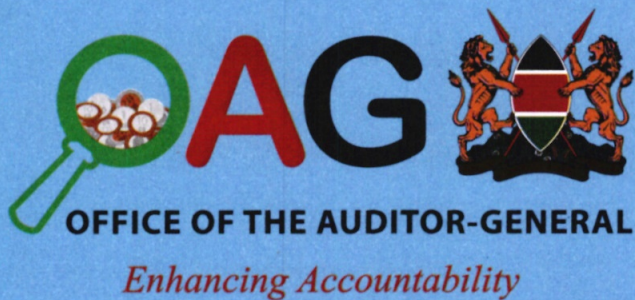


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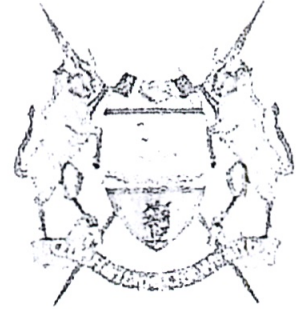
THE AUDITOR-GENERAL

ON

**BUNGOMA COUNTY EDUCATION SUPPORT
SCHEME**

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

PAPERS LAID	
DATE	25/3/24
TABLED BY	Sen. J. King'wa
COMMITTEE	—
CLERK AT THE TABLE	Polyarp.



BUNGOMA COUNTY EDUCATION SUPPORT SCHEME

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

(Handwritten)

Bungoma County
Education support scheme
Annual Report and Financial Statements for the year ended June 30, 2023

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1. Acronyms and Glossary of Terms

a) Acronyms

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

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2. Key Entity Information and Management

a) Background information

Bungoma County Education support scheme is established by and derives its authority and accountability from the Public Finance Management Act No.18 of 2012 (Bungoma County Education Support Scheme regulations, 2019) on 10th April, 2019. The Fund is wholly owned by the County Government of Bungoma and is domiciled in Kenya.

The fund's objective is to support needy students proceeding with secondary, tertiary and technical studies.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to support needy, vulnerable but bright students and increase accessibility to secondary schools and tertiary institutions.

Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Nicholas J.T Kiboi	Chairperson
2	Moris Kiboi	Committee Member
3	Fred Kikete	Committee Member
4	Bukhuni Makhanu	Committee Member
5	Wambiya Katoyi	Committee Member
6	Godfrey W. Watulo	Committee Member
7	Bishop Lirhu Wafula	Committee Member
8	Evelyne Wekesa	Fund Administrator/Secretary

Key Management team

Ref	Name	Position
1.	Dr. David Wamamili	CECM- Education and VTC.
2.	Mr. Nicholas Kiboi	Chief Officer Education and VTC.
3.	Evelyne Wekesa	Fund Administrator,
4.	Julius Wafula	Fund Accountant.
5.	Eunice Imbwenya	Director.
6.	Gilbert Cheshari	Finance officer.
7.	Isabella Mukhongo	Supply Chain Management Officer.
8.	Wycliffe Matumbai	Economist.

c) Fiduciary Oversight Arrangements

The fund operations are overseen by the internal audit department. The key management personnel who held office during the financial year ended 30th June, 2023 and who had direct fiduciary responsibility were:

SN	Position	Name
1	Directorate Internal Audit	CPA Brian Makokha

d) Registered Offices

P.O. Box 437,
Blackhouse
Building, Moi
Avenue
Bungoma,
KENYA

e) Fund Contacts

Telephone: (254) 725159153
E-mail:
Website:

f) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Moi avenue
P. O. Box 4108380-50200
Bungoma, Kenya.

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Education support scheme

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

g) Independent Auditors

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

h) Principal Legal Adviser





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

i) County Attorney

1. *Mr. Cyril Wayon'go- County Attorney.*
2. *Simiyu A. Makokha- County Legal Officer.*
3. *Abigael Walaka- County Legal Officer.*

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





3. Management Team.

Name	Photo(s)	Date of birth	Details of qualifications and experience	Work experience
1. Dr. David Wamamili Wanyonyi		06/10/1966	PHD in Education Communication and Technology	Over 33 years
2. Mr. Nicholas Kiboi		01/09/1968	Bachelor of Education Science.	Over 31 years
3. Mrs. Evelyn Wekesa		28/07/1972	Master of Education in Languages, English and Linguistics.	Over 25 years
4. Gilbert Cheshari		01/11/1990	Bachelor of Business Management- Accounting option. CPA Part III.	Over 8 years

Bungoma County

Education support scheme

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

5. Julius Waful a		1978	Diploma in Accountancy.	Over 8 years
6. Eunice Imbw enya		10/10/1971	Bachelor of Education Arts.	Over 16 years
7. Isabella Mukh ongo		10/09/1988	Bachelor of Business Management- Purchasing supplies Management. KISM Member.	Over 8 years
8. Wycliffe Matu mbai			Bachelor of Science Management.	Over 20 years.

