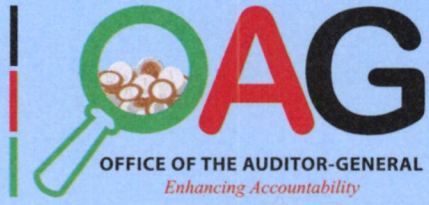


REPUBLIC OF KENYA



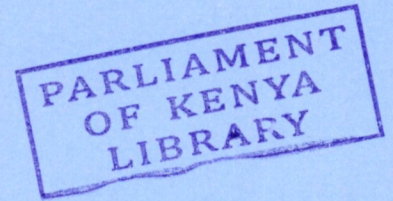
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**EMBU COUNTY EDUCATION  
SUPPORT FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

PAPERS LAID	
DATE	19/11/2025
TABLED BY	Sen. Mutisya on behalf of S.M.L
COMMITTEE	—
CLERK AT THE TABLE	Belinda



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## Embu County Education Support Fund

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2025.

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

	PAPERS LAID
DATE	19/11/2025
TABLED BY	Sen. Mutinda on
COMMITTEE	-
CLERK AT THE TABLE	Belinda

behalf of the Majority  
Leader

***Embu County Education Support Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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***Embu County Education Support Fund***  
***Annual Report and Financial Statements for the year ended June 30, 2025.***

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**2. Acronyms and Definition of Key Terms**

**a) Acronyms**

<i>CT</i>	<i>County Treasury</i>
<i>CIDP</i>	<i>County Integrated Development Plan</i>
<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>KSHS</i>	<i>Kenya Shillings</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>TNT</i>	<i>The National Treasury</i>
<i>TVETs</i>	<i>Technical and Vocational Educational Training Institutions</i>

**b) Definition of Terms**

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

*(Provide a list of Acronyms and Key terms used in the financial report as per the above example.)*

**3. 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

**b) Principal Activities**

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

**c) Board of Fund Administration Committee**

The *entity’s* day-to-day management is under the following key organs:

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	Peter Njagi Hudson	Fund Administrator
8	Damiano Muthee	Committee Member
9	Jeremiah Ileri	Committee Member

**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

Ref	Name	Position
1	Fund Administrator	Peter Njagi Hudson
2	Signatory- Member	Damiano Muthee
3	Fund Accountant	Sammy M. Gakobo

***Embu County Education Support Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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**e) Fiduciary Oversight Arrangements**

County Internal audit  
County Assembly Education Committees

**f) Registered Offices**

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

**g) 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)

**h) Fund Bankers**

Cooperative Bank of Kenya  
Embu Branch  
Embu, Kenya.

**i) Independent Auditor**

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




**j) Principal Legal Adviser**

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




**k) County Attorney**


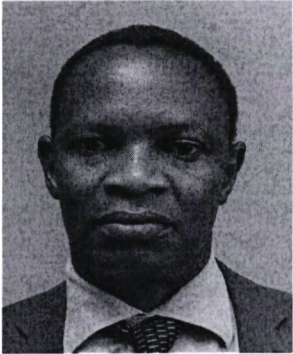
Embu County Government- Attorney's office  
P.O Box 36-60100  
Embu.

**4. Fund Administration Committee Profiles**



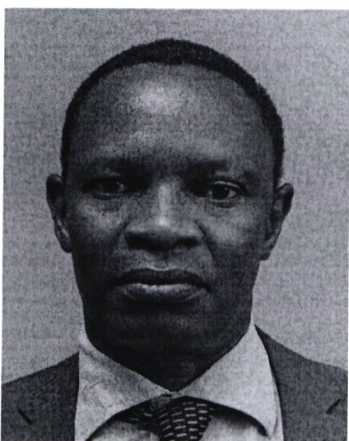
Name	Details of qualifications and experience
<p><b>1. Committee Chair</b></p>  <p>Patrick Kinyua Njagi Age-66 Years</p>	<p><b>PATRICK KINYUA NJAGI</b> D.O.B 28.02.1958</p> <p><b>PROFESSIONAL QUALIFICATIONS</b> Bachelor of Arts (Hon), Diploma in Financial Management and Strategic Leadership.</p> <p><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-59 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>3. Committee Member</b></p>  <p>Milka Wawira Nyaga Age- 61 Years</p>	<p><b>MILKA WAWIRA NYAGA</b> D.o.B. 23.3.1963 ID No.4877996</p> <p><b>PROFESSIONAL QUALIFICATIONS:</b> Diploma in Education Management, Diploma in Special Needs Education, P1 Teacher Certificate</p> <p><b>WORK EXPERIENCE:</b> 24 years Headteacher in Primary School, 39 years teaching experience</p>

