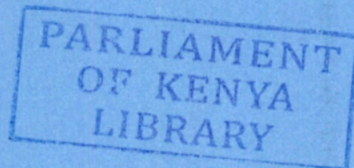


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

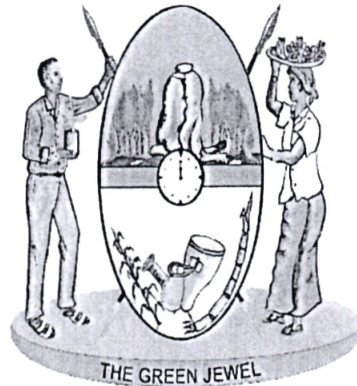
THE AUDITOR-GENERAL

ON

KAKAMEGA COUNTY EDUCATION FUND

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

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



**COUNTY GOVERNMENT OF KAKAMEGA
KAKAMEGA COUNTY EDUCATION FUND**

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023.

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

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1 Acronyms and Glossary of Terms

Acronyms

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

Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility

2 Key Entity Information and Management

a) Background information

The Kakamega County Education Fund was established by the County Government of Kakamega through the Public Financial Management Act (Kakamega County Education Fund) Regulations, 2015. The Fund Administrator at the time being the Chief Officer of the Ministry of Education Science and Technology. The Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

b) Principal Activities

The principal activity of the Fund is to provide financial support to needy students in Secondary Schools and County Polytechnics to enable them access education. The beneficiaries must be inhabitants of the County Government of Kakamega. The bursaries are ward based.

c) Board of Trustees/Fund Administration Committee

The fund is headed by the Chief Officer Education Science and Technology.

Ref	Name	Position
1	Ms Vivien Ayuma	Chief Officer ,Education Science and Technology
2	Mr Victor Matakaya	Director Education Support Services

d) Key Management team

The Kakamega County Education Fund day-to-day management is under the Ministry of Education Science and Technology.

The Fund Administrator is the Chief Officer of Ministry Education Science and Technology.

Ref	Name	Position
1	Ms Vivien Ayuma	Chief Officer ,Education Science and Technology
2	Mr Victor Matakaya	Director Education Support Services



e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	County Assembly	Assembly Committees
2	Auditor General	Office of Auditor general
3	National Treasury	Directorate of Accounting Services
4	Controller of budget	Office of COB

f) Registered Offices

Kakamega County Headquarters

P.O. Box 36-50100, 056 31850/31852/31853

County Headquarters

Kisumu/Kitale Highway

Kakamega, KENYA

g) Fund Contacts

Telephone: 056 31850/31852/31853

E-mail: info@kakamega.go.ke

Website: kakamega.go.ke

h) Fund Bankers

Cooperative bank Kakamega Branch

i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya




k) County Attorney





County Government of Kakamega


P.O Box 36-50100

Kakamega, Kenya



3. Fund Administration Committee

S. N	Name	Details of qualifications and experience
1.	<p>Morris S. Wabuko</p> 	<p>Masters degree in Educational Administration & Supervision Bachelors of Education Degree in Chemistry and Educational Studies Certificate Course; majored in Chemistry and Mathematics Research Assistant for RTI/EADE 2009 Research Assistant Team Leader for EADEC 2007 Lead Researcher of Secondary School Curriculum Implementation Education Consultant for Marell Academy (2005-2007) The Director at Sacred Heart Academy (2006)</p>
2.	<p>Oscar Waswa</p> 	<p>PHD - student School of Business and Economics - MOI University, Corporate Finance Master's in Business Administration -MOI University with a Major in Strategic Management Bachelor of Commerce with a double major in Accounting and Finance (First Class Hons)- Strathmore University -Nairobi Professional Certification Certified Public Accountant of Kenya (CPAK) Certified Public Secretary of Kenya CPS K Diploma in French (DELF A2)</p>
3.	<p>Rose Nereya Ayoemba Okeno</p> 	<p>Academic qualifications: Bachelor of Theology Certificate in Pastoral studies Coordinator of Mother's union Diocesan Evangelist Western Region Board Member at Anglican Development Services Member of the County Education Board and County Education Funds Committee</p>

