

REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT

OF



**THE AUDITOR-GENERAL**

ON

**EMBU COUNTY EDUCATION  
SUPPORT FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep. Maj. Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim

Revised 30<sup>th</sup> June 2024



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**EMBU COUNTY EDUCATION SUPPORT FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2024.**

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Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standard

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***Embu County Education Support Fund***  
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**1. Acronyms and Glossary of Terms**

**Acronyms**

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

**Glossary of Terms**

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

**a) Background information**

Embu County Education Support Fund is established by and derives its authority and accountability from by and derives its authority and accountability from the Public Finance Management Act (*Embu County Education Support Fund*) Regulations, 2015. The Fund is wholly owned by the County Government of Embu and is domiciled in Kenya.

The fund's objective is to grant bursaries, award scholarships, giving loans and any other education intervention as they may arise.

The Fund's principal activity is to grant bursaries and award scholarships

**a) Principal Activities**

The principal activity/mission/ mandate of the Fund is to grant bursaries and award scholarships

**b) Board of Trustees/Fund Administration Committee**

Ref	Name	Position
1	Patrick Kinyua Njagi	Chairperson
2	James Mubothi Njeru	Committee Member
3	Eunice Gicuku Nyaga	Committee Member
4	Milka Wawira Nyaga	Committee Member
5	Mohammed Gakinya	Committee Member
6	James Njeru M'Riua	Committee Member
7	Ephantus Mugendi	Fund Manager/ Administrator
8	Damiano Muthee	Committee Member
9	Jeremiah Ileri	Committee Member

**c) Key Management team**

Ref	Name	Position
1	Patrick Kinyua Njagi	Chairperson
2	Ephantus Mugendi	Fund Manager/ Administrator
3	Damiano Muthee	Committee Member
4	Jeremiah Ileri	Committee Member
5	Sammy Gakobo	Fund Accountant

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**d) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate Internal Audit	Simon Maina

**e) Registered Offices**

P.O. Box 36  
Health Building/House/Plaza  
Kaunda Street  
Embu, KENYA

**f) Fund Contacts**

Telephone: (254) 724271838  
E-mail: [education@embu.go.ke](mailto:education@embu.go.ke)  
Website: [embu.go.ke/education](http://embu.go.ke/education)

**g) Fund Bankers**

Cooperative Bank of Kenya  
Embu Branch  
Embu, Kenya.

**h) Independent Auditors**

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

**i) Principal Legal Adviser**

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

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**Annual Report and Financial Statements for the year ended June 30, 2024**




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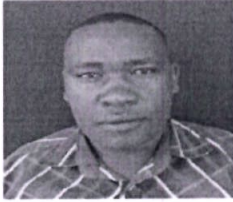

**j) County Attorney**

Embu County Government  
Attorney's office  
Townhall  
P.O Box 36-60100  
Embu.

**Embu County Education Support Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**


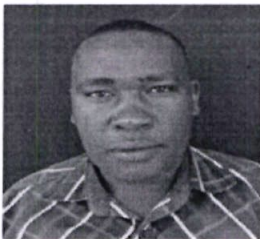

**3. Administration Committee**

Name	Details of qualifications and experience
<p><b>1. Committee Chair</b></p>  <p>Patrick Kinyua Njagi Age-65 years</p>	<p><b>PATRICK KINYUA NJAGI</b> D.O.B 28.02.1958</p> <p><b>PROFESSIONAL QUALIFICATIONS</b> Bachelor of Arts (Hon), Diploma in Financial Management and Strategic Leadership.</p> <p><b>WORK EXPERIENCE</b> C.E.O NCCC on IDPS, Director of Administration Office of the President, Deputy Secretary Devolution and Education Ministries, Under Secretary Ministry of Education.</p>
<p><b>2. Committee Member</b></p>  <p>James Njeru Mubothi Age-58 Years</p>	<p><b>JAMES NJERU MUBOTHI</b> D.o.B. 26.8.1965 ID NO. 4685071</p> <p><b>PROFESSIONAL QUALIFICATIONS</b> Degree in Economics and Sociology, Post Graduate Diploma in Education, Diploma in Education Management and Certificate in Strategic Management</p> <p><b>WORK EXPERIENCE</b> 26 years in teaching (1991 – 2017) Retired Secondary School Principal</p>
<p><b>5. Committee Member</b></p>  <p>Mohammed Gakinya Age- 72 Years</p>	<p><b>MOHAMMED M.G. GAKINYA</b> D.o.B. 10.10.1950 ID No. 0718325</p> <p><b>PROFESSIONAL QUALIFICATION</b> Diploma in Education (Humanities), Diploma in Teachers Training P1 Certificate, Diploma in athletics coaching</p> <p><b>WORK EXPERIENCE:</b> Secondary school Teacher until December 2002</p>