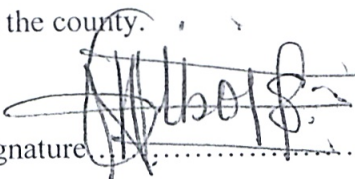
4. Fund Chairperson's Report

The ministry of Education plays an integral role in overseeing educational activities in the county. This is because by providing bursaries to many beneficiaries in their secondary school, literacy levels are achieved which sparks economic development. The number of students who remain in schools for periods of three and four years has significantly improved since the establishment of the bursary scheme at the inception of the county.

In the financial year 2022/2023, the fund received a total of ksh 524,000,000.00 out of which ksh.200,000,000.00 were received during the first quarter and ksh. 324,000,000.00 were received during the fourth quarter. An approximate of 20,000 beneficiaries have been supported from this kitty.

The bursary has however faced a lot of challenges which can be summarised into inadequacy of funds disbursed to the wards against the needy students leading to low allocations of the funds per student.

However, the bursary is doing great in uplifting the socio-economic livelihoods of the needy and bright students in the county.

Name Nicholas Kiboi Signature  Date.....

Chairperson of the Fund

5. Report of The Fund Administrator

Bungoma County Education Support Scheme is established by and derives its authority and accountability from The Bungoma County Education Support Scheme Regulations, 2015 of Kenya (revised in 2019). The Fund is wholly owned by the County Government of Bungoma and is domiciled in Kenya.

The fund's objective is to support needy students proceeding with secondary, tertiary and technical studies while the fund's principal activity is to disburse funds to schools and tertiary institutions for the support of needy students. The scheme has a two level governance structure, namely county education support management and ward bursary management committees. Currently the county scholarship committee is comprised of seven members appointed by county executive committee members with representation from various interest groups, such as youth, women, professional and faith based groups. The chief officer in charge of education chairs the committee while the fund administrator is the secretary. The fund administrator, appointed by the County Executive Committee Member in charge of Finance and Economic planning is responsible for the day-to-day operation of the fund. The function of the committee is to receive and consider applications for scholarships, mobilise resources in support for the scheme, advice on scholarship and bursaries allocations among other functions. In the last financial year, the committee held eight meetings to consider applications for scholarships from across the county. During the meetings, the committee usually review the performance of the previous awards and suggest to the fund administrator mechanisms of improving performance. At the ward level, the ward management committee is responsible for receiving and vetting applications for ward bursaries. The committee is comprised of five members elected from within the community with due consideration to regional balance and marginalized groups. Members elect the committee chairperson on its first sitting and the ward administrator is the secretary. In the year under preview, the ward committees had several sitting ranging from four to six seattings depending on the volume of applications received. Members of county and ward committees serve for a period of 3 years and are eligible for re-election. A member may be removed from the committee based on chronic absenteeism, breach of chapter six on integrity, death among others. In the year under review, some ward committees lost their members due to natural attrition.

Bungoma County

Education support scheme

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

In order to ensure transparency, the county and ward committees publish all names of successful applicant on public notice boards. An annual performance report on performance of the fund is prepared by the fund administrator and forwarded to the county Treasury as required in law.

The funds allocated to the funds are subject to audit by internal and external auditors. The previous financial year external audit returned a qualified opinion on its financial performance. In addition, to ensure prudence in financial management, the fund management strive to maintain proper financial records and tracks the utilization of the same to ensure that the funds reach the right beneficiaries. To ensure accountability and transparency, the fund management is developing a code of conduct for all its officials. The code will spell the do and don'ts of each official serving in the committee including issues of conflict of interest.

During the financial year 2022/2023, the fund was allocated ksh 524,000,000.00 made up of ksh. 344,000,000 towards scholarship and ksh. 180,000,000 towards bursary beneficiaries. The 1st tranche of ksh.200,000,000 exchequer issue was received during the first quarter while the balance was received during the fourth quarter. Approximately twenty thousand beneficiaries have been supported from the scheme as detailed later on in this report.

The scheme has had a fair share of challenges such as inadequacy of funds disbursed to the wards against the needy students leading to low allocations of the funds per student.

