

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**KISII COUNTY BURSARIES FUND**

**FOR THE YEAR ENDED**

**30 JUNE, 2024**

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



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## KISII COUNTY BURSARIES FUND

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2024

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

***Kisii County Bursaries Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2024.**

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

**a) Acronyms**

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

**b) Definition of Terms**

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

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

### **a) Background information**

Kisii County Bursaries Fund is established by and derives its authority and accountability from Kisii County Bursaries Act of 5<sup>th</sup> March, 2014. The Fund is wholly owned by the County Government of Kisii and is domiciled in Kenya.

The fund's objective is to provide bursary to needy and vulnerable students in Kisii County

The Fund's principal activity is to provide bursaries to financially disadvantaged or needy students in the County, including those with disabilities who deserve support to pursue their education at recognised schools and educational institutions

### **b) Principal Activities**

The principal activity of the Fund is to provide financial support in terms of bursaries to needy and bright students from disadvantaged backgrounds in the County, including those with disabilities to pursue their education at recognised educational institutions.

### **c) Fund Administration Committee**

The Kisii County Bursaries Fund day-to-day management is under the following key organs:

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Mr. Julius Onyando	Chairman of the Board
2	Bridgite Kwamboka Bisonga	Ag. Fund Administrator (Secretary)
3	Mrs Jemiah Sarange Ogeto	Member
4	Mr. Ibrahim Moriki Nyandoro	Member
5	Mr. Lameck Atika	Member

### **d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Kennedy Abincha	CEC- Finance and Economic Planning
2	Dr. Eric K. Mobegi	Chief Officer Education
3	Vincent Okioma Nyangwara	Chief Officer Finance and Accounting Services

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4	CPA. John Nyandanyi	Head of Accounts
5	CPA. Nicodemus Karori	Director Internal Audit
6	Bridgit Bisonga	Ag. Fund Administrator/ Secretary

**Key Entity and Management (Continued)**

**e) Registered Offices**

P.O. Box 4550-40200

Kisii Municipality Building  
Kisii, KENYA

**f) Fund Contacts**

Telephone: (254) 020-8029160

E-mail: [education@kisii.go.ke](mailto:education@kisii.go.ke)

Website: [www.kisii.go.ke](http://www.kisii.go.ke)

**g) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
  
2. Kenya Commercial Bank  
Kisii Branch  
Account Number: 1180225465

**Key Entity and Management (Continued)**

**h) Independent Auditor**

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




**i) Principal Legal Adviser**

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

**j) County Attorney**

P.O. Box 4550  
Postal code 40200  
Kisii, Kenya


**3. Fund Administration Committee Profiles**

Name	Details of qualifications and experience
 <p>Mr. Julius Nyandoro (Chairman)</p>	<p>Mr Julius Onyando was born in the year 1962. He holds a Bachelor of Arts degree in Music (BM) . He is a P 1 grade teacher. He has worked in the following capacity:</p> <ul style="list-style-type: none"> <li>• 1992-1998 Music Chair (Kisii District)</li> <li>• 1999-2022 Kisii Music County Chair</li> <li>• 2002-2023 Regional Treasurer Nyanza</li> <li>• 2012-2022 Head Teacher Kirwanda primary School</li> <li>• 2012-2022 National Chief Marshal</li> <li>• 2014-2022 Gusii Mwalimu SACCO Delegate.</li> </ul> <p>He is the County Bursary Board Chairman from 2023 to date.</p>
 <p>Bridgit K. Bisonga (Ag Fund Administrator (Secretary)</p>	<p>Bridgit Bisonga was born on 7<sup>th</sup> August, 1990. Currently she is doing master`s in Public Administration and Public Policy from Mount Kenya University.</p> <p>She is presently working at Kisii County Government as Senior Human Resource Officer in charge of the Department of the Executive Office of the Governor.</p> <p>She is Ag. Fund Administrator in the Kisii County Bursaries board.</p>
 <p>Mr. Ibrahim Moriki Nyandoro (Member)</p>	<p>Mr Ibrahim Moriki Nyandoro was born in 1960. He is a qualified graduate teacher from Machakos Teachers Training College. He has worked as a teacher from 1980- 1991, then as Inspector of schools from 1992 -2020. He has attended the following courses:</p> <ol style="list-style-type: none"> <li>1. Literacy and adult education</li> <li>2. Youth information and education towards responsible adulthood</li> <li>3. AID management</li> <li>4. SPRED for TAC tutors</li> <li>5. PRISM- Zonal Inspectors</li> <li>6. Youth information and Education Programme</li> </ol> <p>He is a member of the County Bursary Board</p>