**Embu County Education Support Fund  
Annual Report and Financial Statements for the year ended June 30, 2025.**

<p><b>4. Committee Member</b></p>  <p>Eunice Gicuku Kinyua Age: 62Years</p>	<p><b>EUNICE GICUKU KINYUA</b> D.o.B. 01.01.1962 ID No.3515694 <b>PROFESSIONAL QUALIFICATIONS:</b> Certificate in Sales &amp; Marketing, Customer Service and PAR Management <b>WORK EXPERIENCE:</b> Field Officer (Sales and Marketing), Consultant in sales</p>
<p><b>5. Committee Member</b></p>  <p>Mohammed Gakinya Age- 73 Years</p>	<p><b>MOHAMMED M.G. GAKINYA</b> D.o.B. 10.10.1950 ID No. 0718325 <b>PROFESSIONAL QUALIFICATION</b> Diploma in Education (Humanities), Diploma in Teachers Training P1 Certificate, Diploma in athletics coaching <b>WORK EXPERIENCE:</b> Secondary school Teacher until December 2002</p>
<p><b>6. Committee Member</b></p>  <p>James Njeru M'Riua Age- 62Years</p>	<p><b>JAMES NJERU M'RUIA</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. Chief Officer Finance</b></p>  <p><b>Damiano Muthee</b> Age- 49 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>
<p><b>8. Fund Administrator</b></p>  <p><b>Peter Hudson Njagi</b> Age- 56 Years</p>	<p><b>PETER HUDSON NJAGI</b> D. O.B 1968 <b>QUALIFICATION</b> Diploma in Education Bachelors in Education Masters in Arts( Ongoing) <b>WORK EXPERIENCE</b> Teachers Service Commission - 1990 to 2021 Chief Officer Lands - Embu County Government 2013- to date</p>

**5. Key Management Team**

Name	Details of qualifications and experience
<p><b>1. Committee Chair</b></p>  <p>Patrick Kinyua Njagi Age-66 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. Chief Officer Finance</b></p>  <p>Damiano Muthee Age- 49 Years</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>
<p><b>9. Fund Administrator</b></p>  <p><b>Peter Hudson Njagi</b> Age- 56 Years</p>	<p><b>PETER HUDSON NJAGI</b> E. O.B 1968</p> <p><b>QUALIFICATION</b> Diploma in Education Bachelors in Education Masters in Arts( Ongoing)</p> <p><b>WORK EXPERIENCE</b> Teachers Service Commission - 1990 to 2021 Chief Officer Lands - Embu County Government 2013- to date</p>

## **6. Chairman'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.

### **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> April 2024 at Midnight (a period of 14 days as provided in the regulation). During this period, applicants would download 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
- 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.

**Embu County Education Support Fund  
Annual Report and Financial Statements for the year ended June 30, 2025.**

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**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

**Chairperson of the Fund**

**Signature**.......... **Date:** 26/08/2025

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

Embu County Education support fund was formed to grant bursaries and award scholarships to needy students in Secondary schools and institutions of higher learning. During the year the fund was not allocated any funding by the County Government. However, the Fund had an opening balance of Kshs 97,484,422.70. These funds were for the previous year FY 2023/2024 which were not disbursed at the close of financial year due to political unrest in the Country where Embu County was the hardest hit. These funds were already awarded by the close of the financial year but the cheques were burnt therefore reversing the process.

During the month of August 2024, new cheques were drawn and issued to the beneficiaries and these are the only funds that were available to the Education support fund in the year. The fund committee met Her Excellency the Governor and requested for funding during the supplementary budget. However, during the supplementary budget the Fund was not funded and this made the operations of the Fund to slow down.

The fund disbursed Kshs 91,970,173 as bursaries to the schools during the year under review from the allocation of the previous year which was as follows;

### **a) Allocations per Category.**

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

<b>CATEGORY</b>	<b>NUMBER</b>	<b>AMOUNTS</b>	<b>%</b>
Day Secondary	246	<b>55,233,573</b>	63 %
Boarding Secondary	424	<b>24,769,368</b>	28 %
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%

### **b) 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.

**Embu County Education Support Fund  
Annual Report and Financial Statements for the year ended June 30, 2025.**

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	<b>Ward</b>	<b>Ballances</b>
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>

The balances in the fund account were meant for the students from the ward committees, however, before the amount was disbursed there a court case for the issuance of bursary arose and the process froze awaiting court ruling.