<p><b>6. Committee Member</b></p>  <p>James Njeru M'Riua Age- 62 Years</p>	<p><b>JAMES NJERU M'RIUA</b> D.o.B. 1<sup>st</sup> may 1961 ID. No.0884834 <b>PROFESSIONAL QUALIFICATIONS:</b> Diploma in Special Needs Education (Physical disabilities) <b>WORK EXPERIENCE:</b> 28 years in Primary school Teaching 1985-2022</p>
<p><b>7. Fund administrator</b></p>  <p>Ephantus Mugendi Age-47 years</p>	<p><b>EPHANTUS MUGENDI</b> D.O.B 1977 <b>QUALIFICATION</b> Bachelors of Arts in Project Management. <b>WORK EXPERIENCE</b> Worked for Ephatec limited as a director from 2017 to 2022. Currently working in Embu County Government since 2023 as Chief officer.</p>
<p><b>8. Chief Officer Finance</b></p>  <p>Damiano Muthee Age- 48 years</p>	<p><b>DAMIANO MUTHEE</b> D.O.B 1975 <b>QUALIFICATION</b> Bachelor of Business Management, CPA(K),MBA Finance <b>WORK EXPERIENCE</b> Chief Officer Finance –Embu County Government 2013- to date.</p>

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**4. Management Team**

Name	Details of qualifications and experience
<p><b>1. Committee Chair</b></p>  <p>Patrick Kinyua Njagi Age-65 years</p>	<p><b>PATRICK KINYUA NJAGI</b> D.O.B 28.02.1958</p> <p><b>PROFESSIONAL QUALIFICATIONS</b> Bachelor of Arts (Hon), Diploma in Financial Management and Strategic Leadership.</p> <p><b>WORK EXPERIENCE</b> C.E.O NCCC on IDPS, Director of Administration Office of the President, Deputy Secretary Devolution and Education Ministries, Under Secretary Ministry of Education.</p>
<p><b>2. Fund Administrator</b></p>  <p>Ephantus Mugendi Age- 47 years</p>	<p><b>EPHANTUS MUGENDI</b> D.O.B 1977</p> <p><b>QUALIFICATION</b> Bachelors of Arts in Project Management.</p> <p><b>WORK EXPERIENCE</b> Worked for Ephatec limited as a director from 2017 to 2022. Currently working in Embu County Government since 2023 as Chief officer.</p>
<p><b>3.Chief Officer Finance</b></p>  <p>Damiano Muthee Age- 48years</p>	<p><b>DAMIANO MUTHEE</b> D.O.B 1975</p> <p><b>QUALIFICATION</b> Bachelor of Business Management, CPA(K),MBA Finance</p> <p><b>WORK EXPERIENCE</b> Chief Officer Finance –Embu County Government 2013- to date.</p>

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

### **Establishment of the County Committee**

Embu County Education support fund Committee is established under section 2(a) of public finance management (Embu County Education support fund Regulation 2015) which provides for criteria of appointment of members to the committee to serve for a period of 3yrs (renewable).

### **Inauguration of the Committee**

After appointment of the members, the committee was inaugurated on 9<sup>th</sup> of March 2023 by the CECM for Education on behalf of H.E. the Governor. The event took place at the Governor's boardroom. The Chairman of the Committee immediately assumed his role of leading the Committee by chairing the meeting of the committee the same day.

### **Challenges of the Embu Education Support Fund**

The main challenge experienced in the fund is the financing part, the fund is allocated a budget that is not able to meet the needs of all our applicants. Though the fund is meant to support the needy students not to fully sponsor them, in all the years the applications far out way the available resources resulting to very low allocations which at times does not offer the much needed support.

The late release of disbursement to the fund has always affected the reporting of the fund. This is because funds are received in the fourth quarter making disbursement and collection of acknowledgement receipts a challenge.

### **Bursary Application period.**

The online application opened on 15<sup>th</sup> April, 2024 at 8:00am. The online system was closed on 29<sup>th</sup> June,2024 at Midnight (a period of 14 days as provided in the regulation). During this period, applicants would down load the final form from the system, attach the necessary documents and submit to the ward office.

### **The Ward Fund Committees and Processing of Bursaries.**

The ward committees in all the wards were in place as provided for by the regulations. Every committee comprised of Seven (7) members as per the regulation. The committees played the following roles;

- i. Received the printed filled bursary application forms
- ii. Obtained a list of all the applicants

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- iii. Analyzed all the bursary applications to ascertain the level of neediness and eligibility of the applicants
- iv. Determined the amount to be allocated to the beneficiaries as per the guidelines
- v. Prepared the list of the beneficiaries
- vi. Submitted the list of beneficiaries to the County Education Fund Committee.

The process of identification of beneficiaries and awarding was done entirely by the ward fund committees.

**Monitoring teams**

The County Fund committee embarked on a thorough two (2) days monitoring exercise to the Ward Committees to offer technical support and get feedback from the stakeholders. The committee together with the technical team divided themselves into 3 monitoring groups to cover all the 20 wards.

**Recommendations by the County fund committee**

- Increase budgetary allocations on bursaries in order to benefit more students.
- Online bursary management system improvement to eliminate multiple allocations before final award.
- Improve infrastructural capacity such as office space, laptops, and projectors before the next bursary process.
- More public awareness on bursary application process and submission of forms
- Department to liaise with the Ministry of Education and discuss a possibility of accessing the Nemis databank of students enrolled in schools

**Name:** Patrick Kinyua Njagi

**Signature**.......... **Date:** 15/09/2024

**Chairperson of the Fund**

**6. Report of the Fund Administrator**

**a) Bursary Allocation**

In the year 2023/2024 a total of **Kshs. 100,000,000.00** was allocated for bursaries.

