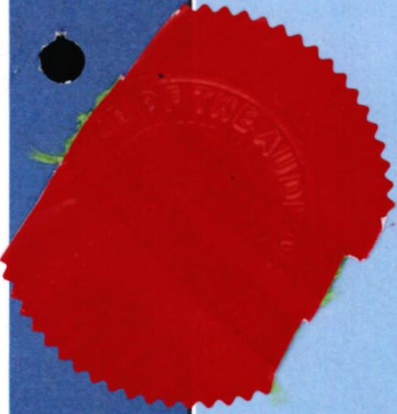


REPUBLIC OF KENYA

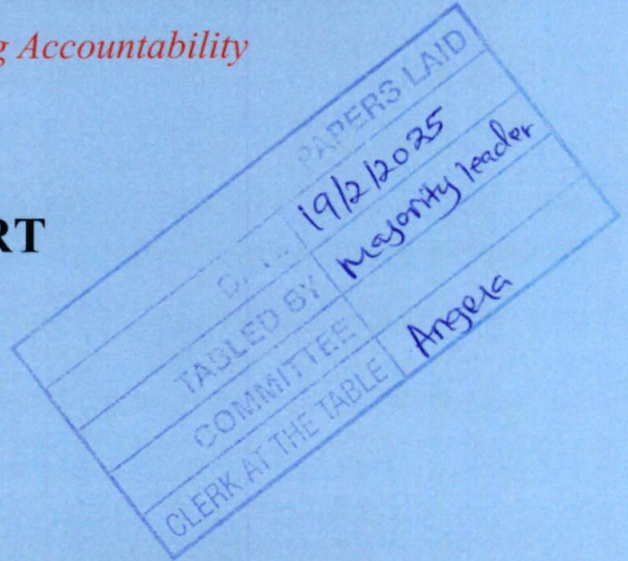


OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



REPORT



OF

THE AUDITOR-GENERAL

ON

MAKUENI COUNTY BURSARY FUND

FOR THE YEAR ENDED
30 JUNE, 2024



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.
18 DEC 2024
RECEIVED



MAKUENI COUNTY BURSARY FUND

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

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

Makueni County Bursary Fund/Scheme
Annual Report and Financial Statements for the year ended June 30, 2024

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Makueni County Bursary Fund/Scheme
Annual Report and Financial Statements for the year ended June 30, 2024

1. Acronyms and Definition of Key Terms

a) Acronyms

ICPA(K)	Certified Public Accountants of Kenya
CSR	Corporate Social Responsibility
DOB	Date of Birth
ECM	Executive Committee Member
FY	Financial Year
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

b) Definition of Terms

Fiduciary Management: The key management personnel who had financial responsibility

Key Management Team: The key management personnel who financial responsibility of running the activities of the fund on daily basis.

Fund Administration Committee: Management Personnel charged with the responsibility of approving the fund budget and final list of fund awardees.

2. Key Entity Information and Management

a) Background information

Makueni County Bursary Fund is established by and derives its authority and accountability from the Public Finance Management Act, 2012 and Makueni County Bursary Fund Regulations 2018. The Fund is wholly owned by the County Government of Makueni and is domiciled in Department of ICT, Education and Internship.

The fund's objective is to provide a scheme for the provision of financial assistance to needy bright students.

The Fund's principal activity is to finance needy bright students in Makueni County and is managed by a Fund administration committee. Makueni County Bursary Fund Regulation 2018 mandates the committee to develop transparent and fair criteria for allocation of funds in secondary schools, colleges, universities, day scholars, boarders and people living with disability.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide bursaries and scholarships to needy learners of Makueni County as stipulated in Makueni County Regulation 2018.