Name: Selish Njoroge Signature: Selish Date:

Fund Administrator

Bungoma County

Education support scheme

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

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

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

The key development objectives of the Bungoma County Government Entity's 2022-2023 plans are to:

- a) Provide for the establishment, administration, management and winding up of the Bungoma County Education Support Scheme.
- b) Make provision for the granting of scholarships and bursaries to eligible students from the County
- c) The principles for the establishment of the scheme are to-
 - increase access to quality education and training
 - support needy students proceeding to secondary, vocational, tertiary and higher education
 - promote an integrated strategic approach in addressing education, training and skills development
 - fulfil the department's social responsibility through funding of education institutions within the county
 - reduce disparities and inequalities in provision of education and training within the County
 - model an alternative framework in funding education and training programs

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Disbursement of scholarship and bursary funds	To provide Scholarship and Bursaries to bright, needy and vulnerable students from the county	Increased transition levels from secondary to higher institutions of learning and to the job market.	% of students transiting to institutions of higher learning	In FY 2022/23 Fund achieved its intended purpose by disbursing funds to approved beneficiaries.
Program 2	Objective	Outcome	indicator	Performance

7. Corporate Governance Statement

The Bungoma county scholarship and bursaries scheme was established in 2018 through a regulation of the county assembly with the purpose being to provide financial support to needy students pursuing their education and training in secondary and post-secondary institutions. The scheme is governed through the Bungoma county scholarship and bursaries regulation of 2019. The scheme has a two level governance structure, namely county education support management and ward bursary management committees. Currently the county scholarship committee is comprised of seven members appointed by county executive committee members with representation from various interest groups, such as youth, women, professional and faith based groups. The committee is chaired by the chief officer in charge of education while the fund administrator is the secretary. The fund administrator, appointed by the County Executive Committee Member in charge of Finance and Economic planning is responsible for the day-to-day operation of the fund. The function of the committee is to receive and consider applications for scholarships, mobilise resources in support for the scheme, advice on scholarship and bursaries allocations among other functions. In the last financial year, the committee held a total of eight meeting to consider applications for scholarships from across the county. During the meetings the committee usually review the performance of the previous awards and suggest to the fund administrator mechanisms of improving performance.

At the ward level, the ward management committee is responsible for receiving and vetting applications for ward bursaries. The committee is comprised of 5 members elected from within the community with due consideration to regional balance and marginalized groups. The committee chairperson is elected by members on its first sitting and the ward administrator is the secretary. In the year under review, the ward committees had several sitting ranging from 4 sitting to 6 sitting depending on the volume of applications received. Members of county and ward committees serve for a period of 3 years and are eligible for re-election. A member may be removed from the committee on the basis of chronic absenteeism, breach of chapter six on integrity, death among others. In the year under review, some ward committees lost their members due to natural attrition. In order to ensure transparency, the county and ward committees publish all names of successful applicant on public notice boards. An annual performance report on performance of the

Bungoma County
Education support scheme

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

fund is normally prepared by the fund administrator and forwarded to the county Treasury as required in law.

The funds allocated to the funds are subject to audit by internal and external auditors. The previous financial year external audit returned a qualified opinion on its financial performance. In addition, to ensure prudence in financial management, the fund management strive to maintain proper financial records and tracks the utilization of the same to ensure that the funds reach the right beneficiaries. To ensure accountability and transparency, the fund management is developing a code of conduct for all its officials. The code will spell the do and don'ts of each official serving in the committee including issues of conflict of interest. The fund is also in the process of developing a Fund Information Management System (FMIS) to manage data both at county and ward level. The system will also enable applicants to apply online. The fund management has also put in place a robust training programme for all its officials. It is envisioned that all committee members will be trained. The fund management is also in the process of developing a monitoring and evaluation framework. This will enable the fund to undertake periodic monitoring and evaluation of its activities. Consequently, recommendations from the monitoring and evaluation will be incorporated in future operations of the fund.

8. Management Discussion and Analysis

The scheme has continued to expand and support more students since its inception in 2019. The county government continues to put more emphasis on the education of the children of Bungoma County. Consequently, it continues to allocate funds on its budget estimate for the purpose. The table below shows the funds allocated by the county government towards the fund since 2018/18 financial year to date.

Table 1: Amount of Funds Budgeted Vs. Funds Released

Year	Amount budgeted	Actual amount released
2022/2023	524,000,000	524,000,000
2021/2022	550,000,000	550,000,000
2020/21	110,000,000	110,000,000
2019/20	240,000,000	170,000,000
2018/19	190,000,000	190,000,000

Table 1.0 shows that in financial year 2022/23, the county allocated kshs. 524,000,000 for the scheme and all of it was released by the National treasury although late as the last

Bungoma County

Education support scheme

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

tranche of disbursement was on 5th July 2023. The allocation has always been insufficient considering the high enrolment of beneficiaries. To mitigate this, the department, in consultation with major stakeholders resolved to reduce the numbers of form two beneficiaries from 8,870 to 1,890 (42 students per ward).

