni County Bursary Fund
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Standard	Effective date and impact
	<ul style="list-style-type: none"> • 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.
<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.

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Standard	Effective date and impact
	Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<p>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 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>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 basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p>

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

Standard	Effective date and impact:
Discontinued Operations	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: 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.

(iii) Early adoption of standards

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

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 2022/23 was approved by the County Assembly on 24th May 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.

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.

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 cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

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. No Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

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

there were no provisions during the year under review.

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

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6. Notes to The Financial Statements

1. Public contributions and donations

Description	FY 2022/23 Kshs	FY 2021/22 Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	FY 2022/23 Kshs	FY 2021/22 Kshs
Transfers From County Govt. –Operations	25,263,464.00	113,244,011.00
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	25,263,464.00	113,244,011.00

3. Fines, penalties and other levies

Description	FY 2022/23 Kshs	FY 2021/22 Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY 2022/23 Kshs	FY 2021/22 Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

Notes to the Financial Statements Continued

5. Other income

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Total	-	-

7. Use of Goods and Services

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Fund General Expenses	67,765,787.30	60,207,372
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Expenses		5,656,560
Committee Allowances	116,000.00	-
Bank Charges	31,706.40	48,640
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-

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Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Social benefit expenses*	-	-
Total	67,913,493.70	65,912,572.00

8. Depreciation and Amortization Expense

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs

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Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Makueni County Bursary Fund Account	4,680,409.30	47,330,439.00
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	4,680,409.30	47,330,439.00

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

Financial Institution	Account number	FY 2022/23	FY 2021/22
		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			
Kenya Commercial Bank	1275221637	4,680,409.30	47,330,439.00
Bank B		-	-
Sub- Total		4,680,409.30	47,330,439.00
d) Others(Specify)			
		-	-

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Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		4,680,409.30	47,330,439.00

13. Receivables from exchange transactions

Description	FY 2022/23	FY 2021/22
	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	-	-

Additional disclosure on interest receivable

Description	FY 2022/23	FY 2021/22
	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 2022/23	FY 2021/22
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Total	-	-

15. Inventories

Description	FY 2022/23	FY 2021/22
	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	FY 2022/23	FY 2021/22
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	FY 2022/23	FY 2021/22
	Kshs	Kshs

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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			
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Makueni County Bursary Fund

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Notes to The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
	Ksh	Ksh	Ksh	Ksh	Ksh
At 1st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 1st July 2022	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2023	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2022/23	-	-	-	-	-
Net Book Values					
At 30 th June 2021/22	-	-	-	-	-
At 30 th June 2022/23	-	-	-	-	-

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Notes to The Financial Statements (Continued)

18. Intangible assets

Description	FY 2022/23	FY 2021/22
	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 2022/23	FY 2021/22
	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	-	-

Notes to The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	FY 2022/23		FY 2021/22	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	2022/23	% of the Total	2021/22	% 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	-	-	-	-

Notes to The Financial Statements (Continued)

22. Borrowings

Description	FY 2022/23 Kshs	FY 2021/22 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 2022/23 Kshs	FY 2021/22 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	-	-
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	FY 2022/23 Kshs	FY 2021/22 Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Notes to The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	FY 2022/23	FY 2021/22
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	FY 2022/23	FY 2021/22
	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)	-	-

25. Cash generated from operations

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(42,650,029.70)	47,330,439.00
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-

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Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	(42,650,029.70)	47,330,439.00

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 2022/23	FY 2021/22
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Committee Allowances	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

Description	FY 2022/23	FY 2021/22
	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 2022/23	FY 2021/22
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

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:

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

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 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	-	-	-	-
Current Portion Of Borrowings	-	-	-	-

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Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

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

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

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

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

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	-	-	-

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Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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
Euro	-	-	-
USD	-	-	-
		-	-
Euro	-	-	-
USD	-	-	-

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

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exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

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	FY 2022/23	FY 2021/22
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	4,680,409.30	47,330,439.00
Total funds	4,680,409.30	47,330,439.00
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
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 Makueni County Bursary Fund under the Department of ICT, Education and Internship. Its ultimate parent is the County Government of Makueni.