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

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 <p>Mrs. Jemiah Sarange (Member)</p>	<p>from the year 2023 to date.</p> <p>Madam Jemiah Sarange was born in the year 1963. She is P 1 teacher and Bachelor of Education graduate. She has 39 years' work experience in education having started working as assistant teacher 1 in 1984. She has risen in various ranks and now working as Assistant Director ECDE Kisii County Government. She is currently a member of the County Bursary Fund since 2023.</p>
 <p>Pastor Lameck O. Atika (Member)</p>	<p>Pastor Lameck Okerosi Atika was born in the year 1964. He has Masters in History from Jaramogi Oginga Odinga University of Science and Technology.</p> <p>Currently he is a Seventh Day Adventist Church pastor at Jogoo District. Also, he is serving as a member in the Kisii County Bursaries Board.</p>

**4. Key Management Team**

Name	Details of qualifications and experience
 <p>Mr. Kennedy Abincha</p>	<p>Mr. Kennedy Okemwa Abincha – CEC Finance and Economic Planning. He holds a Master’s Degree in Business Administration – Strategic Management option and Bachelor’s degree – Insurance Option from The University Nairobi.</p> <p>Mr. Abincha is a chartered insurer and prior to his appointment, he had worked with Ventar Insurance Investigators as a Technical Manager</p> <p>And Ag. Chief Executive Officer /Principal Officer at Invesco Assurance Co Ltd</p>
 <p>Dr. Eric K. Mobegi</p>	<p>Dr. Mobegi K. Erick - Chief Officer Education. Before joining Education, he served as Chief Officer Finance and Accounting Services until July, 2024. Prior to his appointment, Dr. Mobegi was Lecturer of Analytical Chemistry and Forensic Science at the Department of Chemistry and Biological Sciences at Kisii University. He has a long-standing career in academics and research spanning over 10 years. He has also served as a Lecturer at the Kenya Water Institute (KEWI) teaching aspects of Water Quality and Water Chemistry. Additionally, Dr. Mobegi has taught at Daystar University in the School of Science and Engineering. He holds a PhD in Chemistry (Applied Analytical Chemistry), and an MSc. Applied analytical chemistry from Kenyatta University and BSc. Industrial Chemistry from the University of East Africa, Baraton.</p>

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

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Mr Vincent Okioma Nyangwara

Mr. Vincent - Chief Officer of Finance and Accounting services prior to that he served as the chief officer Infrastructure, Roads & Public works in Kisii County Government. He also worked at the Parliamentary Service Commission as a constituency manager for Dagoretti North Constituency. He holds a Bachelor of Arts in International Relations from the Kenya Methodist University.

Has a vast of skills in administration, community mobilization, Budget and financial management as well as Project management



Caren Orori

Madam Caren Orori has Masters in Education (MED) from Kisii University. Undergraduate degree from Kenyatta University (Special Needs), 2008. She is qualified in Management skills through management courses taken in various institutions e.g KESI.

She has over 26 years work experience in educational institutions latest being Deputy head teacher at Kisii Primary school.

Currently she is the Chief Officer in the department of Health. Prior to this, she was the Chief Officer in the department of Education until July, 2024



CPA. John Nyandanyi

Mr. Nyandanyi was born on 10<sup>th</sup> November, 1974.

He holds a Bachelor of Commerce degree in

Finance. Further, he is a holder of CPA (K) and

CPS (K). He has over 26 years working experience

in Treasury Accounts department. He is currently

the Head of Finance and Accounting Services.

***Kisii County Bursaries Fund***

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

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Bridgit Bisonga

Bridgit Bisonga was born on 7<sup>th</sup> August, 1990. Currently she is doing masters in Public Administration and Public Policy from Mount Kenya University.

She is presently working at Kisii County Government as Senior Human Resource Officer in charge of the Department of the Executive Office of the Governor.

