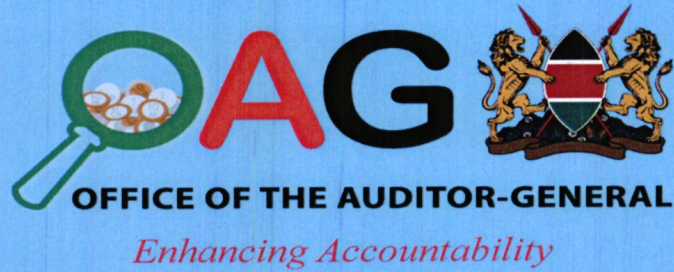


REPUBLIC OF KENYA



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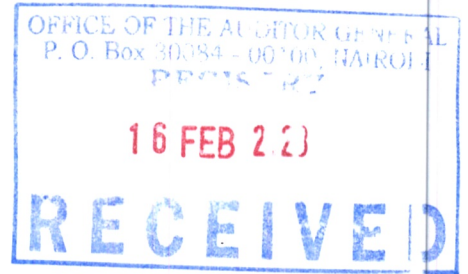
OF

THE AUDITOR-GENERAL

ON

**HOMABAY COUNTY EDUCATION
BURSARY FUND**

**FOR THE YEAR ENDED
30 JUNE, 2022**



**HOMA BAY COUNTY EDUCATION
BURSARY FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Key Fund Information and Management

Background information

Homa Bay County Bursary Fund is established by and derives its authority and accountability from Homa Bay County Education Bursary Fund Act of 2015. The Fund is wholly owned by the County Government of Homa Bay and is domiciled in Kenya.

The Fund's objective is to provide assistance to eligible students in the county in order to enhance access to education and training, promote and increase enrolment, retention, completion and graduation rates in institutions, improve education standards and literacy levels and reduce poverty and inequality.

Principal Activities

The principal activity/mission/ mandate of the fund is to provide Bursary to the needy children.

Board of Trustees/Fund Administration Committee

Name	Position
Dolphine Achieng Ochere	Chief Officer Education and ICT
Hon. Samuel Akoko Nyauke	CEC-M Education and ICT
Fr. Philip Olage	Committee Chair
Mr Timothy Oyoo	NGO Representative
Mr. Alphonse Okuku	PLWD Representative

Key Management

Name	Position
Hon. Nicholas Koriko	CEC-M Finance and Economic planning
Mrs. Dolphine Achieng Ochere	Fund Administrator
Hon Samuel Akoko Nyauke	CEC-M Education and ICT
Mr. Seth Okoth Giriago	Ag. Chief Officer Finance and Economic planning
Mr. Laban Ayoo	Ag. Head Of Treasury Accounting

Homa Bay County Education Bursary Fund

Annual Report and Financial Statements for the year ended June 30, 2022

1. Key Fund Information and Management

a) Background information

The Homa Bay County Bursary Fund is established by and derives its authority and accountability from Homa Bay County Education Bursary Fund Act of 2015. The Fund is wholly owned by the County Government of Homa Bay and is domiciled in Kenya.

The fund's objective is to provide assistance to eligible students in the county in order to enhance access to education and training, promote and increase enrolment, retention, completion and transition rates in institutions, improve education standards and literacy levels and reduce poverty and inequality.

b) Principal Activities

The principal activity/mission/ mandate of the fund is to provide Bursary to the needy Children.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Dolphine Achieng Ochere	Chief Officer Education and ICT
2	Hon. Samuel Akoko Nyauke	CEC-M Education and ICT
3	Fr.Philip Olage	Committee Chair
4	Mr Timothy Oyoo	NGO Representative
5	Mr. Alphonse Okuku	PLWD Representative

d) Key Management

Ref	Name	Position
1	Hon.Nicholas Koriko	CEC-M Finance and Economic planning
2	Mrs. Dolphine Achieng Ochere	Fund Administrator
3	Hon Samuel Akoko Nyauke	CEC-M Education and ICT
4	Mr. Seth Okoth Giriago	Ag.Chief Officer Finance and Economic planning
5	Mr. Laban Ayoo	Ag. Head Of Treasury Accounting

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

e) Registered Offices

P.O. Box 469 - 40300
Council Building/House/Plaza
Rongo Homa Bay-Road/Highway
Homabay, KENYA

f) Fund Contacts

Telephone: +254 721466464
E-mail: executive@homabay.go.ke
Website: www.homabaycounty@.go.ke