4.	<p>Oliver Wangila</p> 	<p>Bachelors Degree in Education (Arts) Teacher at St. Henry's Saisi Wabuge Boys BOM Representative at St. Henry's Saisi Wabuge Boys</p>
5.	<p>Aziza Ramadhan</p> 	<p>Master's Degree in Education Management Diploma in Management Bachelor of Education (arts) Senior Principal at Makunda Muslim Secondary School</p>
6.	<p>Asha Maero</p> 	<p>Diploma in Education Management Degree in Education (Science) Appointed Principal T Scale 13, Grade D3 KCSE Centre Manager for Kneec Kneec Examiner (2007 to date) Strategic Plan Committee Member at Bulimbo Girls</p>
7.	<p>James Wendo Khadavasi</p> 	<p>Diploma in Education Teacher Served as Chairman for YEPA and disabled group Kakamega East</p>

8.	Vivien Ayuma 	Chief Officer Department of Education, Science and Technology MSC. Project Management BA. Design Dip. Community Health Development Cert. Strategic Management
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4. Management Team

Name	Details of qualifications and experience
<p data-bbox="188 533 391 568">Vivien Ayuma</p> 	<p data-bbox="837 517 1492 745">Chief Officer Department of Education, Science and Technology MSC. Project Management BA. Design Dip. Community Health Development Cert. Strategic Management</p>
<p data-bbox="204 880 470 916">Mr Victor Matakaya</p> 	<p data-bbox="853 875 1420 1032">Director Education Support Services Master in project planning and management PGD in applied statistics B.Ed Science</p>



5. Fund Chairperson's Report

The Kakamega County Education Fund was established by the County Government of Kakamega through the Public Financial Management Act (Kakamega County Education Fund) Regulations, 2015. The Fund Administrator at the time being the Chief Officer of the Ministry of Education science and Technology. The Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

The objective and purpose of these regulations is to provide for, establishment of a Fund from which payments shall be made to support fees to needy and vulnerable students in Secondary Schools, County Polytechnics and colleges from Kakamega County.

During the Financial Year 2022/2023, the fund received was Kshs. 120,000,000 and made expenditure amounting to Kshs3,014,420 relating to administrative costs and Kshs.117,240,350 for the period under review as highlighted in the statement of financial performance.

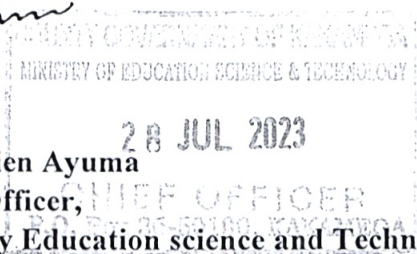
A handwritten signature in black ink, appearing to read 'Ayuma'.

Signed:

Ms Vivien Ayuma

Chief Officer,

Ministry Education science and Technology

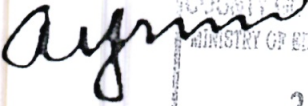
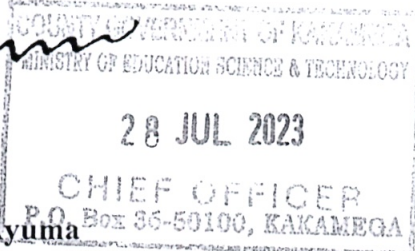


6. Report of The Fund Administrator

The Kakamega County Education Fund was established by the County Government of Kakamega through the Public Financial Management Act (Kakamega County Education Fund) Regulations, 2015. The Fund Administrator at the time being the Chief Officer of the Ministry of Education science and Technology. The Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

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Signed: 

Chief Officer,

Ministry Education science and Technology



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

Introduction

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

The Kakamega County Education Fund was established by the County Government of Kakamega through the Public Financial Management Act (Kakamega County Education Fund) Regulations, 2015. The Fund Administrator at the time being the Chief Officer of the Ministry of Education Science and Technology. The Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya. The fund received an allocation. In The period under review, the fund incurred expenditure amounting to Kshs.3,014,420 relating to administrative costs.

The key development objectives of the Fund as per the strategic plan

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Bursary to all Eligible Beneficiaries	To ensure all beneficiaries have access to Bursary Funding.	Kshs. 117,240,350 Disbursed to successful Applicants	98%	During FY 2022/2023, Beneficiaries accessed the funding and were able to continue with their studies without interruption

8. Corporate Governance Statement

Number of Fund Administration Committee meetings held and the attendance to those meetings by members,

The current committee was competitively recruit, in Year 2022/2023 hence committees have been formed and ready to hold meetings starting Financial Year 2023/2024.