She is the Ag. Fund Administrator in the Kisii County Bursaries board.

**5. Chairman's Report**

The Bursaries fund was established through the Kisii County Bursary Fund Act, 2014 with the sole purpose of providing bursaries to needy and bright students from disadvantaged backgrounds in the County. During the financial year 2023/2024 we budgeted a total of Kshs. 245 Million to be issued across Kisii County as bursary and Kshs 7,350,000 as administration costs. From the previous years, the fund has positively impacted the learning process of students by ensuring that they maintain at school. These goes a long way in the overall improvement of retention and completion rates of students.

Going forward, I wish to appeal to County Assembly Members to consider allocating more financial resources to the fund. This will cater for ever increasing number of needy and deserving cases. In order to create a more resounding impact I could wish to see the fund fully support the identified needy and bright students throughout their learning cycle i.e cover all fees through secondary school, college or university education. In the same vein, more consideration should be given to students in technical and vocational education during the award of bursaries which is part of our core mandate.

  
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**Name: Mr. Julius Onyando**

**Chairperson**

**Date** 30/9/2024

**6. Report of the Fund Administrator**

We have always made and maintained adequate financial management arrangements for the Bursaries Fund. This has been made possible by keeping proper accounting records together with internal controls using appropriate accounting policies in accordance with International Public Sector Accounting Standards. We always ensure that the Fund has complied with applicable Government policies and are used for the eligible purposes.

In the financial year 2023/2024, the Kisii County Government budgeted Ksh.245 Million for bursaries. There is an overwhelming demand from the increasing numbers of the target group for bursary support. The financial resources have never been able to meet these demands. The Ward Bursary Committees have done extra work in identifying the beneficiaries from the huge numbers of applicants. It is for this reason that we could wish to appeal for more allocation to the fund so as to meet some of these demands from very vulnerable students. With the increase in the fund, the allocation will make an impact and will scale up our education in terms of quality.



.....  
**Name: Bridgit Kwamboka Bisonga**

**Ag.Fund Administrator**

**7. Statement of Performance Against Predetermined Objectives for FY 2023/2024**

**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 objective of the Kisii County Bursaries Fund for the F/Y 2023/2024 plan is to provide bursary for needy students.

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Bursary/ Education	To support bright and needy students to access quality education	Increased number of students accessing education in the County	% of students retained in school / transitioned to next level institutions	The % of students dropping out of school has declined.

## **8. Statement of Corporate Governance**

In the course of the financial year, the Board managed holds twelve (12) sittings which were all attended by members of the board of trustees. As a best practice and in line with the law relating to meetings, they were all presided by the chairman. In cases of his or her absence the members elect one of their members to preside over the meeting.

The Fund is a semi-autonomous entity being managed by the Fund Administrator. The management intends to develop Board Service Charter. The process of appointment and removal of trustees, roles and functions of the Board and their remuneration are clearly stated in the Kisii County Bursary Fund Act 2014.

The members of the board recommended that a programme be developed on induction and training members on their roles to enable them offer better services to the public and a budgetary provision to be made in the forward budget.

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

The Kisii County Bursaries is specifically for financially disadvantaged or needy students including persons with disabilities from Kisii County admitted at various recognized educational institutions. The management of the Fund shall be vested in a management Board consisting of

- 1) Chairperson appointed by the Governor
- 2) One officer representing the County department for the time being responsible.
- 3) Two members representing the community and civil society.

The Ward Bursary Committees are charged with the responsibility of vetting applicants and identifying beneficiaries using a set out criteria. The committee shall consider all applicants submitted in accordance with the criteria set and may accordingly accept or reject any application for the bursary. Where it accepts the application, the committee shall recommend to the County Bursaries Fund Board, the grant of a bursary to the relevant qualified student. The secretary of ward bursary committee who is also the ward administrator has the responsibility of disbursing of cheques to the schools where the beneficiaries are schooling. The bursary award mainly covers part of tuition or boarding fees.

The strategic objectives of the Bursaries Fund are set out in Kisii County Bursary Fund Act, 2014. The main objective of the fund among others is to provide bursaries to financially disadvantaged or needy students in the county who deserve support to pursue their education.

A student wishing to receive a bursary from the fund shall make an application to the relevant committee in a prescribed form.