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Equity Bank
Equity Centre, Upper Hill
P.O. Box 1234 - 00100
Nairobi, Kenya

h) Independent Auditors

Auditor General
Kenya National Audit Office
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

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

2. The Board of Trustees for the Fund

Name	Details of qualifications and experience
1. Insert each Trustee's passport-size photo and name	Provide a concise description of each Trustee's date of birth, key academic and professional qualifications, and work experience. Indicate whether the trustee is independent or an executive director and which committee of the Board the trustee chairs where applicable.
2. Trustee 2	-N/A
3. Trustee 3	-N/A
4. Trustee 4	-N/A
5. Etc.	-N/A

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

3. Management Team

The management during the financial year consisted of:

Mr. Samuel Akoko Nyauke-County Executive Committee Member, Education and ICT	Mr. Samuel Akoko Nyauke was appointed the Third CECM in the year 2022 and is still serving in the same position.
Dolphine Achieng- Fund Administrator	Mrs. Dolphine Achieng – Fund Administrator Madam Dolphine was appointed as the Fund Administrator in 2022, and still serving as the administrator and the chief officer for the department

4. Fund Chairperson's Report

The two Bursary Committees terms of operation already ended as at the end of the financial year 2021/2022, therefore there will be new nominations for the new committees governing the disbursement, following the procedures as spelt out in the Homa Bay County Education Bursary Fund Act, 2015.

The Homa Bay County Education Bursary Fund was not received for this financial year; the process was hampered by the delays in then disbursement of funds.

Conclusion.

The administration would therefore recommend that the funds be transferred early enough to allow for disbursement to beneficiaries in time to avoid inconveniencies with the school programmes.



Name: Samuel Akoko

CECM, Education & ICT

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

5. Report of the Fund Administrator

It is my pleasure to present, on behalf of the Fund Administration Committee, the County Bursary fund financial statements for the year ended 30th June 2021. The financial statements present the financial performance of the fund over the past year.

Sustainability

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities.

The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

Review of performance

Income

The fund was allocated amount of **Kshs. 51,500,000** for the period. However, the amount was not transferred to the Bursary account, hence there was no disbursement to the beneficiaries except for the extension of the amounts for the previous financial year in July, which was later disbursed to the beneficiaries. The performance was attributed to an opening cash balance of **Kshs. 100,159,805** at the beginning of the year.

Expenditures

The total expenditures during the period amounted to **Kshs 341,163** which was all administration expenses.

Signed: _____

Dolphine Achieng
Fund Administrator

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

1. Statement of Performance against the County Fund's Predetermined Objectives

Introduction

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

The key development objectives of the Fund as per the strategic plan is to provide financial assistance to eligible students in the county.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Bursary disbursement to students across the county	To provide financial assistance to eligible students in the county	Enhanced access to education and training	Increased number of students applying for bursary	In FY 2021/2022 the number of beneficiaries increased by 9.2%

2. Corporate Governance Statement

The Homa Bay County Bursary Fund is a fund established pursuant to the Act of Homa Bay County Assembly of 2015. Section 167 of the Public Finance Management (PFM) Act 2012 provides for the regulations and reporting of the fund. Its mandate is to provide Bursary to needy students across the County. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. The operations of the fund are governed by a fund administrator and the fund committee.

The fund administrator is the chief officer in charge of Education and ICT as appointed by the CECM for Finance and Economic Planning. He/she is responsible for the supervision of the fund, accounting for the fund, imposing conditions and restrictions on the use of any expenditure arising from the fund, ensuring that the earnings of, or accruals to the funds are retained in the fund is spent only for the purposes for which the funds were established.

There are two fund committees consisting of ward bursary committee at the ward level and steering committee at the county level. The steering committee consists of:

- a. Chief Officer in charge of education and who is the secretary.
- b. Chief Officer for Finance economic planning and Service delivery or his representative
- c. A representative of the county education board
- d. A member of the civil society appointed by the governor
- e. A member appointed by the governor to represent interest of the special group.

This committee has the responsibility of providing policy direction for the overall management of the fund, receiving and acting on the complaints and recommendations for improved management of the fund and also mobilizing additional resources for the fund apart from allocations through the ordinary budget.