Due to late release of funds and other logistical challenges, the Scheme was unable to attain 100% absorption rate during financial year under review. Of the ksh. 524,000,000 allocated, the department was able to utilize ksh. 282,579,320.60, representing 53.9%.

Table 2.0 shows the number of scholarship beneficiaries since 2019.

Table 2.0: Number of Scholarship beneficiaries since 2018/2019

Financial Year	Number of scholarship beneficiaries
2022/23	12,668
2021/22	7,000
2020/21	1625
2019/20	550
2018/19	456

Table 2.0 shows that the number of beneficiaries between 2018/19 and 2022/23. The number of beneficiaries under scholarship programme increased from 456 in 2018/19 to in 2022/23. Due to the high numbers of form twos enrolment in the financial year under review, the Scheme, in consultation with major stakeholders resolved to reduce the numbers from 8,870 to 1,890 for sustainability purposes. Hence the revised total number of beneficiaries dropped from 12,668 to 5,688 beneficiaries in total.

During the same period, the scheme provided bursaries to a number of students in secondary schools, tertiary institutions, colleges and Universities

Table 3 below shows the distribution of bursary allocation from 2018/19 to 2022/23 financial year.

Table 3: number of bursary beneficiaries since 2018/19 financial year.

Financial Year	Number of bursary beneficiaries
2022/2023	40,000
2021/2022	20,000
2020/21	9,000
2019/20	12,680
2018/19	22,367

Bungoma County

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

In the performance of its mandate, the fund management strictly adhered to the provisions of the constitution of Kenya, article 43(1) which advocates for the right of the children including right to education, Article 53(1) (b) which states every child has the right to free and compulsory basic education. In schedule 4 of the constitution, the county government is also assigned the function of managing the education sector. The public finance management act (2012) provides for the establishment and management of funds. Under the act, section 116 provides that the county executive committee member or finance may establish other public funds with approval of the county executive committee and county assembly. The county government act (2012) and the Bungoma county scholarship and bursaries regulations (2019) provides for the establishment and operationalization of the scheme.

Despite its performance, the scheme is faced with a number of risks and uncertainties. For instance, changes of government policy is likely to affect its continuity of the scheme. The scheme is also faced with issues of untimely release of funds which leads to delay in processing of payments to schools. The scheme may also suffer from disasters and pandemics which may force government to change its priorities. During the COVID 19 pandemic, the government did not release all the funds allocated to the scheme since most resources were reallocated towards fighting the pandemic.

9. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

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

2. Environmental performance

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

3. Employee welfare

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

4. Market place practices-

The organisation should outline its efforts to:

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

5. Corporate Social Responsibility / Community Engagements

The fund did not engage itself in corporate social responsibility during the year under review.

10. Report of the Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Fund affairs.

Principal activities

The principal activity/mission/ mandate of the Fund is to support needy, vulnerable but bright students and increase accessibility to secondary schools and tertiary institutions.

Bungoma County

Education support scheme

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

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 10

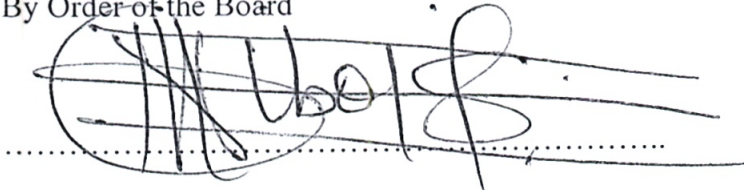
Trustees

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

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

A handwritten signature in black ink, consisting of several vertical lines followed by a large, stylized flourish, is written over a horizontal dotted line. The signature is positioned above the text 'Fund Administration Committee chair.'

Fund Administration Committee chair.

Date:

11. 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 Bungoma Bursary Fund Regulations, 2015 of Kenya (Revised in 2019)*, 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, 2021.

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 *the Bungoma Bursary Fund Regulations, 2015 of Kenya (Revised in 2019)*.

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, 2021, and of the Fund’s financial position as at that date. The Administrator further confirms 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 31st July 2023 and signed on its behalf by:


.....

Administrator of the County Education support Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BUNGOMA COUNTY EDUCATION SUPPORT SCHEME FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such Schemes 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 Bungoma County Education Support Scheme set out on pages 2 to 31, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of

changes in net assets, statement of cash flows and the 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bungoma County Education Support Scheme as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Bungoma County Education Support Scheme Regulations, 2019.