The criteria for granting a bursary from the Fund shall be in accordance with the regulations set out in the Act.

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

The members appreciated their role in the board and took time to commend the county for taking a bold step in establishing and operationalizing the bursary fund which they believe has touched the hearts of more so the needy groups in the community hence improving the literacy levels especially to families that have bright students but face financial challenges.

The members indicated that since the promulgation of the new constitution which gave birth to devolved system of governance, services have been brought closer to the people and they are feeling the impact of county governments since resource allocation to the community at both levels i.e the sub-counties and even at ward levels have improved and even the public participation in identifying the needy cases from the grass root has been improved and appreciated by many.

The members through the chairman requested for more allocation since the needy cases are on the rise.

**11. Report of The Trustees/Committee**

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

**Principal activities**

The principal activity of the Fund is to provide bursary to needy and vulnerable students in Kisii County.

**Results**

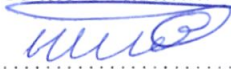
The results of the Fund for the year ended June 30, 2024 are set out on page 1 to page 25

**Trustees**

The Trustees who served during the year are shown on page ix to page x. The changes in the Trustee during the financial year are as shown below:

**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.



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**Chair of the Board**

Date: 30/9/2024

**12. Statement Of Managements Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Kisii County Bursaries Fund established by the Kisii County Bursary 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 fourth quarter ended on 30 June, 2024

This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Kisii County Bursary 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 for the quarter ended 30 June, 2024 and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

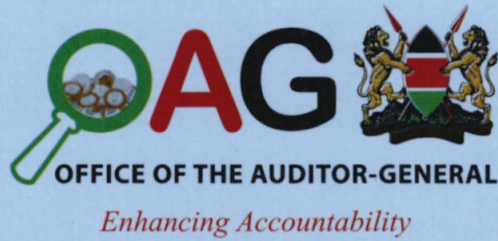
The Fund's financial statements were approved by the Board on 30-09- 2024 and signed on its behalf by:



CECM- Finance, Economic Planning & ICT Services

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON KISII COUNTY BURSARIES FUND FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kisii County Bursaries Fund set out on pages 1 to 24, which comprise of the statement of financial position as at

30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kisii County Bursaries Fund as at 30 June, 2024, 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.

### **Basis for Qualified Opinion**

#### **Inaccuracies and Omissions in the Financial Statements**

Review of the financial statements revealed the following errors and misstatements:

- i. In the statement of financial position, cash and cash equivalents comparative balance is erroneously written as Kshs.19,756,99 instead Kshs.19,756,999.
- ii. The statement of financial position and statement of changes in net assets reflect accumulated surplus balance of Kshs.5,783,272 which differs with the re-computed balance of Kshs.5,783,245, resulting in an unexplained variance of Kshs.27.
- iii. The statement of cash flows and the statement of comparison of budget and actual amounts reflect transfers from the County Government amount of Kshs.252,350,000. However, review of records revealed that cash received during the year under review from the County Government was Kshs.174,526,000, resulting in a variance of Kshs.77,824,000 which was a receivable as at 30 June, 2024 as disclosed in the statement of financial position.
- iv. The statement of cash flows reflects bursary disbursement amount of Kshs.262,142,876. However, the footnote to Note 7 to the financial statements indicates that the Fund made cash disbursements amounting to Kshs.184,318,876 during the year under review, resulting in a variance of Kshs.77,824,000 representing a payable as at 30 June, 2024 as disclosed in Note 12 to the financial statements.
- v. The statement of cash flows also reflects use of goods and services amount of Kshs.6,385,624. However, review of records revealed that cash paid during the year under review for goods and services was Kshs.3,786,624, resulting in a variance of Kshs.2,599,000 representing payables as at 30 June, 2024 as disclosed in Note 12 to the financial statements.

- vi. The statement of comparison of budget and actual amounts reflects use of goods and services actual amount of Kshs.4,853,124 which differs with the cash payments of Kshs.3,786,621 indicated in (v) above, resulting in an unexplained variance of Kshs.1,066,503.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis amounts of Kshs.252,350,000 and Kshs.172,029,124 respectively, resulting in an under expenditure of Kshs.80,320,876 or 32% of the budget.

