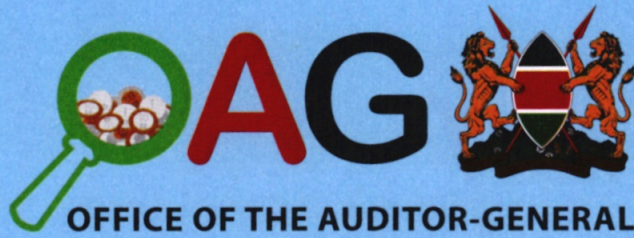


REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KISUMU COUNTY EDUCATION FUND**

**FOR THE YEAR ENDED**

**30 JUNE, 2023**



OFFICE OF THE AUDITOR GENERAL

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P. O. BOX 1186, KISUMU

**KISUMU COUNTY EDUCATION 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)**

**KISUMU COUNTY EDUCATION FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**KISUMU COUNTY EDUCATION FUND**

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

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***KISUMU COUNTY EDUCATION FUND***

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

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**1. Acronyms and Glossary of Terms**

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
----------------------	---

## **KISUMU COUNTY EDUCATION FUND**

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

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### **2. Key Entity Information and Management**

#### **a) Background information**

Kisumu County Education Fund is established by and derives its authority and accountability from *Kisumu County Education Fund (Amendment Act 2016)*. The Fund is wholly owned by the County Government of Kisumu and is domiciled in Kenya.

b) The fund's objective is to recognize and support needy students in the County.

c) The Fund's principal activity is to support education to needy students.

#### **d) Principal Activities**

The principal activity/mission/ mandate of the Fund is to offer scholarship and bursaries to needy and deserving students.

#### **e) Board of Trustees/Fund Administration Committee**

No	Name	Position
1	Oliver Oloo Otunga	Chairperson
2	Domnic Odipo	Member
3	Rosemary Akinyi Yande	Member
4	Hildah Odah	Member
5	Richard Okech	Member

#### **f) Key Management Steam**

No	Name	Position
1	Daniel Okutah	Ag.Fund Administrator
2	Thadius Omollo	Ag.Director,ECDE
3	CPA Japheth Orwa	Fund Accountant
4	CPA Keziah Okoth	Director, Accounting Services
5	Mr.Wilson Abiero	Chief Officer, Finance

**KISUMU COUNTY EDUCATION FUND**

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

---

**Key Entity and Management (Continued)**

**g) Fiduciary Oversight Arrangements**

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

1	Directorate Internal Audit	Carry out internal appraisal of the bursary activities
2	Staff car Mortgage and car Loan Advisory Committee	None
3		

**h) Registered Offices**

P.O. Box 2837  
Prosperity Building/House/Plaza  
Avenue/Road/Highway  
Kisumu, KENYA

**i) Fund Contacts**

Telephone :( 254) 728476549  
E-mail: peninaonyango@gmail.com

**j) Fund Bankers**

Kenya Commercial Bank  
A/c No.1151900184  
Kisumu, Kenya

**KISUMU COUNTY EDUCATION FUND**

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

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**Key Entity and Management (Continued)**

**k) Independent Auditors**

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

**l) Principal Legal Adviser**

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



**m) County Attorney**

The County Attorney,  
Kisumu County Government,  
P.O Box 2738-40100,  
KISUMU.

**KISUMU COUNTY EDUCATION FUND**



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

**3. Board of Trustees/ Fund Administration Committee (Or Any Other Corporate Governance Body for The Fund)**

Name	Details of qualifications and experience
<p>1.Trustee 1</p>  <p>Oliver Oloo</p>	<p>DoB:- 12<sup>TH</sup> Nov,1971</p> <p><b><u>Academic and Professional Qualification</u></b> Academic and professional qualifications M.A – (Literature)- Kibabii University B.ED (Arts) – KU</p> <p><b><u>Experience</u></b> TEACHER AND TRAINER Board Chairperson</p>
<p>2.Trustee 2</p>  <p>Richard Oketch</p>	<p>DoB: 3rd June ,1968</p> <p><b><u>Academic and Professional Qualification</u></b> Post Graduate: 2009 – 2012: Kangwon National University –South Korea – Masters in Arts Degree (Applied Linguistics &amp; Second Language Acquisition). Under graduate: 1987–1990: Moi University - Eldoret, Kenya. Board Member.</p> <p><b><u>Experience</u></b> Currently: Part Time Lecturer- Linguistics Jaramogi Oginga Odinga University of Science and Technology –Kisumu Campus. In charge of DREAMS INNOVATION CHALLENGE – Koru –Muhoroni Ward KISIMU COUNTY on behalf of US Peace Corps Kenya (500 vulnerable girls) <a href="http://www.dreamspartnership.org/">www.dreamspartnership.org/</a> Committee Member- Kisumu County Governors Scholarship and Mentorship Program. Immediate Past: Project Manager- Dr. R.J. Ouko Memorial Community Library&amp; Ouko Community Initiatives Kenya, Koru Kenya</p>