  
 .....  
**Fund Administrator**

**8. Statement of Performance Against Predetermined Objectives for FY 2024/2025.**

Section 164 (2) (f) of the Public Finance Management Act, 2012, requires that, at the end of each financial year, the Accounting officer includes a statement of performance against predetermined objectives when preparing financial statements.

The key development objectives of the Fund as per the County Integrated Development Plan (CIDP) for 2023 to 2027 was to award bursaries to 178,000 students within Embu County.

**Progress on the attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Output</b>	<b>Performance Indicator</b>	<b>Performance</b>
<i>Embu County Education Support fund</i>	<i>To improve access to education</i>	<i>Increased transition rate to secondary and tertiary institutions</i>	<i>No of beneficiaries.</i>	<i>Numner beneficiaries in FY 2024/2025</i>
Education support	Improve accessibility of education	Increased retention of students in school	107,178	35,178

## **9. Statement of Corporate Governance**

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 Committee is made up of six members and the chairperson to make it seven in total. Four members represent the four sub-counties we have one for each, one representing persons living with disabilities, one representing the youth and the chairperson. The residents are invited to apply and successful candidates appointed by the County Executive Committee Member for Education for a term of four 4years renewable once.

The regulation provides for the committee to meet six times during the year for at least once quarterly and another two times to prosecute the business of the fund. In this financial year the fund met six times with the entire membership in attendance at all the times. The process of appointing a new committee starts six month to the end of the term of the current committee to avoid a situation that the fund will be without the committee.

Newly recruited committee members are inducted into the fund and are trained on their functions and the operations of the fund and their roles. The members are advised that they ought to sign conflict of interest declaration and state that they are in no way conflicted in their duties. The board have performed well having met and executed business as expected without fail.

The committee is remunerated according to the rates set by Salaries and remunerations commission in their circulars. Though this has been the case, the members feel that the amount set by the Salaries and remuneration commission does compensate them well for the time and effort put in their duties and have time and again petitioned the office to raise the issue on their behalf. This has however not hindered their operation in whatever way as they work at time pro Bono to ensure that students get bursary in time.

Public servants and State officers are guided by Public Officers Ethics Act (2013) and code of conduct of public officers. Our committee members has read and understood the provisions of this laws and regulations and endeavor to live within this framework and constraint. Within the year no Committee member was cited in regard of violations of these guidelines.

The fund has constantly been audited by the internal audit department and various recommendations and guidelines issued. The management of the fund has been perpetually relied on these recommendations to improve service delivery and governance within the fund.

**Embu County Education Support Fund  
Annual Report and Financial Statements for the year ended June 30, 2025.**

**10. Management Discussion and Analysis**

During the year there were no funds for the bursary in the County budget thus Fund disbursed the amounts which were awarded in the financial year 2024/2025 as per below report;

**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**).

**Summary of applicants per category**

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

**c) 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**

CATEGORY	NUMBER OF INSTITUTIONS	BOYS	GIRLS	TOTAL	%
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>

**d) Allocations per Category.**

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

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

**e) 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.

	<b>Ward</b>	<b>Ballances</b>
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
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12.	Gaturi North	142,036
13.	Evurore	105,432
14.	Muminji	78,000
15.	Nthawa	166,812
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19.	Mwea	266,000
20.	Mbeti South	104,500

**Embu County Education Support Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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	<b>TOTAL</b>	<b>3,861,756</b>
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**f) 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

## **11. Environmental and Sustainability Reporting**

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

*The top management should make reference to sustainable efforts, broad trends in political and macroeconomics affecting sustainability priorities, reference to international best practices and key achievements and failures.*

### **2. Environmental performance**

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

### **3. Employee welfare**

*Give an 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 organization should also disclose its policy on safety and compliance with the Occupational Safety and Health Act of 2007 (OSHA.)*

### **4. Marketplace practices-**

*The organization should outline its efforts to:*

#### *a) Responsible competition practice.*

*Explain how the organization 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.*

**12. Report of The Committee**

The Committee submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Fund's 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, 2025 are set out on page 1 to 7.

**Trustees**

The Trustees who served during the year are shown on pages v-vii.