31. Currency

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

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20. Annexes

Annex I: Progress on Follow Up of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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)



Andrew Kimondiu
Fund Administrator
Date 05/01/2024

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Annex II: Inter-Fund Confirmation Letter

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF MAKUENI



COUNTY TREASURY

Tel No.: 020-2034944
 Email: finance@makueni.go.ke
contact@makueni.go.ke
 Web: www.makueni.go.ke

Makueni County
 P.O. Box 78-90300,
 MAKUENI

Makueni County Bursary Fund
P.O Box 78-90300, Makueni

The *Makueni County Bursary Fund* 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 Makueni Bursary Fund as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Government of Makueni County as at 30 th June 2023				Amount Received by Makueni County Bursary Fund (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
REC/0000128976	27-Feb-23	14,098,737.00			14,098,737.00	14,098,737.00	-
REC/0000130063	15-May-23	27,500.00			27,500.00	27,500.00	-
REC/0000132699	15-May-23	40,400.00			40,400.00	40,400.00	-
REC/0000134196	15-May-23	36,000.00			36,000.00	36,000.00	-
REC/0000131808	15-May-23	91,089.00			91,089.00	91,089.00	-

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REC/0000131809	15-May-23	72,754.00			72,754.00	72,754.00	-
REC/0000132099	15-May-23	47,424.00			47,424.00	47,424.00	-
REC/0000132114	15-May-23	77,753.00			77,753.00	77,753.00	-
REC/0000134199	15-May-23	9,650.00			9,650.00	9,650.00	-
REC/0000131806	15-May-23	13,000.00			13,000.00	13,000.00	-
REC/0000134198	15-May-23	25,642.00			25,642.00	25,642.00	-
REC/0000132066	15-May-23	315,674.00			315,674.00	315,674.00	-
REC/0000132706	15-May-23	24,900.00			24,900.00	24,900.00	-
REC/0000132707	15-May-23	450,000.00			450,000.00	450,000.00	-
REC/0000130001	15-May-23	275,751.00			275,751.00	275,751.00	-
REC/0000132702	15-May-23	926,000.00			926,000.00	926,000.00	-
REC/0000132701	15-May-23	926,000.00			926,000.00	926,000.00	-
REC/0000132705	15-May-23	38,740.00			38,740.00	38,740.00	-
REC/0000134050	15-May-23	38,740.00			38,740.00	38,740.00	-
REC/0000132698	15-May-23	54,420.00			54,420.00	54,420.00	-
REC/0000134200	15-May-23	7,939.00			7,939.00	7,939.00	-
REC/0000134197	15-May-23	42,009.00			42,009.00	42,009.00	-
REC/0000132704	15-May-23	60,554.00			60,554.00	60,554.00	-
REC/0000131543	15-May-23	21,060.00			21,060.00	21,060.00	-
REC/0000132700	15-May-23	1,422,000.00			1,422,000.00	1,422,000.00	-
REC/0000131807	15-May-23	2,322,465.00			2,322,465.00	2,322,465.00	-
REC/0000130062	15-May-23	3,733,296.00			3,733,296.00	3,733,296.00	-
REC/0000134051	23-May-23	38,190.00			38,190.00	38,190.00	-
REC/0000134744	29-Jun-23	25,777.00			25,777.00	25,777.00	-
Total						25,263,464.00	

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

Head of Accountants department of beneficiary Fund:

Name **CPA Andrew M. Kimondiu**

Sign 

Date **05/01/2024**

Makueni County Bursary Fund

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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarterly Expenditures				Source of Funds	Implementing Partner
				Q1	Q2	Q3	Q4		

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Annex IV: Reporting on Disaster Management Expenditure

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

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Annex V: Trial Balance

Description	FY 2022/23		FY 2021/22	
	Debit (Kshs)	Credit (Kshs)	Debit (Kshs)	Credit (Kshs)
Transfers from Government of Makueni	-	25,263,464	-	113,243,011
Scholarships and Bursaries	67,765,787	-	65,912,572	-
Administrative Expenses	116,000	-	-	-
Bank Charges	31,706	-	-	-
Cash at Bank	4,680,409	47,330,439	47,330,439	-
Receivables	-	-	-	-
Accumulated Surplus	47,330,439	4,680,409	-	47,330,439
Surplus(Deficit) for the period	(42,650,030)	-	47,330,439	-
Total	77,274,312	77,274,312	160,573,450	160,573,450