**b) Allocations per Ward.**

A total of **Ksh 100,000,000.00** was allocated for bursaries being **Ksh 92,000,000** (ward) and 5,000,000 for Department allocations and ksh 3,000,000 for administration at County and ward committee.

**c) Applicants**

A total number of **45,177** students applied for the bursaries {**22,272** Boys and **22,905** girls}

\*Evurore Ward had the highest number of applicants (**3329**) and Gaturi south Ward had the lowest number (**1453**).

**i) Summary of applicants per category**

<b>CATEGORY</b>	<b>APPLICANTS</b>	<b>%</b>	<b>BOYS</b>	<b>%</b>	<b>GIRLS</b>	<b>%</b>
Day Secondary	28,517	69.64%	14,153	49.63%	14,364	50.37 %
Boarding Sec.	10,065	24.58%	4,462	44.33 %	5,603	55.67 %
Special Schools	435	1.06 %	220	50.57 %	215	49.43%
/Polytechnic	1828	4.46%	1183	64.72	645	35.28%
<b>TOTAL</b>	<b>40845</b>	<b>-</b>	<b>20,018</b>	<b>49.01%</b>	<b>20,827</b>	<b>50.99%</b>

**d) Beneficiaries**

A total of **35,178** students benefitted with the bursaries {**17, 365** boys (49%) and **17,813** girls (51%)}

**Summary of beneficiaries per category**

<b>CATEGORY</b>	<b>NO. OF INSTITUTIONS</b>	<b>BOYS</b>	<b>GIRLS</b>	<b>TOTAL</b>	<b>%</b>
Day Secondary	<b>246</b>	12,257	11,779	<b>24,036</b>	69.76%
Boarding Secondary	<b>448</b>	4,258	5,356	<b>9,614</b>	27.90 %

**Embu County Education Support Fund**

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Special Schools	35	165	207	372	1.08%
Polytechnic/VTC	25	685	471	1,156	3.36%
<b>Total</b>	<b>754</b>	<b>17,365</b>	<b>17,813</b>	<b>35,178</b>	<b>100%</b>

**e) Allocations per Category.**

Needy students in secondary, special education and vocational training institutions were awarded as follows.

CATEGORY	NUMBER	AMOUNTS	%
Day Secondary	246	55,233,573	63 %
Boarding Secondary	424	24,769,368	28 %
Special Schools	36	1,616,380	2 %
Polytechnic/VTC	24	6,495,080	7 %
<b>TOTAL</b>		<b>98,940,000</b>	100%

**f) Summary of Ward balances**

The data validation exercise was carried out after awarding of bursaries at the ward level. A total of **1254** students were flagged as cases of double /multiple allocation across wards, within same wards or institutions. The allocations were cancelled totalling to **Ksh 3,861,756**. The lists will be availed to ward committees and balances allocated to other needy cases.

	Ward	Balances
1.	Kirimari	251,000
2.	Mbeti north	250,000
3.	Kithimu	421,000
4.	Ruguru Ngandori	258,000
5.	Nginda	148,204
6.	Gaturi South	484,000
7.	Kyeni North	252,076
8.	Runyenjes Central	107,000
9.	Kyeni South	182,000
10..	Kagaari North	203,548
11.	Kagaari South	15,500
12.	Gaturi North	142,036
13.	Evurore	105,432
14.	Muminji	78,000
15.	Nthawa	166,812
16.	Mavuria	213,000
17.	Kiambere	211,000

18.	Makima	1,848
19.	Mwea	266,000
20.	Mbeti South	104,500
	<b>TOTAL</b>	<b>3,861,756</b>

**g) Institution highlights**

**Day schools (1 million and above)**

1. St Christopher Nembure Ksh 1,098,200
2. Antony Siakago day Ksh 1,082,500
3. Benedicts Kithimu Ksh 1,217,400
4. St Mark's Ena Ksh 1,126,300

**Boarding schools (1 million and above)**

1. Nyangwa boys Ksh 1,398,700
2. St Annes kiriari Ksh 1,040,741

**Vocational training (top 2)**

1. Kangaru vocational training centre ksh 820,000
2. Kanorori Vocational Training Centre Ksh 601,000

**Special needs schools (top 2)**

1. St Monica special school Ksh 399,000
2. St. Lukes for the deaf Ksh 212,000

**H. SWOT ANALYSIS OF THE PROCESS.**

**Strengths**

- The online bursary management system that made the application process easy and convenient than the manual application process.
- Public awareness on applications was good i.e., through local radio stations, churches, schools, barazas, social media etc hence high number of applications.
- Adequate training of ward committees on their mandate and roles
- Good regional representation in the membership of committees
- Dedicated technical team that processed the bursaries.

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**Challenges**

- High number of applicants viz a viz ward allocation
- Ward administrators lacked working tools e.g. laptop /computers and internet access to process the applications and depended on cybers and MCAs offices.
- Some applicants did not submit the application downloaded copy.
- Some applicants submitted forms in wards where their institutions were domiciled instead of wards of origin: stray forms
- Multiple application across wards and double applications.
- Arson attack at County headquarters that burnt all cheques and lists of beneficiaries.