**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 30<sup>th</sup> June 2025.

.....  
**Fund Administration Committee**

**Date: 26/08/2025**

**13. 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 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 Embu County Education Support Fund is responsible for the preparation and presentation of the Fund 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, 2025. 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 Embu County Education Support 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 Bursary Fund/Scheme)*. 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, 2025, and of the Fund 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 Embu County Education Support Fund has assessed the Fund ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Fund’s financial statements were approved by the Committee on 26<sup>th</sup> August 2025 and signed on its behalf by:

.....  


**Administrator of the Embu County Education Support Fund**

# REPUBLIC OF KENYA



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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON EMBU COUNTY EDUCATION SUPPORT FUND FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

- A. Report on 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 the 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 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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Embu County Education Support Fund set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2025, 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, 2025, 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 (Embu County Education Support Fund) Regulations, 2023 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unsupported Bursary Disbursements**

The statement of financial performance reflects bursary transfers amount of Kshs.91,970,173 being bursary to secondary schools as disclosed in Note 10 to the financial statement. However, out of this amount, only amounts of Kshs.73,610,173 (80%) was acknowledged as received by recipient schools and institutions, leaving a balance of Kshs.18,360,000 (20%) unacknowledged.

In the circumstances, the accuracy and value for money in bursary disbursements amounting to Kshs.18,360,000 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.

#### **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 effects of the matter described in the Basis for Qualified Opinion Section of my report, I have determined that there were no key audit matters to report in the year under review.

#### **Other Matter**

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

Review of the progress on follow up on prior year auditor's recommendations reveal that, four issues raised were addressed.

## **Other Information**

The Management is responsible for the Other Information set out on page ii to xxi which comprise of Key Fund Information and Management, Fund Administration Committee Profiles, Key Management Team, Chairman's Report, Report of the Fun Administration, Overall Performance, Statement of Performance Against Fund's Predetermined Objectives, Statement of Corporate Governance, Management Discussion and Analysis, 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 effect of the matters 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**

#### **1. Non-Compliance With Bursary Allocation and Equity Requirements**

The statement of financial performance reflects a bursary transfer amounts of Kshs.91,970,173 as disclosed in Note 10 to the financial statements. Audit review of the support documents and financial statements revealed the following exceptions: -

- i. 2% allocation was not set aside for scholarships.
- ii. Only Kshs.6,587,080 (7.2%) of the total disbursed funds of Kshs.91,970,173 was allocated to Vocational Training Colleges.
- iii. Weak internal controls and system inaccuracies affected gender equity reporting. This was evidenced by misclassification of one hundred and forty-seven (147) male beneficiaries were misclassified as female yet they were male.

This was contrary to Regulation 14 (1) (a), (b) and (c) of the Public Finance Management (Embu County Education Support Fund) Regulations, 2023 which states that the committee, in appropriating the funds, shall ensure that in the appropriation of funds from the fund, the committee shall take into account gender equity, regional balance, population, poverty index, marginalized groups, and persons with disabilities. The committee in appropriating monies shall ensure eighty-seven percent (87%) of the fund is expended in disbursing bursaries on an agreed formula for each ward and two percent (2%) on scholarships.

This was further contrary to Section 5.2.2 of the guidelines on administration and management of Education Support Within Embu County (Revised on 19<sup>th</sup> June, 2023) which specifies that a minimum 10% of the funds should be allocated to Vocational Training Centers.

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

## **2. Non-Publication of Successful Bursary Applicants**

Statement of financial performance and as disclosed in Note 10 to the financial statements reflects an amount of Kshs.91,970,173 in respect to bursary transfers. However, the Fund did not publish the list of the successful applicants for the award of bursaries on the County website, contrary to Regulation 16 (4) of Public Finance Management (Embu County Education Support Fund) Regulations, 2023, which states that the list of all successful applicants shall be published on the County website and notice board.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards 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 effect of the matters 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**

### **1. Weaknesses in Information Communication Technology (ICT)**

Audit of the Embu County Education Support Fund Online Bursary Management system revealed multiple critical weaknesses indicating inadequate ICT governance, data protection, and systems control. However, the following weaknesses were noted in relation to application processing within the system, including:

- i. Duplicate applications submitted by individual applicants.
- ii. Applications submitted by institutions on behalf of students instead of direct submissions by students.
- iii. Disparities between system-based applications and physical application forms, for instance, one of the wards had two thousand, six hundred and eighty-nine (2,689) online while, three hundred, two hundred and eighty-one (3,281) were captured on physical forms.
- iv. The system does not maintain a complete schools database; some schools are missing, and applicants are allowed to add entries manually, which often leads to errors.
- v. The system contains private schools, which is contrary to the established guidelines.