The under absorption of funds affected the issuance of bursaries to needy students.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

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

Various prior year audit issues remained unresolved as at 30 June, 2024. Management has not provided satisfactory reasons for the delay in resolving the prior year audit issues.

### **Other Information**

The Management is responsible for the other information set out on page iii to xix which comprises Key Entity Information and Management, Fund Administration Committee Profiles, Key Management Team, Chairman's Report, Report of the Fund Administrator, Statement of Performance against Predetermined Objectives, Statement of Corporate Governance, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Trustees/Committee and Statement of Management

Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Irregular Cash Procurement**

The statement of financial performance reflects use of goods and services amount of Kshs.6,385,624 which, as disclosed in Note 8 to the financial statements, include and amount of Kshs.1,400,000 spent on launch of bursar disbursements. However, this expenditure was not planned for the year under review as it was not included in the annual procurement plan.

In the circumstances, the regularity of the expenditure of Kshs.1,400,000 could not be confirmed.

#### **2. Unpaid Kisii County Executive Loan**

The statement of financial position reflects current portion of long-term receivables from non-exchange transactions balance of Kshs.4,855,000, being a loan advanced to Kisii County Executive for use in its operations. The amount was withdrawn in cash from the Fund's bank account in the financial year 2021/2022 and was to be returned immediately upon receipt of funds from the National Government. However, the funds have not been paid back. In addition, the cash withdrawals were not approved by the Fund Administration Committee and there is no record of the monies being deposited in any County Executive bank account or how they were utilized. Further, no loan agreements were made between the Fund Management and the County Executive.

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 and 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 governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain assurance as to whether processes and systems of internal control, risk management and overall governance was maintained 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 the Management and those Charged with Governance**

The 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 the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

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



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

**Nairobi**

**22 December 2024**

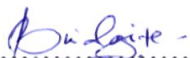
*Kisii County Bursaries Fund*

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

14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 20xx

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Transfers From the County Government	6	252,350,000	151,000,000
		<b>252,350,000</b>	<b>151,000,000</b>
<b>Total Revenue</b>		<b>252,350,000</b>	<b>151,000,000</b>
<b>Expenses</b>			
Bursary Disbursement	7	262,142,876	128,439,580
Use of Goods and Services	8	6,385,624	5,417,544
<b>Total Expenses</b>		<b>268,528,500</b>	<b>133,857,124</b>
<b>Surplus/(Deficit) for the Period</b>		<b>(16,178,500)</b>	<b>17,142,876</b>

*(The notes set out on pages 6 to 22 form an integral part of these Financial Statements)*



.....  
Name: Bridgit Bisonga  
Administrator/Accounting Officer



.....  
Name: John Nyalaji Nyandanyi  
Fund Accountant  
ICPAK Member Number: 13733

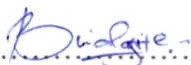
**Kisii County Bursaries Fund**

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

**15. Statement of Financial Position as at 30 June 2024**

Description	Note	FY	FY
		2023/2024	2022/2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	9	3,527,272	19,756,999
Current portion of long-term receivables from non-exchange transactions	10	4,855,000	4,855,000
Current portion of short-term receivables from non-exchange transactions	11	77,824,000	10,000,000
<b>Total current assets</b>		<b>86,206,272</b>	<b>34,611,999</b>
<b>Total Assets (A)</b>		<b>86,206,272</b>	<b>34,611,999</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	12	80,423,000	12,599,380
<b>Total current liabilities</b>		<b>80,423,000</b>	<b>12,599,380</b>
<b>Total Liabilities (B)</b>		<b>80,423,000</b>	<b>12,599,380</b>
<b>Net Asset (A-B)</b>		<b>5,783,272</b>	<b>22,012,619</b>
<b>Represented By:</b>			
Accumulated Surplus		5,783,272	22,012,619
<b>Net Assets</b>		<b>5,783,272</b>	<b>12,599,380</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on \_\_\_\_\_ 2024 and signed by:



Name: Bridgit Bisonga  
Fund Administrator/Accounting Officer



Name: John Nyalaji Nyandanyi  
Fund Accountant  
ICPAK Member Number: 13733

*Kisii County Bursaries Fund*

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

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

Description	Accumulated surplus	Total
	Kshs	Kshs
Balance as at 1 July (Previous FY)	4,869,743	4,869,743
Surplus/(Deficit) For the Year	17,142,876	17,142,876
<b>Balance As At 30 June (Previous FY)</b>	<b>22,012,619</b>	<b>22,012,619</b>
<b>Balance As At 1 July (Current FY)</b>	<b>22,012,619</b>	<b>22,012,619</b>
Surplus/(Deficit) For the Year	(16,178,500)	(16,178,500)
Prior years Adjustment	(50,874 )	(50,874 )
<b>Balance As At 30 June 2024</b>	<b>5,783,272</b>	<b>5,783,272</b>

**Journal Entries**

Date	Particulars	Debit	Credit
30/06/2024	Dr. Accumulated surplus	50,874	
30/06/2024	Cr. Cash and cash equivalent		50,874

Being journal entry to reduce prior years' surplus and cash and cash equivalent overstated.

*Kisii County Bursaries Fund*

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

**17. Statement of Cash Flows for The Year Ended 30 June 2024**

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers From the County Government		252,350,000	141,000,000
<b>Total receipts</b>		<b>252,350,000</b>	<b>141,000,000</b>
<b>Payments</b>			
Bursary Transfers		(262,142,876)	(115,840,200)
Use of goods and Services		(6,385,624)	(5,417,544)
Prior years Adjustment		(50,874)	-
<b>Total Payments</b>		<b>268,579,374</b>	<b>(121,257,744)</b>
<b>Net cash flows from operating activities</b>	13	<b>(16,229,374)</b>	<b>19,742,256</b>
		-	-
<b>Cash flows from investing activities</b>		-	-
		--	-
<b>Net cash flows used in investing activities</b>		-	-
		-	-
<b>Cash flows from financing activities</b>		-	-
		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>(16,229,374)</b>	<b>19,742,256</b>
Cash and cash equivalents at 1 July 2023	9	19,756,999	14,743
		3,527,625	
<b>Cash and cash equivalents at 30 June, 2024</b>	9		<b>19,756,999</b>

*IFRS 18 has prescribed the direct method of cash flow preparation presentation for all entities under the IFRS accrual basis of accounting.*

18. Statement of Comparison of Budget & Actual Amounts for Year Ended 30<sup>th</sup> June 2024

Description	Original budg et	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue	a	b	c=(a+b)	d	e=(c-d)	F=d/c*100
Transfers From the County Government	252,350,000	-	252,350,000	252,350,000	-	100%
Total Income	252,350,000	-	252,350,000	252,350,000	-	100%
Expenses						
Bursary Disbursement	245,000,000	-	245,000,000	167,176,000	77,824,000	68%
Use of goods & Services	7,350,000	-	7,350,000	4,853,124	2,496,876	66%
Total Expenditure	252,350,000	-	252,350,000	172,029,124	80,320,876	68%
Surplus for the Period	0	-	0	80,320,876	(80,320,876)	

1. Bursary Disbursement under adsorption was caused by late release of funds from the National Treasury.

2. Use of goods and services underutilization was caused by our bank not debiting our account with bank charges in real time.

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Kisii County Bursaries Fund is established by and derives its authority from Kisii County Bursaries Act. The entity is wholly owned by the Kisii County Government and is domiciled in Kenya. Kisii Bursaries Fund principal activity is to provide bursary to needy and vulnerable students in Kisii County.

**2. Statement of compliance and basis of preparation**

Kisii County Bursaries Fund financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Bursary Fund/Scheme. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The financial statements are prepared on accrual basis of accounting. The statement of cash flows is prepared using the direct method.

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

(i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43 Leases	<i>Applicable 1<sup>st</sup> 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 Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44:	<i>Applicable 1<sup>st</sup> January 2025</i>

**Kisii County Bursaries Fund**

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

Standard	Effective date and impact:
Non- Current Assets Held for Sale and Discontinued Operations	<p>The Standard requires.</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer</p>

*Kisii County Bursaries Fund*

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

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

*(iii) Early adoption of standards*

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

### **3. Summary of Significant Accounting Policies**

#### **a) Revenue recognition**

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

##### **Revenue transfers**

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

##### **ii. Revenue from exchange transactions**

##### **Interest income**

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

#### **b) Budget information**

The original budget for FY 2023/2024 was approved by the County Assembly on June, 2023. 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 Kisii Bursaries Fund upon receiving the respective approvals in order to conclude the final budget. The Kisii Bursaries Fund recorded additional appropriations of Kshs. 101,350,000 on the FY 2023/2024 budget following the governing body's approval.