Basis for Qualified Opinion

1. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.138,327,309 as disclosed in Note 4 to the financial statements. However, the bank reconciliation statement for the month of June, 2023 reflects payments in cash book not in bank statements totalling to Kshs.52,080,800 whose subsequent clearance dates were not provided for audit verification.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.138,327,309 could not be confirmed.

2. Unexplained Variance on Surplus

The statement of financial performance reflects a surplus for the period balance of Kshs.193,505,798 whereas the statement of changes in net assets reflects a surplus for the period balance of Kshs.198,327,309 resulting to unexplained and unreconciled variance of Kshs.4,821,511 between the two statements.

In the circumstances, the accuracy and completeness of the surplus for the period of Kshs.193,505,798 could not be confirmed.

3. Unsupported Scholarship and Bursary Disbursements

The statement of financial performance reflects an amount of Kshs.314,678,578 in respect of scholarships and other educational benefits which, as disclosed in Note 2 to the financial statements, relates to disbursement of educational aid to secondary schools, national schools, vocational training centers, special institutions, colleges and universities. However, the amount was not supported by acknowledgement receipts from the recipient institutions.

In the circumstances, the propriety of the expenditure of Kshs.314,678,577 disbursed to the various learning institutions could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual expenditure of Kshs.330,494,202 against an approved budget of Kshs.524,000,000 resulting to under-performance of Kshs.193,505,798, or 37% of the budget.

The under-performance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the previous year audit, two (2) issues were raised under Report on the Financial Statements. However, although Management has indicated under the progress on follow up of auditor's recommendations section that the issues have been resolved, no explanation and documentary evidence were provided to show how the issues have been resolved as required by the Public Sector Accounting Standards Board templates.

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, I confirm that, nothing 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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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 audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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 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 Fund Administration Committee

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

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

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

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

The Fund Administration Committee is responsible for overseeing the Scheme'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 control, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue 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 Scheme to cease to continue 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 Scheme to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 February, 2024


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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	524,000,000	550,000,000
		524,000,000	550,000,000
Total Revenue		524,000,000	550,000,000
Expenses			
Scholarship and other educational benefits	2	314,678,578	546,439,508
General Expenses	3	15,815,624	12,300,000
Total Expenses		330,494,202	558,739,508
Other Gains/Losses			
Surplus/(Deficit) for the Period		193,505,798	8,739,508

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 31st July 2023 and signed by:


.....
Name: Evelyn Wekesa
Administrator of the Fund
Date:


.....
Name: Julius Wafula
Fund Accountant
Date:

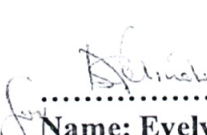
*Bungoma County
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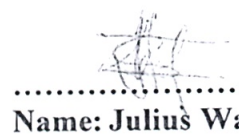
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14. Statement of Financial Position as at 30 June 2023.

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	138,327,309	4,821,511
Current Portion of Long- Term Receivables From Exchange Transactions	5	60,000,000	
Total current assets		198,327,309	4,821,511
Total Assets		198,327,309	4,821,511
Net Assets			
Accumulated Surplus		198,327,309	4,821,511
Total Net Assets and Liabilities		198,327,309	4,821,511

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 31st July 2023 and signed by:


 Name: Evelyn Wekesa
 Administrator of the Fund.
 Date:


 Name: Julius Wafula
 Fund Accountant.
 Date:

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	-	-	13,561,019	13,561,019
Surplus/(Deficit) For the Period	-	-	(8,739,508)	(8,739,508)
Balance As At 30 June 2022	-	-	4,821,511	4,821,511
Balance As At 1 July 2022	-	-	4,821,511	4,821,511
Surplus/(Deficit) For the Period		-	198,327,309	198,327,309
Balance As At 30 June 2023	-	-	138,327,309	138,327,309

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16. Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	2022/23	2021/22
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	464,000,000	550,000,000
Total receipts		464,000,000	550,000,000
Payments			
Scholarship and other educational benefits	2	314,678,578	546,439,508
General Expenses	3	15,815,624	12,300,000
Total payments		(330,494,202)	(558,739,508)
Adjustments for:			
Net cash flows from operating activities		133,505,798	(8,739,508)
Net increase/(decrease) in cash & cash Equivalents		133,505,798	(8,739,508)
Cash and cash equivalents at 1 July 2022	4	4,821,511	13,561,019
Cash and cash equivalents at 30 June 2023		138,327,309	4,821,511