In the circumstances, the effectiveness on internal controls, risk management and overall governance could not be confirmed.

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 Administrative 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 controls, risk management and 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 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.

Fund Administrative 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 of 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 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

07 November, 2025

**15. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2025.**

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Transfers From the County Government	6	0	100,000,000
Public Contributions and Donations	7	0	0
		<b>0</b>	<b>100,000,000</b>
<b>Revenue From Exchange Transactions</b>			
Finance Income	8	0	0
Other income	9	0	0
<b>Total Revenue</b>		<b>0</b>	<b>100,000,000</b>
<b>Expenses</b>			
Bursary transfers	10	91,970,173	3,020,140
Scholarship grants	11	0	0
Use of Goods and Services	12	1,851,616	2,982,970
Finance costs	13	0	18,000
<b>Total Expenses</b>		<b>93,821,789</b>	<b>6,021,110</b>
<b>Surplus/(Deficit) for the Period</b>		<b>(93,821,789)</b>	<b>93,978,890</b>

*(The notes set out on pages 1 to 7 form an integral part of these Financial Statements)*



.....  
**Name: Peter Hudson Njagi**  
**Administrator/Accounting Officer**



.....  
**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, 2025.**

**16. Statement of Financial Position as at 30th June 2025.**

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	14	3,662,633	97,484,422.70
Non-exchange receivables	15	0	0
Exchange Receivables	16	0	0
<b>Total current assets</b>		<b>3,662,633</b>	<b>97,484,422.70</b>
<b>Total Assets (A)</b>		<b>3,662,633</b>	<b>97,484,422.70</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	17	0	0
<b>Total current liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities (B)</b>		<b>0</b>	<b>0</b>
<b>Net Asset (A-B)</b>		<b>3,662,633</b>	<b>97,484,422.70</b>
<b>Represented By:</b>			
Accumulated Surplus		3,662,633	97,484,422.70
<b>Net Assets</b>		<b>3,662,633</b>	<b>97,484,422.70</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 26<sup>th</sup> August 2025 and signed by:



.....  
**Name: Peter Hudson Njagi**  
**Fund Administrator/Accounting Officer**



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

**17. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2025.**

Description	Accumulated surplus		Total
	Kshs		Kshs
<b>Balance as at 1 July (Previous FY)</b>	3,505,532.70		3,505,532.70
Surplus/(Deficit) For the Year	93,978,890		93,978,890
<b>Balance As At 30 June (Previous FY)</b>	<b>97,484,422.70</b>		<b>97,484,422.70</b>
<b>Balance As At 1 July (Current FY)</b>	97,484,422.70		97,484,422.70
Surplus/(Deficit) For the Year	(93,821,789)		(93,821,789)
<b>Balance As At 30 June (Current FY)</b>	<b>3,662,633</b>		<b>3,662,633</b>

**Embu County Education Support Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

**18. Statement of Cash Flows for The Year Ended 30<sup>th</sup> June 2025.**

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers From the County Government		0	100,000,000
Public Contributions and Donations		0	0
Finance Income		0	0
Other receipts		0	0
<b>Total receipts</b>		<b>0</b>	<b>100,000,000</b>
<b>Payments</b>			
Bursary Transfers		91,970,173	3,020,140
Scholarship grants		0	0
Use of goods and Services		1,851,616	2,982,970
Finance cost		0	18,000
<b>Net cash flows from operating activities</b>	18	<b>(93,821,789)</b>	<b>93,978,890</b>
<b>Cash flows from investing activities</b>			
		0	0
<b>Net cash flows used in investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
<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>(93,821,789)</b>	<b>93,978,890</b>
Cash and cash equivalents at 1 July	13	97,484,422.70	3,505,532.70
<b>Cash and cash equivalents at 30 June</b>	13	<b>3,662,633</b>	<b>97,484,422.70</b>