**KISUMU COUNTY EDUCATION FUND**

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

<p>3.Trustee 3</p>  <p>Rosemary Akinyi Yande</p>	<p>DoB: 26<sup>th</sup> October,1963 <b><u>Academic and Professional Qualification</u></b> Diploma in ECDE <b><u>Experience</u></b> Church leader in the ACK Church Women leader in Nyakach Sub County Women Union in the ACK Church. Director of Joe Shiners Academy School</p>
<p>4.Tustee 4</p>  <p>Hilda Odah</p>	<p>DoB:11<sup>th</sup> March,1957 <b><u>Academic and Professional Qualification</u></b> Bachelor of Arts Sociology and Political Science UON (1981) <b><u>Experience</u></b> Was employed in the department of services and social protection. Worked in several stations and rose through the ranks of social development posts. Retired as County Director for social protection in 2017. Currently, senior citizen in Muhoroni</p>

**KISUMU COUNTY EDUCATION FUND**

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

5. Trustee 5



Domnic OumaOdipo

DoB:- 22<sup>nd</sup> June 1979

**Academic and professional qualifications**

Msc. – (Peace and Security) Italy

Bsc – (Analytical Chemistry) Moi University

Dip – (Information Technology) Kenya School of Professional Studies

Dip – (Project Management) Makerere University

**Experience**

Project Coordinator (United Nations Development Programme)

Project Manager (National Steering Committee on Peace Building and Conflict Management)

Project Manager (Community Support for Development in Kisumu)

Director (Dipole Agencies)

Board Member (Kisumu County Scholarship and Bursary Fund)

**KISUMU COUNTY EDUCATION FUND****Annual Report and Financial Statements for the year ended June 30, 2023****4. Management Team**

Name	Details of qualifications and experience
1. Manager 1-Daniel Okutah	DoB:15 <sup>th</sup> September,1980 B.Ed(Arts)UoN,SMC,SLDP
2. Manager 2-Japheth Orwa	DoB:28 <sup>th</sup> Janaury,1976 CPA (K), BCom, SMC 257, Advanced Financial Management for Donor Funded Projects, MBA(Maseno)
3. Manager 3-Keziah Okoth	DoB: 8 <sup>th</sup> August,1969 CPA(K),BCom
4. Manager 4-Wilson Abiero	DoB:16 <sup>th</sup> April,1982 M.A Economics (Makerere University).
5. Manager 5-Thadius Omollo	DoB:1 <sup>st</sup> January,1971 B.Ed(UoN),Msc(Maseno)
<i>Note: The Fund Administrator will feature under both the 'Board' and 'Management'.</i>	

**KISUMU COUNTY EDUCATION FUND**

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

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

Department of Education accounts office is mandated to prepare an annual report on education fund and submit the same to the county assembly not later than three months after the end of each quarter in accordance with sec 166(4) of the Public Finance Management Act 2012. It is upon this report has been sent to the relevant statutory bodies as provided for in PFM act. The report presents budget execution status covering the period 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023. It contains revenue transfers from the County Treasury also included in the report are the annual budgeted revenue and the accumulative revenue and expenditure for 2022/2023 as at 30<sup>th</sup> June 2023.

A detailed analysis of the revenue heads and their major classification together with a detailed analysis of payments has been included for better understanding of the consolidated figure contained herein. It is our hope that you will find this annual report a useful tool for your future management policy and decisions.

During the year ended 30<sup>th</sup> June 2023 the department had a budget of KShs 205,000,000 but received funding from the County Treasury to the tune of KShs. **102,500,000/=**

- Changes in the Fund during the year; - There were changes in the office of the Chief Officer and Director ECDE during the year under review.
- The fund reviewed its Regulations to make it more responsive to the current needs of the Fund.

The fund invested payments under the following categories;

1. Scholarship
2. Bursaries

The Fund plans to do fundraising in the current year to beef up its capital base. The Fund ensured that students under Vocational Training Centres were encouraged to apply for bursary so as to enhance their education.

Name.....*David Oluo*..... Signature.....*David Oluo*..... Date.....