The ward education bursary fund committee is established for each ward and consists of

- The Ward Administrator who is also the secretary of the committee.
- The county officer in charge of education in the ward.
- One person representing faith based organization involved in education matters in the ward, nominated by a joint forum of faith based organizations in the ward.
- One person representing Non-Governmental Organization and Community Based Organization involved education matters in the ward, nominated by a joint forum on Non-governmental organizations and community based organizations in the ward.
- One person experienced in education matters representing persons Living with Disabilities nominated by a joint forum of organizations of persons living with disability in the ward.
- One person representing the youth nominated by a joint forum of youth organizations within the ward.

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

- One person representing women nominated by a joint forum of women organizations involving in education matters within the ward.

The organizations propose three names of persons to be considered for appointment to the Executive Committee Member who appoints one from each category.

The term of office for members appointed is two years which may be renewed for one further term only.

The members of the committee select a chair person at its first meeting.

The secretary of the committee provides secretarial services of the committee.

A person is eligible to be a member if;

- Holds at least a secondary school level education certificate and some professional training.
- Meet the require of chapter six of the constitution of Kenya 2010
- Is experienced to matters relating to education and community developments and
- Is a resident of the ward.

The committee is responsible for;

- Receiving, reviewing and approval of application of bursary under this act.
- Determining the amount of the education bursary to be awarded to each approved application.
- Monitoring and evaluating the progress and the performance of the eligible students supported under this act.
- Creating awareness amongst the residents of the ward about the Bursary.
- Carrying out such other roles as are necessary for the implementation of the objectives and the funds and perfume such other functions as may from time to time assigned by the executive member.

Once the county executive committee member nominates the members for each category, the department organizes for trainings and inductions for ward committee members on the expectations and roles of the committees. The remuneration of the members of the committee is determined by the County Treasury.

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

3. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to enable members of the County Assembly and Staff to access mortgages and car loans as may be prescribed by the Salaries and Remuneration Commission.

Results

The results of the Fund for the year ended June 30, 2022 are set out on page 1-22

Trustees

The members of the Board of Trustees who served during the year are shown on page iv

Auditors

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

By Order of the Board


.....

Name: Dolphine Achieng Ochere

Fund Administrator



Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

4. 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 Homa Bay County Education Bursary Fund Act, 2014 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, 2022. 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 Homa Bay County Education Bursary Fund Act, 2014. 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, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30/09/2022 and signed on its behalf by:

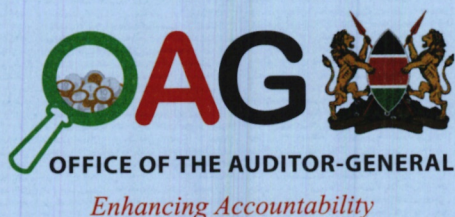
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Name: Dolphine Achieng Ochere

Fund Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON HOMABAY COUNTY EDUCATION BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Homa Bay County Education Bursary Fund set out on pages 1 to 22, which comprise the statement of financial position as at 30 June, 2022 and the statement of financial performance, 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 the Homa Bay County Education Bursary Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Homa Bay County Education Bursary Act, 2015

Basis for Qualified Opinion

Unsupported Disbursement of Bursaries

The statement of financial performance reflects disbursements to beneficiaries of Kshs.99,873,743 and as disclosed in Note 2 to the financial statements. Review of the bursary application, vetting and approval processes revealed the application forms were not duly filled by the applicants (students) and Ward Bursary Fund Committee officials. This is contrary to Section 15(5) of Homa Bay County Education Bursary Fund Act, 2015 which states that an applicant being a new or continuing student shall submit duly filled forms as advised by the Committee. In addition, the Committee was denied the chance to verify all the information provided by the applicant as required by Section 18 of the Homa Bay County Education Bursary Fund Act, 2015.

In the circumstances, the accuracy and validity of disbursement of Kshs.99,873,743 for the year ended 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Homabay County Education Bursary Fund Management set 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 was sufficient and appropriate to provide a basis for my qualified opinion.

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflect final receipts budget and actual on comparable basis totaling Kshs.51,500,000 and Nil respectively resulting to an under-funding of Kshs.51,500,000 or 100% of the budget. Similarly, the Fund spent Kshs.100,214,906 against an approved budget of Kshs.51,500,000 resulting in over-expenditure of Kshs.48,714,906 or 95% of the budget.