Succession Plan,

The Board of Directors are always competitively recruited and legally constituted after their term has ended.

Existence of a service charter,

Currently there is no service charter, the management is in the process of preparing one to be approved by the board.

Process of appointment and removal of trustees/ Administration Committee members,

Members are appointed by the CEC Ministry of Education and thereafter vetted by the county public service board. Member can be removed by the resolution of the full board and notification to the Appointing authority if he or she has not adhered to the regulations of the board.

Roles and functions of the Administration Committee members,

The following are the roles and functions of the administration committee members

- Delegate tasks to Sub Committees
- Seek external advice
- Deals with administration matters

Induction and training, Administration Committee members and member's performance,

Members are always inducted after engagement and are frequently trained on quarterly basis

Conflict of interest,

At the beginning of every Board meeting members are requested to declare if they had any conflict of interest issues on the agenda at hand.

No conflict of interests were raised during board meetings.

Ethics and conduct as well as governance audit undertaken if any

No ethics and conduct as well as governance audit conducted.

9. Management Discussion and Analysis

- a. On the operational and financial performance of the Fund during the period,
The Fund received a total of Kshs. 120,000,000 from County Treasury
- b. Entity's key projects or investments decision implemented or on going,
The Fund however endeavour to take our services closer to the citizens and beneficiaries of this County.
- c. Fund's compliance with statutory requirements,
The fund has complied with the required statutory requirements
- d. Major risks facing the Fund, material arrears in statutory and other financial obligations
The delays in receiving of the funds slowed down the disbursements to beneficiaries.
- e. Any other information considered relevant to the users of the financial statements.
The fund is in operation and is still picking up gradually to reach its potential.

10. Environmental and Sustainability Reporting

Sustainability Strategy and Profile

The Fund was established in line with provisions of the Public Finance Management Act, 2012.

The principal activity of the Fund is to provide financial and managerial support to urgent and unforeseen need which falls within the mandate of the County Government that threatens to damage human life or welfare or threatens to damage the environment for which immediate expenditure is required in the County.

Environmental performance:

The Fund is in the process of developing its strategic plan and its environmental policy which will also be captured in this plan.

Employee Welfare

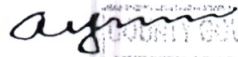
The Fund is currently relying on seconded staff from the parent Ministry of Education. The current staffs conform to Public Service hiring and appraisal policies.

Market Place Practices

- a) The Fund being a County entity has trained its staff on how to deal with emergency cases within the county
- b) The Fund being a public entity works within structures created by the National and County Governments that govern public procurement. It works within the confines of public procurement act and public finance management act and respects its suppliers and is open to scrutiny in the public procurement process. Our procurement officer is regularly allowed to attend trainings and workshops that help him improve skills in public procurement management

Community engagement

The Fund core activity is to disburse bursaries to deserving cases within the county borders

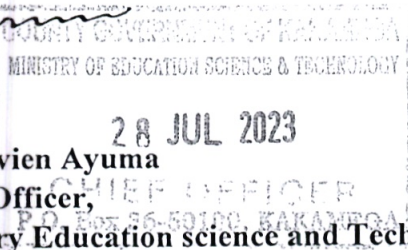


Signed:

Ms. Vivien Ayuma

Chief Officer,

Ministry Education science and Technology



11. Report of The Trustees

The Trustees 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 the object and purpose of these regulations is to provide for, establishment of a Fund from which payments shall be made to support fees payment for the needy and vulnerable students in secondary and county polytechnics from Kakamega County.

Results

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

Trustees

The members of the Board of Trustees who served during the year are shown. The changes in the Board during the financial year are as shown below:

Auditors

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

By Order of the Board

.....

Chair of the Board

Date: 22/7/2023

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Act of the Assembly 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

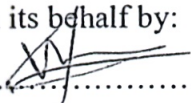
The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023 and of the Fund's financial position as at that date. The Administrator further confirm the completeness of 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

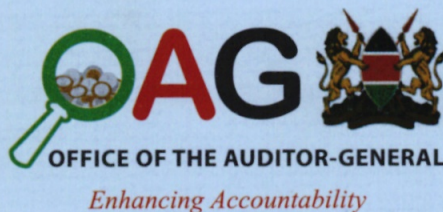
The Fund's financial statements were approved by the Board on 28/07/ 2023 and signed on its behalf by:


.....