**Threats.**

- Stakeholders' interference in the bursary process.

**Opportunities**

- Increase bursary allocations to benefit more students
- Ward committees to ensure that they vet and identify the neediest cases.
- Monitoring and auditing of funds (MOE) in schools to ensure that the awarded students benefited.
- Liaising with other government agencies and NGOs awarding bursaries to avoid oversupply of funds to the same students.
- Start of a scholarship programme to support fully bright needy students for 4 years of secondary school

**Name:** Ephantus Mugendi

**Signature**  .....Date 15/09/2024

**Fund Administrator**

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

**Introduction**

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

The key development objectives of the Fund as per the strategic plan for are to:

- *Provide Education Support to needy students in the County*

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Award of Education support to needy students</b>	To award bursaries to needy students facilities	Successful retention of needy students in schools	% of students retained in school through bursaries	<b>During FY 2023/2024 17,365 students benefited from our program</b>

## **8. Corporate Governance Statement**

Two-to-three pages

*(Under this section, include:*

- *the number of Board/Trustee meetings held and the attendance to those meetings by members,*
- *succession plan,*
- *existence of a board/trustee charter,*
- *process of appointment and removal of trustees,*
- *roles and functions of the Board/Trustee,*
- *induction and training,*
- *board and member performance,*
- *conflict of interest,*
- *board/trustee remuneration,*
- *ethics and conduct as well as governance audit.)*

**9. Management Discussion and Analysis**

**h) Applicants**

A total number of **45,177** students applied for the bursaries {**22,272** Boys and **22,905** girls}

\*Evurore Ward had the highest number of applicants (**3329**) and Gatari south Ward had the lowest number (**1453**).

**ii) Summary of applicants per category**

<b>CATEGORY</b>	<b>APPLICANTS</b>	<b>%</b>	<b>BOYS</b>	<b>%</b>	<b>GIRLS</b>	<b>%</b>
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**i) Beneficiaries**

A total of **35,178** students benefitted with the bursaries {**17,365** boys (49%) and **17,813** girls (51%)}

**Summary of beneficiaries per category**

<b>CATEGORY</b>	<b>NUMBER OF INSTITUTIONS</b>	<b>BOYS</b>	<b>GIRLS</b>	<b>TOTAL</b>	<b>%</b>
Day Secondary	<b>246</b>	12,257	11,779	<b>24,036</b>	69.76%
Boarding Secondary	<b>448</b>	4,258	5,356	<b>9,614</b>	27.90 %
Special Schools	<b>35</b>	165	207	<b>372</b>	1.08%
Polytechnic/VTC	<b>25</b>	685	471	<b>1,156</b>	3.36%
<b>Total</b>	<b>754</b>	<b>17,365</b>	<b>17,813</b>	<b>35,178</b>	<b>100%</b>

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**j) Allocations per Category.**

Needy students in secondary, special education and vocational training institutions were awarded as follows.

CATEGORY	NUMBER	AMOUNTS	%
Day Secondary	246	<b>55,233,573</b>	63 %
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Special Schools	36	<b>1,616,380</b>	2 %
Polytechnic/VTC	24	<b>6,495,080</b>	7 %
<b>TOTAL</b>		<b>98,940,000</b>	100%

**k) Summary of Ward balances**

The data validation exercise was carried out after awarding of bursaries at the ward level. A total of **1254** students were flagged as cases of double /multiple allocation across wards, within same wards or institutions. The allocations were cancelled totalling to **Ksh 3,861,756**. The lists will be availed to ward committees and balances allocated to other needy cases.

	Ward	Ballances
1.	Kirimari	251,000
2.	Mbeti north	250,000
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4.	Ruguru Ngandori	258,000
5.	Nginda	148,204
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9.	Kyeni South	182,000
10..	Kagaari North	203,548
11.	Kagaari South	15,500
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13.	Evurore	105,432
14.	Muminji	78,000
15.	Nthawa	166,812
16.	Mavuria	213,000
17.	Kiambere	211,000
18.	Makima	1,848
19.	Mwea	266,000
20.	Mbeti South	104,500
	<b>TOTAL</b>	<b>3,861,756</b>

**l) Institution highlights**

**Day schools (1 million and above)**

- |                           |               |
|---------------------------|---------------|
| 1. St Christopher Nembure | Ksh 1,098,200 |
| 2. Antony Siakago day     | Ksh 1,082,500 |
| 3. Benedicts Kithimu      | Ksh 1,217,400 |
| 4. St Mark's Ena          | Ksh 1,126,300 |

**Boarding schools (1 million and above)**

- |                     |               |
|---------------------|---------------|
| 1. Nyangwa boys     | Ksh 1,398,700 |
| 2. St Annes kiriari | Ksh 1,040,741 |

**Vocational training (top 2)**

- |  |             |
|--|-------------|
| 1. Kangaru vocational training centre  | ksh 820,000 |
| 2. Kanorori Vocational Training Centre | Ksh 601,000 |

**Special needs schools (top 2)**

- |                             |             |
|-----------------------------|-------------|
| 1. St Monica special school | Ksh 399,000 |
| 2. St. Lukes for the deaf   | Ksh 212,000 |

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

### **1. Sustainability strategy and profile -**

*The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.*

### **2. Environmental performance**

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

### **3. Employee welfare**

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

### **4. Market place practices-**

*The organisation should outline its efforts to:*

- a) Responsible competition practice.  
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors*
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.*
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices*
- d) Product stewardship- outline efforts to safeguard consumer rights and interests*

### **5. Corporate Social Responsibility / Community Engagements**

*The organisation gives details of CSR activities carried out in the year and the impact to the society. Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment and other forms of community engagements.*

**11. Report of The Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Fund are to grant bursaries and award scholarships.