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	B	C=(a+b)	D	e=(c-d)	f=d/c*100
Revenue						
Transfers From County Govt.	400,000,000	124,000,000	524,000,000	524,000,000	0	100%
Total Income	400,000,000	124,000,000	524,000,000	524,000,000	0	100%
Expenses						
Fund Administration Expenses	388,000,000	120,280,000	508,280,000	314,678,577.6	193,601,422.4	38.09%
General Expenses	12,000,000	3,720,000	15,720,000	15,815,624.40	-95,624.40	100.6%
Total Expenditure	400,000,000	124,000,000	524,000,000	330,494,202	193,505,798	37.85%
Surplus For the Period	0	0	0	193,505,798	193,505,798	0

Budget notes

1. Budgetary underutilization was occasioned by the delays in disbursement of funds from the national Treasury. The 1st disbursement of ksh. 200,000,000 was received on 28th September 2022 and was fully utilized by the end of February 2023. The 2nd disbursement totalling to ksh.70,000,000 was received on 12th April 2023, which was fully utilized by May 2023. The 3rd disbursement totalling to ksh. 194,000,000 was received on 14th and 29th June 2023, while the final tranche of ksh.60,000,000 was received on 5th July 2023. Hence the resulting under absorption of budgetary allocation.
2. The positive deviation in budgetary allocation was as a result of 1st supplementary budget additional funding of ksh.124,000,000.

18. Notes to the Financial Statements

1. General Information

The Bungoma County Education Support Scheme Regulations, 2015 of Kenya (revised in 2019) on December, 2019. The Fund is wholly owned by the County Government of Bungoma and is domiciled in Kenya.

The principal activities of the Fund continue to be the support of needy and bright 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) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
IPSAS 41: Financial Instruments	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 Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>There was no impact on Financial statements.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p>There was no impact on Financial statements.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> 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.

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Standard	Effective date and impact
	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>This will lead to more transparency and accountability of funds received within a period</i></p>

Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

b) Budget information

The original budget of ksh.400,000,000 for FY 2023 was approved by the County Assembly on May 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 124,000,000 on the FY 2022/23 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance,

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whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

Summary of Significant Accounting Policies (Continued)

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

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

c. Financial instruments

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

Financial assets

Classification of financial assets

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

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principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

5. Financial liabilities

Classification

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

a) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

b) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

c) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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Summary of Significant Accounting Policies (Continued)

d) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

e) Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

f) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The fund maintains accumulated surplus in line with the relevant reporting standards.

6. Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

a) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

b) 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.

c) 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.

c) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

d) 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.

e) Comparative figures

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

7. Significant judgments and sources of estimation uncertainty.

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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8. Notes To The Financial Statements.

1. Transfers from County Government

Description	2022/23	2021/2022
	Kshs	Kshs
Transfers From County Govt. –Operations	524,000,000	550,000,000
Total	524,000,000	550,000,000

2. Scholarship and Bursary

Description	2022/23	2021/2022
	Kshs	Kshs
Secondary schools	245,800,593	376,536,965
National schools	51,541,695	130,593,393
Vocational Training Centres	16,037,000	13,380,000
Special Institutions	541,190	757,760
Collages	139,100	12,068,532
Universities	616,000	13,082,858
Total	314,678,578	546,439,508

3. Administrative Costs

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Vetting and riveting of scholarship and Bursary beneficiaries	10,027,971	0
Printing and stationery expenses	498,200	4,912,794
Travel costs	3,905,979	3,332,136
Hospitality	850,000	3,653,840
Committee Allowances	351,000	270,000
Bank Charges	182,474	131,230
Total	15,815,624	12,300,000

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4. Cash and cash equivalents

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Account	138,327,309	4,821,511
Total Cash And Cash Equivalents	138,327,309	4,821,511

Notes to the Financial Statements Continued

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

Financial Institution	Account number	2022/2023	2021/2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1182244041	138,327,309	4,821,511
Total		138,327,309	4,821,511
Grand Total		138,327,309	4,821,511

5. Trade receivables and other payables from exchange transactions.

Description	2022/2023	2021/2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	133,505,798	8,739,508
Working Capital Adjustments		
Increase In Receivables	60,000,000	-
Net Cash Flow From Operating Activities	193,505,798	8,739,508