Chairperson of the Board/Fund

## **KISUMU COUNTY EDUCATION FUND**

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

---

### **6. Report of The Fund Administrator**

#### **PREAMBLE**

This Fund was established vide Act 2016 of Kisumu County Assembly. The Fund, which has been in operation since 2016, is provided for by Kisumu County Education Fund (Amendment) Act, 2016.

In the meantime, we hope to; -

1. Support students to join VTCs for market driven skills acquisition.
2. Register more artisans in the informal sector with NITA for certification.
3. Address middle level skills gaps and train for market uptake.
4. Carry out intense monitoring and mentorship for the beneficiaries to ensure return on investment.
5. Source for more funds to meet the rising demand for bursaries and scholarships as specified in the Act 2014.
6. Consider funding the ECDE classes to encourage enrolment.

#### **Challenges Experienced**

- a) Late disbursement of the awards due to delayed remittances to the Fund.
- b) Many applications at the Ward level that the Fund was unable to accommodate due to lack of enough funds.
- c) Occasional conflicts between some Ward Administrators, MCAs and parents with regard to the operationalization of the Fund.
- d) Inadequate capacity on the part of officers administering the fund.

#### **Conclusion**

The Fund plays a key role in achieving socio- economic equality as is evidenced by the many applicants and the deserving cases that take it up. It has vindicated the County Government's commitment and responsiveness to educational needs of its youth. The Fund should therefore be maintained, sustained, improved and monitored to ensure return on investment.

  
J. F. M. OSEWE

Fund Administrator.

## **KISUMU COUNTY EDUCATION FUND**

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

#### **7. Statement of Performance against the County Fund's Predetermined Objectives**

The Financial Year 2022/2023 the approved annual budget for scholarships and Bursaries was KShs. 205,000,000.00.

The Departmental Plan: -

- a) The fund to address core devolved functions of Education covering all levels of education except primary Schools and post Graduate programmes.
- b) Support students to join VTCs for Market driven skills acquisition.
- c) Register more artisans in the informal sector with NITA for certification.
- d) Address middle level skills gaps and train for market uptake.
- e) Carry-out intense monitoring and mentorship for the beneficiaries to ensure return on investment.
- f) Source for more funds to meet the rising demand for bursaries and scholarship as specified in the Act 2014.

The key development objective of the Kisumu County Government Entity's 2018-2020 plans is to:

- 1) Improve the Education standard and increase the number of student's intake by Granting Bursaries and Scholarships to eligible students.

#### **Progress on attainment of strategic development objectives**

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Scholarship and bursary education	Recognize and support bright and very needy students in the County.	The Fund supported 1400 No scholarship students and 29,966 students with bursary in 2022/2023.	Cash book, Bank statement, receipts, school report forms, fee structures and scholarship students' files, manifests.	In financial year 2022/2022, KShs 4,238,497M was spent on administration, KShs 97, 210, 746 M spent on scholarship and KShs 6,374,620M spent on bursaries.

## **8. Corporate Governance Statement**

There is established a committee known as the County Education Bursary and Scholarship Committee.

This consists of: -

- a) Chairperson appointed by County Executive Committee Member responsible for matters related to Education.
- b) Chief Officer of the County Department responsible for matters relating to Education.
- c) Chief Officer of the County Department responsible for matters relating to Finance/designated alternate not being below the level of Director.
- d) Director of ECD in the County Government or a designated alternate not being below the level of Director.
- e) One person not being Public Officer experienced in Education matters and who ordinarily reside in the county.
- f) One person representing faith-based organisation involved in Education matters in the county.
- g) Three persons who ordinarily reside in the County Representing marginalised groups. The people referred above shall be nominated by the County Executive Member responsible for matters of Education in the County, and they shall serve for a term of three years and they shall be eligible for nomination for one further term for three years.

### **FUNCTIONS OF THE COMMITTEE SHALL BE: -**

- a) To raise monies for the Fund
  - b) Determine, approve and review the policies for administering the fund
  - c) Monitor application of the fund by the ward bursary committees and assess if fund is being administered in accordance with the fund's objectives and purpose.
  - d) Receive and consider appeals from wards bursary committees
  - e) Prepare and submit reports on funds to the County Executive Member in-charge of Education for onward submission to the County Assembly as may be appropriate.
  - f) Undertake such other activities as are necessary for the effective application of the fund
1. The number of meetings held per year is not more than 6 times and not less than 3 special meetings convened by the Chairperson in case there is need.
  2. The quorum should be met during attendance for the meetings to proceed.

Members are appointed by the CECM Education for a period of three years. A member can be removed from the committee if he/she is absent from three consecutive meetings without good cause, if the member violates the Act or any other Law, if the member is guilty of gross misconduct, if the member is physically or mentally challenged.