**Results**

The results of the Fund for the year ended June 30, 2024 are set out on pages 1 to 6.

**Trustees**

The members of the Board of Trustees who served during the year are shown on pages vi to viii .

**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 for the period ended June 30, 2024.

By Order of the Board



.....

**Fund Administration Committee**

**Date: 15/09/2024**

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

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *(The Fund should state the appropriate legislation establishing the Fund)* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. 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 *(quote the applicable legislation establishing the County Public Fund)*. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2024, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

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

**Approval of the financial statements**

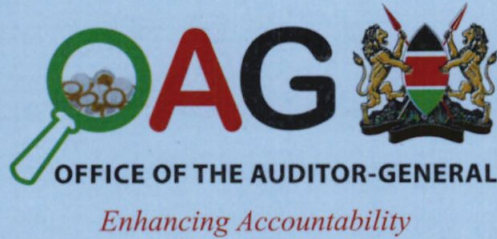
The Fund’s financial statements were approved by the Board on 07<sup>TH</sup> September 2024 and signed on its behalf by:

.....  


**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: 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 EMBU COUNTY EDUCATION SUPPORT FUND FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Embu County Education Support Fund set out on pages 1 to 29, which comprise of the statement of financial position as

at 30 June, 2024, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report the financial statements present fairly, in all material respects, the financial position of Embu County Education Support Fund as at 30 June, 2024, and of its financial performance and of its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (Embu County Education Support Fund) Regulations, 2018.

### **Basis for Qualified Opinion**

#### **Variance Between the Statement of Cash Flows and Notes to the Financial Statements**

The statement of cash flows reflects net cash flows from operating activities amount of Kshs.93,978,890 while Note 9 to the financial statements discloses Nil net cash flow from operating activities resulting in a variance of Kshs.93,978,890 which has not been explained or reconciled.

In the circumstances, the accuracy of the statement of cash flows could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Embu County Education Support 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 qualified opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.100,000,000 and Kshs.100,000,000 respectively. Similarly, the Fund spent Kshs.6,021,110 against actual receipts of Kshs.100,000,000 resulting in an under-utilization of Kshs.93,978,890 or 94% of the actual receipts.

The under-utilization 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. Except for the matter described in the Basis for Qualified Opinion Section of my report, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

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

Review of the progress on follow up on prior year auditor's recommendations reveal that, two issues were raised under the Report on Financial Statements which remained unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

### **Other Information**

The Management is responsible for the other information set out on page i to xxiii which comprise of Fund information and overall performance, statement of performance against Fund's predetermined objectives, environmental and sustainability reporting and statement of Fund's Management responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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

### **Conclusion**

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

## **Basis for Conclusion**

### **Non-Compliance with the Public Sector Accounting Standards Board Financial Reporting Requirements**

Review of the financial statements submitted for audit revealed that related party transactions and balances as well as financial risks have not been disclosed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **Failure to Conduct Internal Audit**

Documentary evidence to confirm that the internal audit department carried out any audit for the Embu County Educational Support Fund and presented the report to the Board for discussion and recommendations to be acted upon. Further, no records were provided for audit review to indicate that controls that are required to ensure that necessary approvals are given for all transactions and financial and other organizational records and documents were properly kept or were either weak or not functioning as intended.

The role of internal audit department is to give reasonable assurance through the audit committee on the state of risk management, internal controls and governance within the Fund in line with Regulation 153(b) of the Public Finance Management Regulations (County Government), 2015 which states that internal auditors shall have a duty to give reasonable assurance through the audit committee on the state of risk management, control and governance within the organization.

In the circumstances, the Fund did not benefit from the oversight role and advice from internal audit function.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and the Fund Administration Committee**

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015. Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

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

**Nairobi**


**27 December, 2024**


**Embu County Education Support Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2024.**

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	0	0
Transfers From the County Government	2	100,000,000	102,000,000
		<b>100,000,000</b>	<b>102,000,000</b>
<b>Revenue From Exchange Transactions</b>			
		<b>0</b>	<b>0</b>
<b>Total Revenue</b>		<b>100,000,000</b>	<b>102,000,000</b>
<b>Expenses</b>			
Bursaries Issued	3	3,020,140	95,608,500
Use of goods and services	4	2,982,970	3,690,900
Finance Costs	5	18,000	14,642
<b>Total Expenses</b>		<b>6,021,110</b>	<b>99,314,042</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets		0	0
Gain /Loss on fair value of investments		0	0
<b>Surplus/(Deficit) for the Period</b>		<b>93,978,890</b>	<b>2,685,958</b>

(The notes set out on pages 8 to 42 form an integral part of these Financial Statements)

.....  
  