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

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

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

**(i) Financial assets**

**Classification of financial assets**

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

**(ii) Subsequent measurement**

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

**(iii) Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is

## ***Kisii County Bursaries Fund***

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

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recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

#### **(iv) Fair value through net assets/ equity**

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

#### **(v) Fair value through surplus or deficit**

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

#### **(vi) Trade and other receivables**

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

#### **(vii) Impairment**

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

### **Financial liabilities**

#### **Classification**

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

#### **d) Provisions**

Provisions are recognized when the Kisii County Bursaries 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 Kisii County Bursaries 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.

**e) Contingent liabilities**

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

**f) Contingent assets**

Kisii County Bursaries 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 Kisii County Bursaries Fund/Scheme in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**g) Nature and purpose of reserves**

The Kisii County Bursaries Fund creates and maintains reserves in terms of specific requirements.

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

The Kisii County Bursaries 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.

**i) 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.

**j) Related parties**

The Kisii County Bursaries Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Kisii County Bursaries Fund, or vice versa. Members of key management are regarded as related parties and comprise of Board of Trustees, the Fund/Scheme administrator and senior managers.

**k) 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.

**1) Comparative figures**

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

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

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

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

*Kisii County Bursaries Fund*

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

**6. Transfers from the County Government**

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Transfers From County Treasury Department	252,350,000	151,000,000
<b>Total</b>	<b>252,350,000</b>	<b>151,000,000</b>

The fund received Kshs.167,179,000 within the period under review and Kshs. 77,824,000 after close of the financial year.

**7. Bursary Disbursement**

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Bursary Transfer	262,142,876	128,439,580
<b>Total</b>	<b>262,142,876</b>	<b>128,439,580</b>

The fund disbursed Kshs.17,142.876 that was balance from the previous year. In the current year the fund disbursed Kshs. 167,176,000 the remainder was transferred in the financial year 2024/2025.

**8. Use of Goods and Services**

Description	FY2023/2024	FY 2022/2023
	Kshs.	Kshs.
Committee Allowances	2,295,000	5,286,000
Bank charges	2,038,124	131,544
Administration fees	652,500	-
Launch	1,400,000	-
<b>Total</b>	<b>6,385,624</b>	<b>5,417,544</b>

The bank charges of Kshs. 498.124 had been debited in our account by end of the financial year. the balance of Kshs. 1,540,000 is payables

9. Cash and cash equivalents

Description	FY 2023/2024	FY 2022/2023
Current Account	3,527,272	19,756,999
Total Cash and Cash Equivalents	3,527,272	19,756,999

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

Financial Institution	Account number	FY 2023/2024	FY 2022/2023
a) Current Account			
Kenya Commercial Bank	1180225465	3,527,272	19,756,999
Grand Total		3,527,272	19,756,999

10. Current portion of Long Term Receivables from Non-Exchange Transactions

Description	FY 2023/2024	FY 2022/2023
Borrowed by Finance and Accounting Services	4,855,000	4,855,000
Total	4,855,000	4,855,000

11. Current portion of Short Term Receivables from Non-Exchange Transactions

Description	FY 2023/2024	FY 2022/2023
Transfer from County Government in transit	77,824,000	10,000,000
Total	77,824,000	10,000,000

12. Trade and other payables

Description	FY 2023/2024	FY 2022/2023
Bursary Transfer	77,824,000	12,599,380
Bank Charges	1,540,000	-
Secretarial	1,059,000	-
Total Trade and Other Payables	80,423,000	12,599,380

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Ageing analysis(Trade and other payables)	FY2023/2024	% of the Total	FY22/23	% of the Total
Under one year	80,423,000	%	12,599,380	%
<b>Total</b>	<b>80,423,000</b>		<b>12,599,380</b>	

**13. Cash generated from operations.**

Description	FY 2023/2024	FY2022/2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year	(16,178,500)	17,142,876
Adjusted For:		
Working Capital Adjustments		
Increase In Receivables	(67,824,000)	-
Increase In Payables	67,823,620	-
Prior Year Adjustment	50,874	
<b>Net Cash Flow from Operating Activities</b>	<b>(16,229,374)</b>	<b>-</b>

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**14. Related party balances**

**a) Nature of related party relationships**

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

- a) The County Government.
- b) Key management.
- c) Board of Trustees, etc.