Members of the current board have not been trained on how to handle the financial affairs of the fund. This may lead to weaknesses in policy formulation. The current committee members will exit office on 3<sup>rd</sup> January, 2024.

## ***KISUMU COUNTY EDUCATION FUND***

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

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## **9. Management Discussion and Analysis**

### **PREAMBLE**

This Fund was established vide Act 2016 of Kisumu County Assembly. The Fund, which has been in operation since 2016, is provided for by Kisumu County Education Fund (Amendment) Act, 2016.

### **Management of the Fund**

The Fund is managed by a committee of nine (9) constituted in accordance with section 5 of Kisumu County Education Fund (Amendment) Act, 2016. The present County Fund Committee was set up on 4th January 2021 and will exit office on 3<sup>rd</sup> January, 2023.

### **Review of the Fund's performance**

For the FY 2022/2023, the Fund had a budget estimate of **Kshs 205,000,000.00** million. However, actual disbursement was KShs 102,500,000.00 only as at 30<sup>th</sup> June, 2023

### **Expenditure**

1. Scholarship Awards totalling to **KShs. 97,210,746/=**.
2. Ward Bursary considered in this year's budget **KShs. 6,374,620/=**.
3. Administrative costs **KShs.4,238,497/=**

## **Future Outlook of the Fund**

In the meantime, we plan to; -

1. Support students to join VTCs for market driven skills acquisition
2. Register more artisans in the informal sector with NITA for certification.
3. Address middle level skills gaps and train for market uptake.
4. Carry out intense monitoring and mentorship for the beneficiaries to ensure return on investment.
5. Source for more funds to meet the rising demand for bursaries and scholarships as specified in the Act 2014.
6. Review the Act to make it more responsive to the unique and emerging demand of Kisumu County.
7. Re support the marine students to further their training
8. Consider funding ECD Classes to boost enrolment.

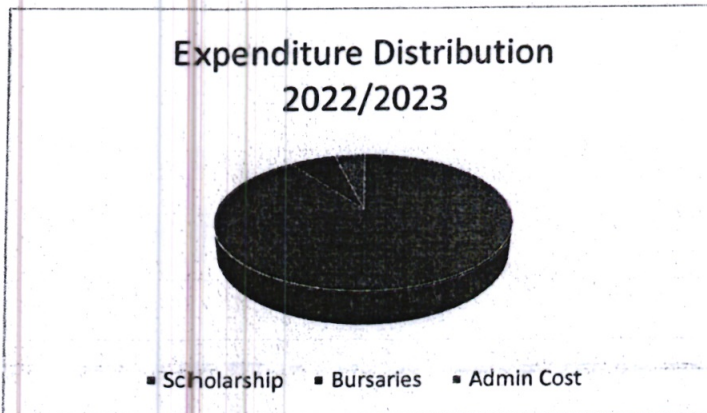
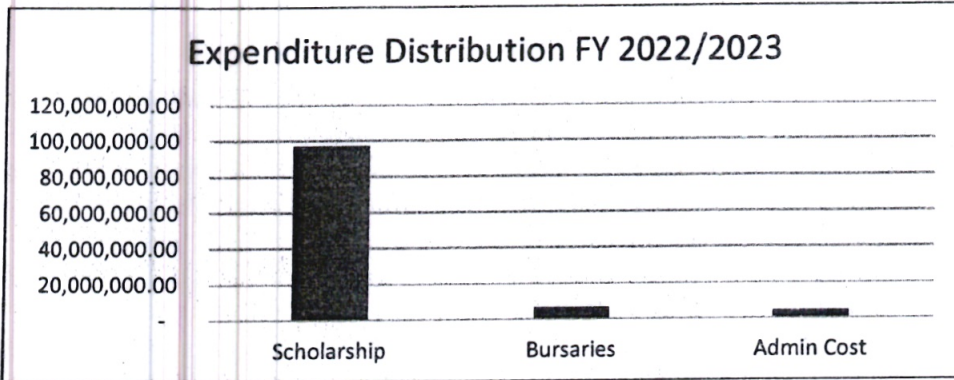
### **Conclusion**

The Fund plays a key role in achieving socio- economic equality as is evidenced by the many applicants and the deserving cases that take it up. It has vindicated the County Government's commitment and responsiveness to educational needs of its youth.

**KISUMU COUNTY EDUCATION FUND**

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

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***KISUMU COUNTY EDUCATION FUND***

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

---

**10. Environmental and Sustainability Reporting**

There were no Environmental and sustainability activities carried during the year under review.

**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 activity of the Fund is to offer scholarship and bursaries to needy and deserving students.