Administrator of the Kakamega County Education Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAKAMEGA COUNTY EDUCATION 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 intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kakamega County Education Fund set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2023, statement of financial performance, statement of changes in net assets,

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Kakamega County Education Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012, and the Public Finance Management (Kakamega County Education Fund) Regulations, 2015.

Basis for Adverse Opinion

Inaccuracy of the Financial Statements

The financial statements for the year ended 30 June, 2023 reflects comparative balances relating to 2021/2022 financial year. However, since these are first financial statements and first year of audit, the source and accuracy of the opening balances could not be confirmed.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based

on the audit procedures performed, I confirm that, public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Failure to Submit Financial Statements to the Auditor-General

The Fund was established in 2016 vide the Public Finance Management (Kakamega County Education Fund) Regulations, 2015. However, since that time, no financial statements were submitted for audit as required by Section 149(2)(k) of the Public Finance Management Act, 2012 which requires an Accounting Officer to submit financial statements for audit not later than three months after the end of each financial year.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that, internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with the International Standards of 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

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

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain 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 its operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 February, 2024

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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	120,000,000	120,000,000
Fines, Penalties and Other Levies	3	-	-
		120,000,000	120,000,000
Expenses			
Amounts disbursed to schools(Fees)	4	117,240,350	119,648,248
Use of goods and services	5	3,014,420	79,040
Total Expenses		120,254,770	119,727,288
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		(254,770)	272,712

The notes set out on pages 18 to 21 form an integral part of these Financial Statements

.....
 Name: *Victor S. Muthiga*
 Administrator of the Fund

.....
 Name: *Miriam Luyata*
 Fund Accountant
 ICPAK Member Number: *15077*

15. Statement of Financial Position As at 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	6	17,942	272,712
Current Portion of Long- Term Receivables From Exchange Transactions		-	-
Prepayments		-	-
Inventories		-	-
Investments in financial assets		-	-
Total current assets		17,942	272,712
Non-Current Assets			
Property, Plant and Equipment		-	-
Intangible Assets		-	-
Total non- current assets		-	-
Total Assets		17,942	272,712
Current Liabilities			
Trade and Other Payables from Exchange Transactions		-	-
Total current liabilities		-	-
Non-Current Liabilities			
Long Term Portion of Borrowings		-	-
Net Assets		17,942	272,712
Revolving Fund		-	-
Reserves		272,712	-
Accumulated Surplus		(254,770)	-
Total Net Assets and Liabilities		17,942	272,712

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 28/7/23 2023 and signed by:

.....
 Name: Victor S. Njiru
 Administrator of the Fund

.....
 Name: Miriam Mwangi
 Fund Accountant
 ICPAK Member Number: 15092

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

	Proprietary Fund	Reserve Fund	Reserve Fund	Total
	KSh	KSh	KSh	KSh
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	-	-	272,712	272,712
Balance As At 1 July 2022	-	272,712	-	272,712
Surplus/(Deficit) For the Period	-	-	(254,770)	(254,770)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	-	272,712	(254,770)	17,942

17. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government	2	120,000,000	120,000,000
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		120,000,000	120,000,000
Payments			
Fund administration expenses	5	(3,014,420)	(79,040)
General expenses		-	-
Amounts disbursed to schools(Fees)	4	(117,240,350)	(119,648,248)
Other payments		-	-
Net cash flows from operating activities		(254,770)	272,712
Cash flows from investing activities			
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(254,770)	272,712
Cash and cash equivalents at 1 July 2022	6	272,712	-
Cash and cash equivalents at 30 June 2023	6	17,942	272,712

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

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

	Original Budget	Adjustments	Total Budget	Actual Amounts	Percentage Difference	Performance
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2023
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Transfers from County Govt.	120,000,000	-	120,000,000	120,000,000	-	100
Other income		-		-	-	-
Total income	120,000,000	-	120,000,000	120,000,000	-	100
Expenses						
Bursaries	117,240,350	-	117,240,350	117,240,350	0	100
System Administration	2,759,650	-	2,759,650	3,014,420	(254,770)	109.23
Loans	-	-		-	-	-
Total expenditure	-	-		-	-	-
Surplus/Deficit	120,000,000	-	120,000,000	120,254,770	(254,770)	100.21

Budget notes

During the period under review the fund received an allocation of 120,000,000 and made expenditure amounting to kshs. 3,014,420 relating to System Administration and Kshs. 117,240,350 relating to transfer to schools (Bursary) for the year under review as highlighted in the statement of financial performance.