The over expenditure and delayed disbursements of the budgeted amounts affected the planned activities and impacted negatively on service delivery to the citizens of Homa Bay County.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Overdrawn Bank Account

The statement of financial position reflects cash and cash equivalents negative balance of Kshs.55,101 and as disclosed in Note 4 to the financial statements. Review of the cash and bank records revealed that the Fund bank account was overdrawn as a result of bank charges totalling to Kshs.69,500 in respect of bounced cheques due to insufficient funds. This was contrary to the provisions of Regulation 82(7) of the Public Finance Management (County Governments) Regulations, 2015 which states that no official County Government bank account shall be overdrawn.

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis of Conclusion

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 control, risk management and governance were

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

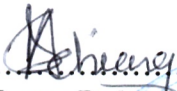
Nairobi

19 April, 2023

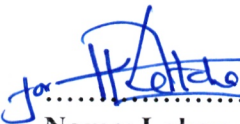
Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

6. Statement of Financial Performance for the Year Ended 30 June, 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers/refund of borrowing From the County Government	1	-	103,000,000
Total Revenue		-	103,000,000
Expenses			
Use of goods and services	2	99,873,743	2,761,450
Finance Costs	3	341,163	105,060
Total Expenses		100,214,906	2,866,510
Surplus/(Deficit) For The Period		(100,214,906)	100,133,490


 Name: Dolphine Acheing Ochere
 Administrator of the Fund




 Name: Laban Ayoo
 Fund Accountant
 ICPAK Member Number:

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

7. Statement of Financial Position as At 30 June, 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	(55,101)	50,159,805
Current Portion of Long- Term Receivables From Exchange Transactions	5	-	50,000,000
Total Assets		(55,101)	100,159,805
Net Assets			
Accumulated Surplus		(55,101)	100,159,805
Total Net Assets		(55,101)	100,159,805

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 30/09/2022 and signed by:

.....
Name: Dolphine Achieng Ochere
Administrator of the Fund



.....
Name: Laban Ayoo
Fund Accountant
ICPAK Member Number:

Homa Bay County Education Bursary Fund
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8. Statement of Changes in Net Assets for the year ended 30 June, 2022

	Accumulated surplus	Total
	Kshs	Kshs
Balance As At 1 July 2020	26,315	26,315
Surplus For the Period	100,133,490	100,133,490
Balance as At 30 June 2021	100,159,805	100,159,805
Balance As At 1 July 2021	100,159,805	100,159,805
Deficit For the Period	(100,214,906)	(100,214,906)
Balance As At 30 June 2022	(55,101)	(55,101)

.....
Name: Dolphine Achieng Ochere
Administrator of the Fund



.....
Name: Laban Ayoo
Fund Accountant
ICPAK Member Number:

Homa Bay County Education Bursary Fund
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9. Statement of Cash Flows for the Year Ended 30 June, 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers/refund of borrowing from the county government	1	-	103,000,000
Total receipts		-	103,000,000
Payments			
Fund administration expenses		-	2,761,450
Use of goods	2	99,873,743	-
Finance cost	3	341,163	105,060
Net cash flows from operating activities		(100,214,906)	100,133,490
Cash flows from financing activities			
Repayment of borrowings	5	50,000,000	-
Net cash flows used in financing activities		50,000,000	-
Net increase/(decrease) in cash & cash equivalents		(50,214,906)	50,133,490
Cash and cash equivalents at 1 July 2021		50,159,805	26,315
Cash and cash equivalent at 30 June 2022	4	(55,101)	50,159,805

.....
Name: Dolphine Achieng Ochere
Administrator of the Fund

.....
Name: Laban Ayoo
Fund Accountant
ICPAK Member Number:

10. Statement Of Comparison Of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers/refund of borrowing From County Govt.	51,500,000	-	51,500,000	-	(51,500,000)	0%
Total Income	51,500,000	-	51,500,000	-	(51,500,000)	0%
Expenses						
Fund Administration Expenses	1,500,000	-	0	341,163	(341,163)	0%
Disbursement to beneficiaries	50,000,000	-	51,500,000	(99,873,743)	(99,873,743)	0%
Total Expenditure	51,500,000	-	51,500,000	(100,214,906)	(100,214,906)	0%
Surplus/Deficit For The Period	-	-	-	(55,106)	-	

Budget notes

The amount allocated for bursaries for the financial year under review was not received. We only disbursed the amount brought forward from the previous year hence the amount of the allocation reflects the same amount as the opening balance at the beginning of the financial year.