**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 on page iii. There were changes in the Office of the Chief Officer and Director ECDE during the year under review.

**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/Fund Administration Committee**

**Date:**

**KISUMU COUNTY EDUCATION FUND**

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

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**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 *Kisumu County Education Fund Act* 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 *Kisumu County Education Fund Act 2016*). 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. 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.

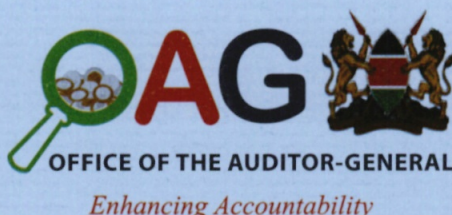
**Approval of the financial statements**

The Fund’s financial statements were approved by the Board on 15/9/ 2023 and signed on its behalf by:

.....

**Administrator of the Kisumu 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 KISUMU 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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal control, 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 Kisumu County Education Fund set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 Kisumu 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 Kisumu County Education Fund Act, 2016 and the Public Finance Management Act, 2012.

### **Basis for Adverse Opinion**

#### **1. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects a balance of Kshs.36,347,889 in respect to cash and cash equivalents, which as disclosed in Note 3 to the financial statements includes a balance of Kshs.8,455,221 in respect to an amount held in a commercial bank account and the note does not cast to the total balance of Kshs.36,347,889. In addition, the casting difference of Kshs.27,892,668 has not been explained or reconciled. Further, the bank reconciliation statement includes payments in bank statement not recorded in cash book of Kshs.217,590 which relates to bank charges. However, no explanation was provided as to why these payments were not posted to the cash book.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.36,347,889 could not be confirmed.

#### **2. Unsupported Disbursements**

The statement of financial performance reflects an amount of Kshs.103,585,366 in respect to use of goods and services (disbursements) which relate to disbursements of bursaries and scholarships as disclosed in Note 2 to the financial statements. However, the reported amount of Kshs.97,210,746 for scholarships and Kshs.6,374,620 on bursaries does not agree with the supporting ledgers provided for audit which reflected scholarships amount of Kshs.61,615,413 and bursaries amount of Kshs.1,909,850 resulting to unexplained variances of Kshs.35,595,333 and Kshs.4,464,770 respectively. The variances have not been explained or reconciled.

In addition, out of the list of one hundred (100) schools with a disbursement of Kshs.1,909,850 in respect of bursaries, six (6) schools with disbursed amount of Kshs.1,010,689 did not acknowledge receipt of the amounts. Further, the basis of the scholarships and bursaries awarded was not supported by any documentation such as applications and vetting committee minutes.

In the circumstances, the accuracy and completeness of the disbursements amounting to Kshs.103,585,366 could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects total receipts budget of Kshs.205,000,000 against actual receipts of Kshs.102,500,000 resulting to a shortfall of Kshs.102,500,000 or 50% of the budget. Similarly, the Fund expended Kshs.107,823,873 against an expenditure budget of Kshs.205,000,000 resulting to an under-expenditure of Kshs.97,176,127 or 47% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion 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**

#### **1. Long Outstanding Imprests**

The statement of financial position reflects outstanding imprests balance of Kshs.4,203,608 and as disclosed in Note 7 to the financial statements owing from seven (7) officers. However, these imprests had been outstanding for a long time contrary to Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.

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

#### **2. Unsupported Equitable Distribution of Bursary**

The statement of financial performance reflects an amount of Kshs.103,585,366 in respect of use of goods and services which, as disclosed in Note 2 to the financial statements includes Kshs.6,374,620 which relates to bursaries issued by the Fund. However, the bursary awards were not supported with signed Ward Committee minutes and approved students lists.

In the circumstances, the equitable distribution of bursaries could not be confirmed.

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

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

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 governance were not effective.

#### **Basis for Conclusion**

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

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

21 March, 2024


**KISUMU COUNTY EDUCATION FUND**


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

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

Statement of Financial Performance for the Year Ended 30 <sup>th</sup> June 2023			
<b>Revenue From Non-Exchange Transactions</b>			
Transfers From the County Government	1	205,000,000	205,000,000
<b>Revenue From Exchange Transactions</b>			
<b>Total Revenue</b>		<b>205,000,000</b>	<b>205,000,000</b>
<b>Expenses</b>			
Use of goods and services (Fund Administration)	2	4,238,497	6,182,359
Use of goods and services (Disbursement)	2	103,585,366	189,178,664
<b>Total Expenses</b>		<b>107,823,863</b>	<b>195,361,023</b>
<b>Surplus/(Deficit)for the Period</b>		<b>97,176,137</b>	<b>9,638,977</b>