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

**19. Statement of Comparison of Budget & Actual Amounts for Year Ended 30<sup>th</sup> June 2025.**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c*100</b>
<b>Revenue</b>						
Transfers From the County Govt.( Previous year balance)	97,484,422		97,484,422	97,484,422	0	
Public Contributions and Donations	0		0	0	0	
Finance Income	0		0	0	0	
Other receipts	0		0	0	0	
<b>Total Income</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	
<b>Expenses</b>						
Bursary Transfers	95,684,422		95,684,422	91,970,173	0	96%
Scholarship grants	0		0	0	0	-
Use of goods & Services	1,800,000		1,800,000	1,851,616	0	102%
<b>Total Expenditure</b>	<b>97,484,422</b>		<b>97,484,422</b>	<b>93,821,789</b>	<b>0</b>	<b>96%</b>
<b>Surplus For the Period</b>	<b>0</b>		<b>0</b>	<b>3,662,633</b>	<b>0</b>	<b>-</b>

**Budget notes**

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

***Embu County Education Support Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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3. *Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

**20. 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**

Embu County Education Support Fund financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Bursary Fund/Scheme. 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 financial statements are prepared on accrual basis of accounting. The statement of cash flows is prepared using the direct method.

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

**(i) *New and amended standards and interpretations in issue 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.***

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43 Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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.

**Embu County Education Support Fund  
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Standard	Effective date and impact:
	<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>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>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.</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, 2025.**

Standard	Effective date and impact:
<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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>            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>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>            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>

***(iii) Early adoption of standards***

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

*(state the standards, reason for early adopt, and impact on the on entity’s financial statements.)*

***Embu County Education Support Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Revenue transfers**

Revenues from non-exchange transactions 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.

**b) Budget information**

The original budget for FY 20xx was approved by the County Assembly on Embu. 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 Embu County Education Support Fund upon receiving the respective approvals in order to conclude the final budget. The xxx Bursary Fund/Scheme recorded additional appropriations of Kshs. xx on the FY 20xx budget following the governing body's approval.

Embu County Education Support Fund 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.

In addition to the basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification plans 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.

## **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.

### **(i) 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 an irrevocable election at initial recognition for particular investments in equity instruments.

### **(ii) 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.

### **(iii) 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

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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.

**(iv) 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.

**(v) 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.

**(vi) 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.

**(vii) Impairment**

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

**Financial liabilities**

**Classification**

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

**c) Provisions**

Provisions are recognized when the xxx Bursary Fund/Scheme 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 xxx Bursary Fund/Scheme 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.

**d) Contingent liabilities**

Embu County Education Support Fund 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 probable.

**e) Contingent assets**

Embu County Education Support Fund 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 xxx Bursary Fund/Scheme 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.

**f) Nature and purpose of reserves**

The Embu County Education Support Fund creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

**g) Changes in accounting policies and estimates**

The Embu County Education Support Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**h) 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.

**i) Related parties**

The Embu County Education Support Fund 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 xxx Bursary Fund/Scheme, or vice versa. Members of key management are regarded as related parties and comprise of Board of Trustees, the Fund/Scheme administrator and senior managers.

**j) 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.

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**Comparative figures**

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

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

The preparation of the Embu County Education Support Fund 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 judgments, 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.

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**6. Transfers from the County Government**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transfers From XX Department	0	100,000,000
Others ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>100,000,000</b>

*(Provide a brief explanation for this revenue)*

**7. Public Contributions and Donations**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Donation From Development Partners	0	0
Contributions From the Public	0	0
Others ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*(Provide a brief explanation for this revenue)*

**8. Finance income**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Interest Income on Bank Deposits	0	0
Others ( <i>Specify</i> )	0	0
<b>Total finance Income</b>	<b>0</b>	<b>0</b>

*(Provide a brief explanation for this revenue)*

**9. Other income**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Cheque write backs	0	0
Others ( <i>Specify</i> )	0	0
<b>Total Other Income</b>	<b>0</b>	<b>0</b>

*(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).*

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**10. Bursary Transfers**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Universities	0	0
TVETs and Colleges	0	0
Secondary schools	91,970,173	3,020,140
Other ( <i>Specify</i> )	0	0
<b>Total</b>	<b>91,970,173</b>	<b>3,040,140</b>

**11. Scholarship grants**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Universities	0	0
TVETs and Colleges	0	0
Secondary schools	0	0
Other ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**12. Use of Goods and Services**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Committee Allowances	500,000	2,674,970
Bank charges	31,616	0
Audit fees	0	0
Other – General office expenses	1,320,000	308,000
<b>Total</b>	<b>1,851,616</b>	<b>2,982,970</b>