19. Notes to the Financial Statements

General Information

Kakamega county emergency entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Kakamega County Government and is domiciled in Kenya. The entity's principal activity is to provide financial and managerial support to urgent and unforeseen need which falls within the mandate of the County Government that threatens to damage human life or welfare or threatens to damage the environment for which immediate expenditure is required in the County.

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.

Adoption of new and revised standards

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

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

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
IPSAS 42: Social Benefits	<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><i>(State the impact of the standard to the Entity if relevant)</i></p>
Amendments to Other IPSAS resulting from	<p>Applicable: 1st January 2023</p>

Standard	Effective date and impact
IPSAS 41, Financial Instruments	<p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

(iii) **Early adoption of standards**

The Kakamega County Education Fund did not early – adopt any new or amended standards in the financial year 2022/2023. **Significant Accounting Policies**

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.

Budget information

The original budget for FY 2023 was approved by the County Assembly . Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations on the FY 2023 budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

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

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.

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.

Investment property

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

Summary of Significant Accounting Policies (Continued)

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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Notes.

Financial liabilities

Classification

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

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.

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.

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)

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.

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)

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.

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.

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.

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.

Comparative figures

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

5. Significant judgments and sources of estimation uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in

outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

a) Estimates and assumptions –

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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

Notes to the Financial Statements

1. Public contributions and donations

Description	2022-2023	2021-2022
	KSh	KSh
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2022-2023	2021-2022
	KSh	KSh
Transfers From County Govt. –Operations	120,000,000	120,000,000
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	120,000,000	120,000,000

3. Fines, penalties and other levies

Description	2022-2023	2021-2022
	KSh	KSh
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Disbursement to schools(Fees)

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfer to Schools	117,240,350	119,648,248
Total Interest Income	117,240,350	119,648,248

5. System Administration Expenses-Including Bank charges

Description	2022-2023	2021-2022
	Kshs	Kshs
Ward Committee Allowances	2,774,000	-
Bank charges	25,320	79,040
cheque books cost	147,700	-
General office supplies-Stationery	67,400	-
Total Other Income	3,014,420	79,040

6. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Ward bursary fund account-1141632678400	17,942	272,712
Total Cash And Cash Equivalents	17,942	272,712

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Ward bursary fund account-- Coop bank	1141632678400	17,942	272,712
Total		17,942	272,712

Property, plant and equipment

	Land and Buildings	Motor Vehicles	Particulars and fittings	Computers and office equipment	Total
Cost	Ksh		Ksh	Ksh	Ksh
At 1st July 2020					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 1st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-
At 1st July 2020	-	-	-	-	-

Kalamnaga County Education Fund

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Transfer/Adjustment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 30th June 2023	-	-	-	-	-

8. 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	2022/2023	2021/2022
	Kshs	Kshs
Transfers From County executive	120,000,000	120,000,000
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2022/2023	2021/2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

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)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Fund Manager/Accounting Officer (enter title of head of Fund)

Date... 28/07/2023

Annex II: Inter-Fund Confirmation Letter

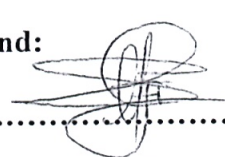
KAKAMEGA COUNTY EDUCATION FUND

The Kakamega County executive wishes to confirm the amounts disbursed to Kakamega County Education Fund 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 [Insert name of beneficiary Fund] as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2023				Amount Received by [beneficiary 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)		
R6299	2/28/2023	47,500,000			47,500,000	120,000,000	N/A
R6426	3/3/2023	72,500,000			72,500,000		
Total		120,000,000			120,000,000		

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

Head of Accountants department of beneficiary Fund:

Name Marcus Lung'aito Sign  Date 28/7/2023

Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

Annex IV: Reporting on Disaster Management Expenditure

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