Homa Bay County Education Bursary Fund
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11. Notes to the Financial Statements

1. General Information

Homa Bay County Education Bursary Fund is established by and derives its authority and accountability from Homa Bay County Education Bursary Fund Act, 2015. The Fund is wholly owned by the Homa Bay County Government and is domiciled in Kenya. The Fund's principal activity is to provide Bursary to the needy students.

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) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

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

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Standard	Effective date and impact:
	• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Fund provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Fund; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Fund's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued
Other improvements to IPSAS	<i>Applicable 1st January 2023</i> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Fund. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
Discontinued Operations	measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

(iii)Early adoption of standards

The Fund did not early – adopt any new or amended standards in year 2022.

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund 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 2021-2022 was approved by the County Assembly on xxxx. 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 Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Homa Bay County Education Bursary Fund on the FY 2021-2022 budget following the governing body's approval.

The Fund'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.

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.

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Summary Of Significant Accounting Policies (Continued)

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 Fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its costs recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Fund determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022
Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Fund has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a Fund of financial assets is impaired. A financial asset or a Fund of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Fund of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a Fund of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022
Summary Of Significant Accounting Policies (Continued)

b) 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 Fund.

c) Provisions

Provisions are recognized when the Fund 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 Fund 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.

Contingent liabilities

The 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 remote.

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Summary Of Significant Accounting Policies (Continued)

Contingent assets

The 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 Fund 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 in flow 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.

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

The 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.

f) Employee benefits– Retirement benefit plans

The Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Fund pays fixed contributions into a separate Fund (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 be come 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.

g) 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.

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Summary Of Significant Accounting Policies (Continued)

h) 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.

i) Related parties

The Fund regards a related party as a person or an Fund with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the fund administrator and the fund accountant.

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.

j) Comparative figures

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

k) Events after the reporting period

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

l) Ultimate and Holding Entity

The Homa Bay County Education Bursary Fund is a County Public Fund established by section 167 of Public Finance management (PFM) Act, 2012 under the Ministry of Education and ICT. Its ultimate parent is the County Government of Homa Bay.

m) Currency

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

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Fund'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 Fund 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 Fund. 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 Fund
- 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 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.

Homa Bay County Education Bursary Fund
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6. Notes to the Financial Statements

1. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	-	103,000,000
Total	-	103,000,000

2. Use of goods and services

Description	2021/22	2020/21
	Kshs.	Kshs.
Disbursements to beneficiaries	99,873,743	-
Administration Costs	-	2,761,450
Total	99,873,743	2,761,450

3. Finance costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest On Bank Overdrafts	341,163	105,060
Total	341,163	105,060

4. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	(55,101)	50,159,805
Total Cash And Cash Equivalents	(55,101)	50,159,805

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

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Equity Bank	0980263410113	(55,100.75)	50,159,805
Total		(55,100.75)	50,159,805

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5. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Outstanding refunds from County treasury	-	50,000,000
Total	-	50,000,000

Other Disclosures

6. 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

	2021-2022	2020-2021
	Kshs	Kshs
Transfers/refund of borrowing From County treasury		103,000,000

c) Key management remuneration

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From County Government	51,500,000	50,000,000
Total	51,500,000	50,000,000

Homa Bay County Education Bursary Fund
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Other Disclosures Continued

7. 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 Fund'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 Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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 Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund 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.

Other Disclosures Continued

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Fund 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 Fund'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 Fund's exposure to market risks or the manner in which it manages and measures the risk.

d) Foreign currency risk

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

e) 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.

f) Interest rate risk

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Fund'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.

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Annual Report and Financial Statements for the year ended June 30, 2022

Other Disclosures Continued

g) Management of interest rate risk

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

h) 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.

i) Capital risk management

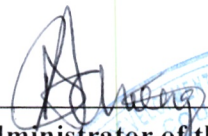
The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The Fund capital structure comprises of the following funds:

Homa Bay County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

12. 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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 Receivables	The amount of Kshs.50, 000,000 was considered as an erroneous transfer and not receivable. Response has been attached.	resolved	June 2021


 Administrator of the fund
 Name: Dolphine Acheng Ochere





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