**13. Finance costs**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Bank Charges	0	18,000
Interest on Loans from banks	0	0
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>18,000</b>

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**14. Cash and cash equivalents**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current Account	3,662,633	97,484,422
Others ( <i>Specify</i> )	0	0
<b>Total Cash and Cash Equivalents</b>	<b>3,662,633</b>	<b>97,484,422</b>

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

Financial Institution	Account number	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>a) Current Account</b>			
Co-operative Bank	01141408639900	3,662,633	97,484,422
Bank B		0	0
<b>Sub- Total</b>		<b>3,662,633</b>	<b>97,484,422</b>
<b>b) Others (Specify)</b>			
Cash In Transit		0	0
Cash In Hand		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>Grand Total</b>		<b>3,662,633</b>	<b>97,484,422</b>

**15. Non-Exchange Receivables**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Revenue receivable	0	0
Others ( <i>Specify</i> )	0	0
<b>Total non-exchange receivables</b>	<b>0</b>	<b>0</b>

**16. Exchange Receivables**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Interest receivable	0	0
Others ( <i>Specify</i> )	0	0
<b>Total exchange receivables</b>	<b>0</b>	<b>0</b>

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**17. Trade and other payables**

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
Trade Payables	0		0	
Other Payables ( <i>specify</i> )	0		0	
<b>Total Trade and Other Payables</b>	<b>0</b>		<b>0</b>	
<b>Ageing analysis (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total (tie to above total)</b>	<b>0</b>		<b>0</b>	

**18. Cash generated from operations.**

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
<b>Surplus/ (Deficit) For the Year</b>	<b>(93,821,789)</b>		<b>93,978,890</b>	
<b>Adjusted For:</b>				
<b>Working Capital Adjustments</b>				
Increase In Receivables	0		0	
Increase In Payables	0		0	
<b>Net Cash Flow from Operating Activities</b>	<b>(93,821,789)</b>		<b>93,978,890</b>	

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

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**19. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Fund/Scheme 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) Key management.
- c) Board of Trustees, etc.

**b) Related party transactions**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transfers from related parties	0	0
Transfers to related parties	0	0

**c) Key management remuneration**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Board of Trustees	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**d) Due from related parties**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Due From County Government	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**e) Due to related parties**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Due to County Government	0	0
Due to Key Management Personnel	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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**20. Contingent assets and contingent liabilities**

Contingent Liabilities	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Court Case xx Against the Fund/Scheme	0	0
Bank Guarantees	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*(Give details)*

**21. Financial risk management**

The Fund/Scheme'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/Scheme 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/Scheme's financial risk management objectives and policies are detailed below:

**a) Credit risk**

The Fund/Scheme has exposure to credit risk, which is the risk that a counter party 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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June (Current Year)</b>				
Receivables From Non-Exchange Transactions	0	0	0	0
Receivables From 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>As at 30<sup>th</sup> June (Previous Year)</b>				
Receivables From Non-Exchange Transactions	0	0	0	0

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Receivables From 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>

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

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/Scheme'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/Scheme 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/Scheme 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.

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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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>As at 30 June (Previous 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>

**c) Market risk**

The Fund/Scheme has put in place an internal audit function to assist it in assessing the risk faced by the Fund/Scheme 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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund/Scheme'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 Fund/Scheme 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.

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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	
<b>At 30 June (Current FY)</b>			
Cash	0	0	0
Debtors/ Receivables	0	0	0
<b>Liabilities</b>			
Trade And Other Payables	0	0	0
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

*The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.*

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the two 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
<b>(Current FY)</b>			
Euro	x%	0	0
USD	x%	0	0
Other ( <i>Specify</i> )	x%	<b>0</b>	<b>0</b>
<b>(Comparative FY)</b>			
Euro	x%	0	0
USD	x%	0	0
Other ( <i>Specify</i> )	x%	<b>0</b>	<b>0</b>

**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/Scheme to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund deposits.

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***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 Embu County Education Support 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 (20xx: Kshs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx-1 – Kshs xxx).

**d) Capital risk management.**

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

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Accumulated surplus	0	0
<b>Total funds</b>	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
<b>Gearing</b>	-	-

**22. Events after the reporting period**

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

**23. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

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**21. 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	Non collection of receipts	Ongoing	Not resolved	3 Months

**Guidance Notes:**

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

.....  
  
 Fund Administrator/Accounting Officer  
**Date**.....