*(The notes set out on pages 6 to 36 form an integral part of these Financial Statements)*

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.....  
Name: F.M. Osewe  
Administrator of the Fund

  
.....  
Name: Japheth Orwa  
Fund Accountant  
ICPAK Member Number:9444

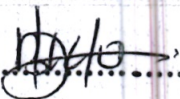
**KISUMU COUNTY EDUCATION FUND**

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

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

	Note	2022-2023	2021-2022
		KSh	KSh
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	36,347,889	41,671,469
Current Portion of Long- Term Receivables From Non Exchange Transactions	4	102,500,000	-
Outstanding imprests	7	4,203,608	-
<b>Non-Current Assets</b>			
<b>Total Assets</b>		<b>143,051,497</b>	<b>41,671,469</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	5	4,203,891	-
<b>Non-Current Liabilities</b>			
<b>Total Liabilities</b>			-
<b>Net Assets</b>		-	-
Accumulated Surplus		138,847,606	41,671,469
<b>Total Net Assets and Liabilities</b>		<b>143,051,497</b>	<b>41,671,469</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 15/6/2023 and signed by:



Name: F.M Osewe  
Administrator of the Fund



Name: Japheth Orwa  
Fund Accountant  
ICPAK Member Number:9444

**KISUMU COUNTY EDUCATION FUND****Annual Report and Financial Statements for the year ended June 30, 2023****16. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2023**

<b>Balance As At 1 July 2021</b>	<b>410,000,000</b>	<b>-</b>	<b>32,032,775</b>	<b>442,032,775</b>
Surplus/(Deficit) For the Period	-	-	9,638,694	9,638,694
Funds Received During the Year	-	-		
Transfers	-	-	-	
Revaluation Gain	-	-	-	-
<b>BalanceAsAt30 June 2022</b>	<b>410,000,000</b>	<b>-</b>	<b>41,671,469</b>	<b>451,671,469</b>
<b>Balances As At 1 July 2022</b>	<b>410,000,000</b>	<b>-</b>	<b>41,671,469</b>	<b>451,671,469</b>
Surplus/(Deficit)For the Period	-	-	97,176,137	97,176,137
Funds Received During the Year	-	-	-	
Transfers	-	-	-	
Revaluation Gain	-	-	-	-
<b>BalanceAsAt30 June 2023</b>	<b>410,000,000</b>	<b>-</b>	<b>138,847,606</b>	<b>548,847,606</b>

**KISUMU COUNTY EDUCATION FUND**

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

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

	Note	2022-2023	2021-2022
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the County government	1	102,500,000	205,000,000
Interest received		-	-
Receipts from other operating activities		-	-
<b>Total receipts</b>		<b>102,500,000</b>	<b>205,000,000</b>
<b>Payments</b>			
Use of goods and services-Fund administration	2	4,238,497	6,182,359
Use of goods and services-Disbursement	2	103,585,366	189,178,664
<b>Total payments</b>		<b>107,823,863</b>	<b>195,361,023</b>
<b>Net cash flows from operating activities</b>	6	<b>(5,323,863)</b>	<b>9,638,977</b>
<b>Cash flows from investing activities</b>			
<b>Net cash flows used in investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease)in cash&amp; cash Equivalents</b>		<b>(5,323,863)</b>	<b>9,638,977</b>
Cash and cash equivalents at 1 July 2022	3	41,671,752	32,032,775
<b>Cash and cash equivalents at 30 June 2023</b>	3	<b>36,347,889</b>	<b>41,671,752</b>

**KISUMU COUNTY EDUCATION FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**18. Statement Of Comparison Of Budget And Actual Amounts For The Period**

<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Public Contributions And Donations	-	-	-	-	-	
Transfers From County Govt.	205,000,000	0	205,000,000	102,500,000	102,500,000	50%
Interest Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
<b>Total Income</b>	<b>205,000,000</b>	<b>0</b>	<b>205,000,000</b>	<b>102,500,000</b>	<b>102,500,000</b>	<b>50%</b>
<b>Expenses</b>						
Fund Administration Expenses	6,150,000	-	6,150,000	4,238,497	1,911,503	69%
Disbursements	198,850,000	-	198,850,000	103,585,366	95,264,634	52%
Finance Cost	-	-	-	-	-	
<b>Total Expenditure</b>	<b>205,000,000</b>	<b>0</b>	<b>205,000,000</b>	<b>107,823,863</b>	<b>97,176,137</b>	<b>53%</b>
<b>Surplus for the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**Budget notes**

1. The Fund received only half of its allocation hence was unable to meet its budgeted obligations.

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Kisumu County Education Fund entity is established by and derives its authority and accountability from Kisumu County Education Fund (Amendment, 2016) Act. The entity is wholly owned by the Kisumu County Government and is domiciled in Kenya. The entity's principal activity is to provide bursaries and scholarship.