**Name: Ephantus Mugendi**  
**Administrator of the Fund**


.....  
  
**Name: Sammy M. Gakobo**  
**Fund Accountant**  
**ICPAK Member Number:8734**

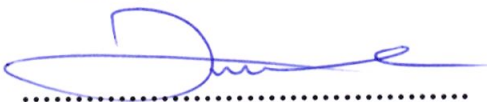
**Embu County Education Support Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**15. Statement of Financial Position as at 30<sup>th</sup> June 2024.**

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6	97,484,422.70	3,505,532.70
Inventories	7	0	0
<b>Total current assets</b>		<b>97,484,422.70</b>	<b>3,505,532.70</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	8	0	0
Intangible Assets	9	0	0
<b>Total Assets (A)</b>		<b>97,484,422.70</b>	<b>3,505,532.70</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
<b>Total current liabilities</b>		<b>0</b>	<b>0</b>
<b>Non-Current Liabilities</b>			
<b>Total Liabilities (B)</b>		<b>0</b>	<b>0</b>
<b>Net Assets (A-B)</b>		<b>97,484,422.70</b>	<b>3,505,532.70</b>
<b>Represented By:</b>			
Reserves		0	0
Accumulated Surplus		97,484,422.70	3,505,532.70
<b>Net Assets</b>		<b>97,484,422.70</b>	<b>3,505,532.70</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<sup>th</sup> September 2024 and signed by:

.....  
  
**Name: Ephantus Mugendi**  
**Administrator of the Fund**

.....  
  
**Name: Sammy M. Gakobo**  
**Fund Accountant**  
**ICPAK Member Number:8734**

**Embu County Education Support Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2024**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2022</b>	0	0	-	-
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	102,000,000	-		102,000,000
Transfers	0		-	-
Revaluation Gain	-	0	-	-
<b>Balance As At 30 June 2023</b>	<b>102,000,000</b>	<b>0</b>	<b>-</b>	<b>102,000,000</b>
<b>Balance As At 1 July 2023</b>	-	-	3,505,532.70	3,505,532.70
Surplus/(Deficit) For the Period		-	-	-
Funds Received During the Year	100,000,00	-	-	100,000,000
Expenditure during the year	-		-	(6,021,110)
Revaluation Gain	-	0	-	0
<b>Balance As At 30 June 2024</b>	<b>-</b>	<b>-</b>	<b>97,484,422.70</b>	<b>97,484,422.70</b>

*Embu County Education Support Fund***Annual Report and Financial Statements for the year ended June 30, 2024****17. Statement of Cash Flows for the Year Ended 30 June 2024**

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		0	0
Transfers from the county government	2	100,000,000	102,000,000
Interest received		0	0
Receipts from other operating activities		0	0
<b>Total receipts</b>		<b>100,0970,000</b>	<b>102,000,000</b>
<b>Payments</b>			
Bursaries Issued	6	3,020,140	95,608,500
Use of goods and Services	7	2,982,970	3,690,900
Finance cost		18,000	14,642
Other payments		0	0
<b>Net cash flows from operating activities</b>	24	<b>93,978,890</b>	<b>2,685,958</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		(0)	(0)
Proceeds from sale of property, plant & equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		(0)	(0)
<b>Net cash flows used in investing activities</b>		<b>(0)</b>	<b>(0)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0
Repayment of borrowings		(0)	(0)
<b>Net cash flows used in financing activities</b>		<b>(0)</b>	<b>(0)</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>0</b>	<b>0</b>
Cash and cash equivalents at 1 July		3,505,532.70	819,574.70
<b>Cash and cash equivalents at 30 June</b>		<b>97,484,422.70</b>	<b>3,505,532.70</b>

**Embu County Education Support Fund**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**18. Statement of Comparison of Budget and Actual Amounts for the Period 2024**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	B	C=(a+b)	D	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations	0	0	0	0		
Transfers From County Govt.	100,000,000	(0)	100,000,000	100,000,000		
Interest Income	0	-	0	0		
Other Income	0	-	0	0		
<b>Total Income</b>	<b>100,000,000</b>	<b>(0)</b>	<b>100,000,000</b>	<b>100,000,000</b>		
<b>Expenses</b>						
Bursaries Issued	97,000,000	-	97,000,000	3,020,140	(93,979,860)	3%
Use of Goods and Services	2,980,000	(0)	2,980,000	2,982,970	2,970	100%
Finance Cost	20,000	(0)	20,000	18,000	(2,000)	90%
<b>Total Expenditure</b>	<b>100,000,000</b>	<b>(0)</b>	<b>100,000,000</b>	<b>6,021,110</b>	<b>(93,978,890)</b>	<b>6%</b>
<b>Surplus For the Period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>93,978,890</b>	<b>(93,978,890)</b>	
<b>Capital expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Budget notes**

*The bursary cheques were burnt down when arsonist/demonstrators torched County headquarters in the wake of Finance bill rejection causing the delay in disbursement of the bursaries awarded*

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Embu County Education Support Fund is established by and derives its authority and accountability from by and derives its authority and accountability from the Public Finance Management Act (*Embu County Education Support Fund*) Regulations, 2015. The Fund is wholly owned by the County Government of Embu and is domiciled in Kenya.