19. 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. 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	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	<p>4.1 Presentation and Accuracy of Reports and Financial Statements</p> <p>Criteria</p> <p>Public Finance Management Act 23(b) requires Accounting Officers to prepare reports that reflect a true and fair financial position of the entity.</p> <p>Paragraph 27 of the International Public Sector Accounting Standards (IPSAS) 1 stipulates that financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and</p>	<p>a) The management of the fund has amended the Financial Statements as at 30th June, 2021 to incorporate information on the following;</p> <ul style="list-style-type: none"> i. Management discussion and analysis ii. Report of the Auditor General on the Financial Statements of Bungoma County Education Support Scheme iii. Board of Trustees Fund 	<p>CECM, Chief Officer and Director</p>	<p>Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	<p>recognition criteria for assets, liabilities, revenue, and expenses set out in IPSASs. The application of IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.</p> <p>The financial statements for the year ended 30 June 2021 were required to be prepared using IPSAS accrual financial template of county funds and schemes, revised June, 2021(Template), recommended by the Public Sector Accounting Standards Board (PSASB)</p>	<p>Administration Committee statement</p> <p>iv. Corporate Governance Statement</p> <p>v. Corporate Social Responsibility Statement/ Sustainability Reporting</p> <p>b) The account number of the fund has now been correctly stated</p> <p>c) The budget has been availed for further comparison</p> <p>d) The figures under special contributions has been reconciled with that of presented in the ledger and trial balance.</p> <p>e) An acronym FY as included in the financial</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
		statements has been removed.			
		f)			
		g)			
Basis for Conclusion					
	<p>4.2 Variances between Trial Balance, Ledger and Financial Statement Criteria</p> <p>Best practice dictates that an accounting entity records its financial statements in a ledger then balances in the ledger are summarized in a trial balance which is then used to prepare financial statements.</p>	The management of the fund has reconciled the figures presented under the ledger and the trial balance to reflect the correct figures in the financial statements	Chief Officer and Fund Administrator	Resolved	
Basis for Conclusion					
1	<p>4.3 Under disclosure of Special Contributions</p> <p>Included in note 2 to the financial statements is scholarships and other educational benefits of Kshs.110,913,134 which</p>	The figure under special contributions has been amended to reflect the correct information in the ledgers	Chief Officer, Fund administrator and fund	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	in turn includes Kshs. 266,060 in respect of special contributions. A comparison between the ledgers and the financial statements confirmed that the amount reported in the ledgers was kshs. 266,860 leading to an unexplained variance of Kshs.800.		accountant		
2	<p>4.4 Unsupported National Schools Bursary and Scholarship Expenditure of Ksh.1,606,000</p> <p>Criteria</p> <p>Public Finance Management Act 2012, Section 149(1) state that an accounting officer is accountable to the county assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is— (a)lawful and authorized; and (b)effective, efficient, economical and transparent. (2) In carrying out a responsibility imposed</p>	<p>Some schools had not forwarded the receipts back to the education office. It was also noted that some students had been given the slips for onward submission to the office which they failed to do so within the stipulated timeline.</p> <p>The fund administrator commits to provide all the acknowledgement slips to respective student application files as noted under national schools by 30th November, 2021</p>	Fund administrator	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	<p>by subsection (1), an accounting officer shall, in respect of the entity concerned— (b)ensure that the entity keeps financial and accounting records that comply with this Act;</p> <p>Observation:</p> <p>Included in note 2 is scholarships and other educational benefits of Kshs.110,913,134 which in turn includes Kshs.28,695,336 in respect of national schools which contains kshs.1,606,000 which was not supported by the acknowledgment slips from the relevant learning institutions thus casting doubt on whether the funds were disbursed and received Appendix 1</p>				
	<p>4.5 Unsupported Colleges Bursary Expenditure of Kshs.332,000</p> <p>Criteria</p> <p>Public Finance Management Act 2012, Section 149(1) states that an accounting officer is</p>	<p>Some institutions had not forwarded the receipts back to the education office. It was also noted that some students had been given the slips for onward submission to the office which they</p>	<p>Fund administrator</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	<p>accountable to the county assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is— (a)lawful and authorized; and (b)effective, efficient, economical and transparent. (2) In carrying out a responsibility imposed by subsection (1), an accounting officer shall, in respect of the entity concerned— (b)ensure that the entity keeps financial and accounting records that comply with this Act;</p> <p>Observation</p> <p>Included in note 2 is scholarships and other educational benefits of Kshs.110,913,134 which in turn includes Kshs.4,087,000 in respect of colleges which contains kshs.332,000 which was not supported by the acknowledgment slips from the relevant learning institutions thus casting doubt on the proper utilization of the funds Appendix 2</p>	<p>failed to do so within the stipulated timeline.</p> <p>The fund administrator commits to provide all the acknowledgement slips to respective student application files as noted under national schools by 30th November, 2021</p>			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	<p>4.6 Unsupported Vocational Training Colleges Bursary Expenditure of Ksh.6,400,000</p> <p>Criteria</p> <p>Public Finance Management Act 2012, Section 149(1) states that an accounting officer is accountable to the county assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is— (a)lawful and authorized; and (b)effective, efficient, economical and transparent. (2) In carrying out a responsibility imposed by subsection (1), an accounting officer shall, in respect of the entity concerned— (b)ensure that the entity keeps financial and accounting records that comply with this Act;</p> <p>Observation:</p> <p>Included in note 2 is scholarships and other educational benefits of</p>	<p>At the time of audit, Some institutions had not forwarded the receipts back to the education office within the stipulated timeline.</p> <p>The fund administrator commits to provide all the acknowledgement slips to respective student application files as noted under national schools by 30th November, 2021</p>	<p>Chief Officer and Fund Administrator</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	<p>Kshs.110,913,134 which in turn includes Kshs.22,010,000 in respect of Vocational Training Centers which contains Kshs.6,400,000 which was not supported by the acknowledgment slips from the relevant learning institutions thus casting doubt on the proper utilization of the funds Appendix 3</p>				
	<p>4.7 Lack of an Approved Budget Prepared by the Fund</p> <p>Criteria</p> <p>Section 149 (2)(h) of the Public Finance Management Act 2012 mandates the accounting officer of a county entity to prepare estimates of expenditure of the entity in conformity with its strategic plan</p> <p>Regulation 197(d) of The Public Finance Management (County</p>	<p>A copy of the approved budget has been availed for audit verification</p>	<p>Chief Officer and Fund Administrator</p>	<p>Resolved</p>	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	<p>Governments) Regulations, 2015 states that the administration costs of a Fund shall be a maximum of three (3%) percent of the approved budgets of the Fund</p> <p>Observations</p> <p>The statement of financial performance reflects KShs110,000,000 as transfers from county government and KShs114,213,134 as total expenses during the 2020/2021 financial period. However, the approved budget upon which the expenses were based was not provided for audit verification.</p>				
	<p>8 Accuracy of cash and cash equivalents</p> <p>Observations</p> <p>4.8.1 Accuracy of cash and cash equivalents</p>	<p>The management has updated the cash book with the bank charges of ksh. 76,260 to reflect the correct information. Furthermore, the</p>	<p>Fund administrator</p>	<p>resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)				
	<p>The statement of financial position as at 30 June 2021 reflects cash and cash equivalents balance of KShs16,013,500, which compares to the balance as per bank statement and balance as per cash book as tabulated below:</p> <table border="1" data-bbox="371 1003 715 1335"> <tr> <td data-bbox="371 1003 507 1182"></td> <td data-bbox="507 1003 715 1182">Balance as per the statement of financial position</td> </tr> <tr> <td data-bbox="371 1182 507 1335">Cash and cash equivalents</td> <td data-bbox="507 1182 715 1335">KShs16,013,500</td> </tr> </table> <p>The reported balance of KShs16,013,500 therefore differs with the balance as per cash book amounting to KShs13,561,019 which should have been reported in the statement of financial position as at 30 June 2021. In the circumstances, the balance of cash and cash equivalents has been misstated by KShs2,452,481.</p> <p>4.8.2 Outstanding reconciling items in the</p>		Balance as per the statement of financial position	Cash and cash equivalents	KShs16,013,500	management has amended the financial statements to reflect the correct cash and cash equivalent figure.			
	Balance as per the statement of financial position								
Cash and cash equivalents	KShs16,013,500								