**b) Related party transactions**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transfers from County Government	252,350,000	151,000,000
Transfers to related parties	<b>252,350,000</b>	<b>151,000,000</b>

**Other Disclosures Continued**

**15. Financial risk management**

The Fund/Scheme's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund/Scheme does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Fund/Scheme's financial risk management objectives and policies are detailed below:

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2024</b>				
Receivables From Non-Exchange Transactions	82,679,000	77,824,000	4,855,000	-
Receivables From Exchange Transactions	-	-	-	-
Bank Balances	3,527,272	3,527,272	-	-
<b>Total</b>	<b>86,206,272</b>	<b>81,351,272</b>	<b>-</b>	<b>-</b>
<b>As at 30<sup>th</sup> June 2023</b>				
Receivables From Non-Exchange Transactions	14,855,000	10,000,000	4,855,000	-
Bank Balances	19,756,999	19,756,999	-	-
<b>Total</b>	<b>34,611,999</b>	<b>29,756,999</b>	<b>4,855,000</b>	<b>-</b>

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

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

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

**b) Liquidity risk management**

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

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

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

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>			
Cash	-	-	-
Debtors/ Receivables	-	-	-
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
		Kshs	Kshs
<b>(Current FY)</b>			
Euro	-	-	-
USD	-	-	-
Other (Specify)	-	-	-
<b>(Comparative FY)</b>			
Euro	-	-	-
USD	-	-	-
Other (Specify)	-	-	-

**ii. Interest rate risk**

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

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**Management of interest rate risk**

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

**Sensitivity analysis**

The Fund/Scheme analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Ksh. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx-1 – Kshs xxx).

**d) Capital risk management.**

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

Description	FY23/24	FY22/23
	Kshs	Kshs
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

**16. Events after the reporting period**

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

**17. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

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18. Annexes

Annex I: Progress on Follow-up of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Unsupported Loan to Kisii County Executive	There is follow ups.	Not Resolved	Jan-2024
	Budgetary Control and Performance	The management concurs with the Auditors Observation	Resolved	
	Over Expenditure in Administration Costs	The management concurs with the Auditors observation and they have rectified	Resolved	
	Controls Weakness over cash and bank management	The management concurs with Auditors observation and have put a strong internal system to stop this.	Resolved	

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments"; required above, from final external audit report that is signed by Management.

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(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for the implementation of each issue.

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report.

.....  
*Budgie*

Fund Administrator/Accounting Officer

Date..... *13/11/2024*.....

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Annex II: Inter-Entity Confirmation Letter

Name of transferring entity: Finance and Accounting Services

Name of beneficiary entity: Department of Education, Technical Training Innovation and Manpower Development

**Confirmation of amounts received by [Kisii County Bursary Fund] as at 30<sup>th</sup> June 2024**

Reference Number	Date Disbursed	Amounts Disbursed by [Kisii County Treasury] (Kshs) as at 30 <sup>th</sup> June 2024	Development (B)	Total (C)=(A+B)	County Bursary Fund (Kshs) as at 30 <sup>th</sup> June 2024 (D)	Differences (Kshs) (E)=(C-D)	Amount Received by Kisii County	
							Disbursed	Received by Kisii County Bursary Fund (Kshs) as at 30 <sup>th</sup> June 2024 (D)
RF:C/000007587	23/04/2024	167,176,000		167,176,000	167,176,000	-		
RF:C/000007587	23/04/2024	7,350,000		7,350,000	7,350,000	-		
Total								

I confirm that the amounts shown above are correct as of the dates indicated.

Head of Accounts Department - Disbursing Entity: John Mwangi Sign: \_\_\_\_\_ Date: 30/9/24

Head of Accounts Department - Beneficiary Entity: Frank Anyona Sign: [Signature] Date: 30/9/24