The fund’s objective is to grant bursaries, award scholarships, giving loans and any other education intervention as they may arise.

**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 2024*

There were no new and amended standards issued in the financial year.

*(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

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

**Embu County Education Support Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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. <i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value. <i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. <i>State the expected impact of the standard to the Entity if relevant</i></p>

**Embu County Education Support Fund**

**Annual Report and Financial Statements for the year ended June 30, 2024**

IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

**(i) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year 2023/2024

***Embu County Education Support Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**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 2023/2024 was approved by the County Assembly on 16<sup>th</sup> July 2024. 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 xxxxx on the FY 2023/2024 budget following the governing body's approval.

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

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

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

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

**c) Property, plant and equipment**

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

**a) 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.

**b) 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.

***Embu County Education Support Fund***

**Annual Report and Financial Statements for the year ended June 30, 2024**

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

**c) Financial instruments**

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

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

***Embu County Education Support Fund***  
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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 9*.

***Embu County Education Support Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**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.

**d) 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.

**e) 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.

**f) 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)**

**g) 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.

**h) 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.*

**i) 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.

**j) Employee benefits – Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

***Embu County Education Support Fund***

**Annual Report and Financial Statements for the year ended June 30, 2024**

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

**k) 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.

**l) 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.

**m) 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.

**n) 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.

**o) Comparative figures**

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

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

**5. Significant judgments and sources of estimation uncertainty**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

**Embu County Education Support Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**6. Notes to the Financial Statements Continued**

**1. Public contributions and donations**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Donation From Development Partners	0	0
Contributions From The Public	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**2. Transfers from County Government**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers From County Govt. –Operations	100,000,000	102,000,000
Payments By County On Behalf Of The Entity	0	0
Unconditional Development grants	0	0
<b>Total</b>	<b>100,000,000</b>	<b>102,000,000</b>

**3. Bursaries Issued**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Bursaries for the year	3,020,140	95,608,500
Scholarships	0	0
Bursaries for previous years	0	0
Other donations	0	0
Other ( <i>Specify</i> )	0	0
<b>Total</b>	<b>3,020,140</b>	<b>95,608,500</b>

**Embu County Education Support Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**4. Use of Goods and Services**

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
General Office Expenses	162,000	340,000
Loan Processing Costs	0	0
Professional Services Costs	0	0
Administration Fees	0	0
Committee Allowances	2,674,970	2,952,720
Electricity And Water Expenses	0	0
Fuel And Oil Costs	0	0
Insurance Costs	0	0
Postage And Courier	0	0
Printing And Stationery	146,000	398,180
Rental Costs	0	0
Security Costs	0	0
Telephone And Communication Expenses	0	0
Bank Charges	0	0
Audit Fees	0	0
Provision For Doubtful Debts	0	0
Other ( <i>Specify</i> )	0	0
Social benefit expenses*		
<b>Total</b>	<b>2,982,970</b>	<b>3,690,900</b>

**5. Finance costs**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Bank charges	18,000	14,642
Interest On Loans From Banks	0	0
<b>Total</b>	<b>18,000</b>	<b>14,642</b>

**Embu County Education Support Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**6. Cash and cash equivalents**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Fixed Deposits Account	0	0
Current Account	97,484,422	3,505,532.70
Others ( <i>Specify</i> )	0	0
<b>Total Cash And Cash Equivalents</b>	<b>97,484,422</b>	<b>3,505,532.70</b>

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

Financial Institution	Account number	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>b) On - Call Deposits</b>			
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>c) Current Account</b>			
Co-operative Bank	01141408639900	97,484,422	3,505,532.70
Bank B		0	0
<b>Sub- Total</b>		<b>97,484,422</b>	<b>3,505,532.70</b>
<b>d) Others(Specify)</b>			
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>Grand Total</b>		<b>97,484,422</b>	<b>3,505,532.70</b>

**7. Inventories**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories (Specify)	0	0
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>	<b>0</b>	<b>0</b>