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	<p>bank reconciliation statement for the month of June 2021</p> <p>4.8.2.1 Payments in the cash book not in the bank statement Excluded from cash and cash equivalents balance of KShs16,013,500 as at 30 June 2021 is an amount of KShs2,528,741.40 being payments in the cash book not in the bank statement.</p> <p>4.8.2.2 Payments in the bank not in cash book Excluded from cash and cash equivalents balance of KShs16,013,500 as at 30 June 2021 is an amount of KShs76,260 being payments in bank statement not captured in cash book. The management did not explain why it delayed to update the cash book with the bank charges which were incurred in the month of April. KShs13,561,019 which should have been reported in the statement of financial position as at 30 June 2021.</p>				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	In the circumstances, the balance of cash and cash equivalents has been misstated by KShs2,452,481.				

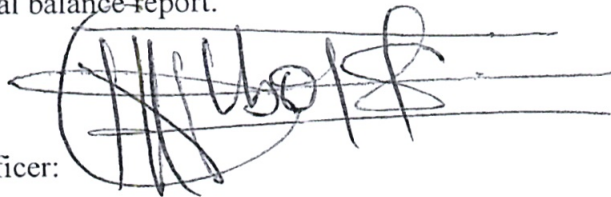
II) Cash book and monthly reconciliation.

See attached monthly bank reconciliation and cash book reports.

III) Trial balance.

See attached trial balance report.

Accounting Officer:



Date.....