**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*

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

**KISUMU COUNTY EDUCATION FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

	<p>cash flows and the objective for which the asset is held;</p> <ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were</li> </ul>

**KISUMU COUNTY EDUCATION FUND**

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

Standard	Effects and impact
	<p>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>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

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

<p>IPSAS 43</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and 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>
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**KISUMU COUNTY EDUCATION FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires, 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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
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**(iii) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year or the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)

**2. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

**ii. Revenue from exchange transactions**

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

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

**KISUMU COUNTY EDUCATION FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**Summary of Significant Accounting Policies (Continued)**

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section 7 of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) Intangible Assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

**e) Investment property**

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

**Summary of Significant Accounting Policies (Continued)**

**f) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual 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.

**KISUMU COUNTY EDUCATION FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

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

**Summary of 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 today 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.

**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.

**KISUMU COUNTY EDUCATION FUND****Annual Report and Financial Statements for the year ended June 30, 2023****6. Notes To The Financial Statements Continued****1. Transfers from County Government**

Transfers From County Govt. –Operations	205,000,000	205,000,000
Payments By County On Behalf Of The Entity	-	-
<b>Total</b>	<b>205,000,000</b>	<b>205,000,000</b>

**2. Use of Goods and Services**

Bank charges	217,590	531,147
Facilitation of meetings	437,126	817,590
Supply of stationery	541,570	981,881
Monitoring and evaluation	146,500	415,800
Hospitality /Catering Services	404,500	173,211
Distribution of manifest to schools	-	537,600
Ward administration cost	-	2,725,130
Travelling cost	765,411	-
Communication cost	136,800	-
Bursary Launch	882,000	-
Capacity Building	707,000	-
<b>Total Administration cost</b>	<b>4,238,497</b>	<b>6,182,359</b>
<b>Disbursements</b>		
Marine	-	4,200,000
Scholarship	97,210,746	103,139,275
Bursary	6,374,620	81,839,672
<b>Total Disbursement</b>	<b>103,585,366</b>	<b>189,178,947</b>

**KISUMU COUNTY EDUCATION FUND**  
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**3. Cash and cash equivalents**

Xxx Car Loan Account	-	-
Xxx County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
<b>Total Cash And Cash Equivalents</b>	<b>36,347,889</b>	<b>41,671,752</b>

**KISUMU COUNTY EDUCATION FUND****Annual Report and Financial Statements for the year ended June 30, 2023****Notes to the Financial Statements Continued**

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

<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
<b>Sub- Total</b>		-	-
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
<b>Sub- Total</b>		-	-
<b>c) Current Account</b>			
Kenya Commercial Bank	1151900184	8,455,221.00	-
Bank B		-	-
<b>Sub- Total</b>		<b>8,455,221.00</b>	-
<b>d) Others (Specify)</b>			
Others		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>36,347,889</b>	-

**4. Receivables from non-exchange transactions**

<b>Current Receivables</b>		
Interest Receivable		-
Outstanding imprests	4,203,608	-
Other Non-Exchange Debtors-The County Treasury	102,500,000	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>		
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due		-
<b>Total Non- Current Receivables</b>		-
<b>Total Receivables From Non Exchange Transactions</b>	<b>106,703,608</b>	-

**KISUMU COUNTY EDUCATION FUND****Annual Report and Financial Statements for the year ended June 30, 2023****Notes To The Financial Statements (Continued)****5. Trade and other payables from exchange transactions**

Trade Payables/Pending bills	4,203,891	-
Refundable Deposits	-	-
Accrued Expenses	-	-
Other Payables	-	-
<b>Total Trade And Other Payables</b>	<b>4,203,891</b>	<b>-</b>

**6. Outstanding Imprests as at 30<sup>th</sup> June, 2023**

No.	Imprest Holder	Date taken	Amount (Kshs)
1	Maurice Oricho	29/3/2021	330,635
2	Rawlings J. Angirah	21/4/2021	330,635
3	Diana Oluoch	Various dates	1,581,840
4	Patrick Olweny	22/4/2022	330,635
5	James Mbogo	30/3/2021	264,508
6	Michael Adar	18/01/2021	129,000
7	Issack Owich	Various dates	1,236,355
	<b>TOTAL</b>		<b>4,203,608</b>