**Embu County Education Support Fund**

**Annual Report and Financial Statements for the year ended June 30, 2024**

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

**8. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computer s and office equipmen t	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July (Previous FY)</b>	<b>xxx</b>	<b>Xxx</b>	<b>Xxx</b>	<b>Xxx</b>	<b>Xxx</b>
Additions	xxx	Xxx	Xxx	-	<b>Xxx</b>
Disposals	(xxx)	(xxx)	-	-	<b>(xxx)</b>
Transfers/Adjustments	xxx	(xxx)	xxx	(xxx)	<b>(xxx)</b>
<b>At 30<sup>th</sup> June (Previous FY)</b>	<b>xxx</b>	<b>Xxx</b>	<b>xxx</b>	<b>Xxx</b>	<b>Xxx</b>
<b>At 1<sup>st</sup> July (Current FY)</b>					
Additions	xxx	xxx	xxx	-	<b>Xxx</b>
Disposals	(xxx)	-	-	-	<b>(xxx)</b>
Transfer/Adjustments	(xxx)	xxx	xxx	(xxx)	<b>(xxx)</b>
<b>At 30<sup>th</sup> June (Current FY)</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>Xxx</b>
<b>Depreciation And Impairment</b>					
At 1 <sup>st</sup> July (Previous FY)	(xxx)	(xxx)	(xxx)	(xxx)	<b>(xxx)</b>
Depreciation	(xxx)	(xxx)	(xxx)	(xxx)	<b>(xxx)</b>
Impairment	(xxx)	-	-	-	<b>(xxx)</b>
<b>At 30<sup>th</sup> June (Previous FY)</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>Xxx</b>
<b>At 1<sup>st</sup> July (Current FY)</b>					
Depreciation	(xxx)	(xxx)	(xxx)	-	<b>(xxx)</b>
Disposals	xxx	-	-	-	<b>Xxx</b>
Impairment	(xxx)	(xxx)	-	-	<b>(xxx)</b>
Transfer/Adjustment	xxx	(xxx)	(xxx)	xxx	<b>Xxx</b>
<b>At 30<sup>th</sup> June (Current FY)</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>Xxx</b>
<b>Net Book Values</b>					
<b>At 30<sup>th</sup> June (Previous FY)</b>	<b>Xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>At 30<sup>th</sup> June (Current FY)</b>	<b>Xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

*Embu County Education Support Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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

**9. Intangible assets**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>	0	0
Additions	0	0
<b>At End of The Year</b>	<b>0</b>	<b>0</b>
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>	0	0
Amortization	0	0
<b>At End of The Year</b>	0	0
Impairment Loss	0	0
<b>At End of The Year</b>	<b>0</b>	<b>0</b>
<b>NBV</b>	<b>0</b>	<b>0</b>

**10 . Cash generated from operations.**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>0</b>	<b>0</b>
<b>Adjusted For:</b>		
Depreciation	0	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	0	0
Interest Income	0	0
Finance Cost	0	0
<b>Working Capital Adjustments</b>		
Increase In Inventory	0	0
Increase In Receivables	0	0
Increase In Payables	0	0
<b>Net Cash Flow From Operating Activities</b>	<b>0</b>	<b>0</b>

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

**11. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

**b) Related party transactions**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

**c) Key management remuneration**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**d) Due from related parties**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*Embu County Education Support Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**Other Disclosures Continued**

**e) Due to related parties**

<b>Description</b>	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**12. Contingent assets and contingent liabilities**

<b>Contingent Liabilities</b>	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Court Case Xxx Against the Fund	0	0
Bank Guarantees	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

**13. 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:

<b>Description</b>	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**Annual Report and Financial Statements for the year ended June 30, 2024**

**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 xxxx

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June (Current FY)</b>				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June (Comparative FY)</b>				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Notes to the Financial Statements (Continued)**

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June (Current FY)</b>			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**Notes to the Financial Statements (Continued)**

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Kshs	Kshs	Kshs
<b>(Current FY)</b>			
Euro	10%	0	0
USD	10%	0	0
<b>(Comparative FY)</b>			
Euro	10%	0	0
USD	10%	0	0

**ii. Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

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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:

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
<b>Total funds</b>	<b>0</b>	<b>0</b>
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**14. Events after the reporting period**

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

**15. Ultimate and Holding Entity**

Embu County Education Support Fund is established by and derives its authority and accountability from by and derives its authority and accountability from the Public Finance Management Act (*Embu County Education Support Fund*) Regulations, 2015. The Fund is wholly owned by the County Government of Embu and is domiciled in Kenya.

**16. Currency**

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


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**20. Annexes**

**Annex I: Progress on Follow Up Of Prior Year Auditor’s Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported applications list	The list of applicants have been supported	Resolved	
2.	Under absorption of the Budget	The funds have been issued	Resolved	
3.	Unacknowledged Bursary Disbursements	Receipts are continuously being received	On going	3 months

  
**Ephantus Mugendi**  
**Fund Manager**

Date.....15/9/2024

**Embu County Education Support Fund  
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**Annex II: Inter-Fund Confirmation Letter**

**EMBU COUNTY GOVERNMENT**



Mobile: +254 771 204 003/+254 703 192 924 Tel: +254 68 30686/30656  
Address: P.O. Box 36-60100 Embu, Location: Embu Town Hall Email: info@embu.go.ke Website: www.embu.go.ke

**EDUCATION DEPARTMENT**

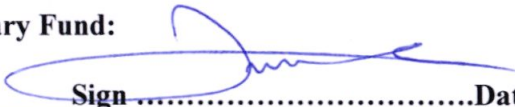
The Embu County Education Support Fund wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request 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 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 <sup>th</sup> June 2024				Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT24166JZB2Q	14/6/2024	100,000,000	-	-	100,000,000	100,000,000	0
<b>Total</b>		<u>100,000,000</u>			<u>100,000,000</u>	100,000,000	

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

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

Name : Sammy M. Gakobo

Sign  Date 30/06/2024

***Embu County Education Support Fund***  
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**Annex III: Reporting of Climate Relevant Expenditures**

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

**Embu County Education Support Fund**

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**Annex IV: Reporting on Disaster Management Expenditure**

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