**Notes To The Financial Statements (Continued)****7. Cash generated from operations**

<b>Surplus/ (Deficit) For the Year Before Tax</b>	-	-
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>(5,323,863)</b>	<b>9,638,997</b>

*(The total of this statement should tie to the cash flow section on net cash flows from operating activities)*

**Notes To The Financial Statements (Continued)**

**1. 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.

Transfers From Related Parties'	102,500,000	205,000,000
Transfers To Related Parties	-	-

**b) Related party transactions**

Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**c) Key management remuneration**

Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

Due From Parent Ministry	-	-
Due From County Government	102,500,000	-
<b>Total</b>	<b>102,500,000</b>	-

**KISUMU COUNTY EDUCATION FUND**

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

**Other Disclosures Continued**

**e) Due to related parties**

	2022-2023	2021-2022
	KSh	KSh
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	-	-

**2. Contingent assets and contingent liabilities**

	2022-2023	2021-2022
Court Case Against The Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

*KISUMU COUNTY EDUCATION FUND*

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

**Notes To The Financial Statements (Continued)**

**3. 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:

At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	106,704,891	-	-	-
Bank Balances	8,455,221	-	-	-
<b>Total</b>	<b>115,160,112</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes To The Financial Statements (Continued)**

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

The entity has significant concentration of credit risk on amounts due from.

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.

<b>At 30 June 2022</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2023</b>				
Trade Payables	-	2,127,047	2,076,844	4,203,891
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	<b>2,127,047</b>	<b>2,076,844</b>	<b>4,203,891</b>

**Notes To The Financial Statements (Continued)**

**e) 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:

At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

**Notes To The Financial Statements (Continued)****Foreign currency sensitivity analysis**

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

2023			
Euro	10%	-	-
USD	10%	-	-
2022			
Euro	10%	-	-
USD	10%	-	-

occur if the Kenya Shilling appreciated with all other variables held constant.

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

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

*KISUMU COUNTY EDUCATION FUND*

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

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**Notes To The Financial Statements (Continued)**

**d) Capital risk management.**

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

Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

**4. Events after the reporting period**

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

**5. Ultimate and Holding Entity**

The entity is a County Public Fund established by Kisumu County education Fund Act under the department of Education. Its ultimate parent is the County Government of Kisumu.

**6. Currency**

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

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	Issue	Management comments	Status	Time frame
1	Unsupported disbursement	The management replied to the draft audit report and submitted the ledger supporting disbursement of KShs 51,961,389 and also provided acknowledgement receipt from various institutions. Unfortunately, the auditor did not review our response.	Resolved	
2	Unsupported fund administration cost	The management responded to the draft audit report providing justification for payment of allowances to the ward bursary and scholarship committees and also the surrender documents from the two officers amounting to KShs 1,312,400. Unfortunately, our response was not reviewed by the auditor.	Resolved	
3	Unsupported cash and cash equivalent	The management has instituted a cash book from July 2022 onwards, receipts and payments are recorded and reconciliation statements prepared monthly.	Resolved	
4	Inaccuracies in the statement of changes in net assets	The management amended Statement of Changes in Net Assets by removing the figure of 205,000,000 to correct the double counting of funds. Again, the auditor did not review our response	Resolved	

**KISUMU COUNTY EDUCATION FUND**

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

		to the draft audit report		
<b>OTHER MATTERS</b>				
1	Budgetary control and performance	The management will ensure that funds are disbursed within the year subject to availability.	Not Resolved	December,2023
2	Unresolved prior year matters	The management is currently implementing the recommendations of the auditor in order to improve efficiency.	Not Resolved	December,2023

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

Date.....15/1/2023.....

**KISUMU COUNTY EDUCATION FUND.**

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

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

*[Insert your Letterhead]*

*Kisumu County Education Fund*

*P.O Box 2738-40100, KISUMU*

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

Confirmation of amounts received by [insert name of beneficiary Fund] as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [County Treasury] (Kshs) as at 30 <sup>th</sup> June 2023			Total (D)=(A+B+C)	Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June 2023 (E)	Difference (F) = (D - E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
1	20/01/2023	51,250,000			51,250,000	51,250,000	
2	16/05/2023	51,250,000			51,250,000	51,250,000	
<b>Total</b>		<b>102,500,000</b>			<b>102,500,000</b>	<b>102,500,000</b>	

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

**Head of Accountants department of beneficiary Fund:**

Name ..... Japheth Omondi ..... Sign

..... Date... 15/9/2023 .....

**KISUMU COUNTY EDUCATION FUND.**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**Annex III: Reporting of Climate Relevant Expenditures**

[REDACTED]									
				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