The mandate of the fund is to provide funds to finance needy students in Makueni County. To successfully implement this mandate, the fund administration committee is mandated by the Makueni County Bursary Fund Regulation 2018 to develop a transparent criterion for apportioning and allocating funds to needy students.

c) Fund Administration Committee

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

Ref	Name	Position
1	Irene N. Makau	Chairperson
2	Damaris Makau	Fund secretary
3	Martin Kimanthi	Fund Manager/ Administrator
4	Rev. Margaret Peter	Member
5	Josephine Musengya	Member
6	Isaac Muuo	Member
7	Magdalene Mutende	Member
8	Dr. Philip Kioko	Member
9	Eunice Ngina Muema	Member
10	Nicholis Mutua	Former Chairperson
11	Andrew Kimondiu	Former Fund Administrator




**Makueni County Bursary Fund/Scheme
Annual Report and Financial Statements for the year ended June 30, 2024**

d) Key Management team

Ref	Name	Position
1	Irene N. Makau	The Fund Chairperson
2	Damaris Makau	The Fund Secretary
3	Martin Kimanthi	Fund Administrator

e) Fiduciary Management

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

Name	Designation
 CPA Damaris Kavoi	<p>ECM -Finance, Planning, Budget and Revenue.</p> <ul style="list-style-type: none"> ➤ Bachelor in Business Administration (BBA) (Accounting and Finance) -Kenya Methodist University (KEMU) and MBA -University of Nairobi. ➤ Certified Public Accountant –KASNEB. <p>A member of Institute of Certified Accountants of Kenya (ICPAK) in good standing and also a member of Association of Women Accountants of Kenya (AWAK). 27 Years Working experience.</p>
 Irene N. Makau	<p><u>The Fund Chairperson</u></p> <ul style="list-style-type: none"> ➤ DOB:23.01.1983 ➤ Irene Nduku Makau holds Bachelor in Business Administration Accounting from Maseno University.
 CPA Martin Kimanthi	<p><u>Fund Administrator</u></p> <ul style="list-style-type: none"> ➤ DOB:16.06.1986 ➤ Martin Kimanthi holds a B.COM from Kenyatta University and CPK(K). He has 13 Years working Experience in Public and private Sectors.

Makueni County Bursary Fund/Scheme
Annual Report and Financial Statements for the year ended June 30, 2024

f) Fiduciary Oversight Arrangements

SN	Position	Name
1	ECM Finance	CPA Damaris Mumo Kavoi
2	Directorate Internal Audit	Director of Internal Audit
3	Controller of Budget	Makueni County Coordinator
4	PSASB	Public Sector Accounting Standards Board-Kenya
5	Makueni County Assembly	The sectoral committee responsible for ICT, Education and Internship

g) Registered Offices

P.O. Box 78-90300
County Headquarters Building
Off Wote-Makindu
Makueni, Kenya

h) Fund Contacts

Telephone: (254)202034944/2068236
E-mail: contact@makueni.go.ke
Website: www.makueni.go.ke
Makueni, Kenya

i) Fund Bankers

Kenya Commercial Bank
Machakos –Wote Road
Makueni, Kenya

j) Independent Auditors

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

k) Principal Legal Adviser





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





Makueni County Bursary Fund/Scheme
Annual Report and Financial Statements for the year ended June 30, 2024

1) County Attorney




Office of the Governor Building – Wote Town
P.O BOX 78-90300
Makueni, Kenya.

3. Fund Administration Committee Profiles

Name	Details of qualifications and experience
 <p>Irene N. Makau</p>	<p><u>The Fund Chairperson</u></p> <ul style="list-style-type: none"> ➤ DOB:23.01.1983 ➤ Irene Nduku Makau holds Bachelor in Business Administration Accounting from Maseno University. ➤ She has over 14years working experience in private and public service.
 <p>Damaris Makau</p>	<p><u>Fund Secretary</u></p> <ul style="list-style-type: none"> ➤ DOB:05.01.1973 ➤ Damaris Makau holds a BED-Kenyatta University 1996. ➤ Senior Management course – Kenya school of Government and a Diploma in Leadership and Motivation-Leadership Institute of Kenya. ➤ She has over 26 years Working experience in public service.
 <p>CPA Martin Kimanthi</p>	<p><u>Fund Administrator</u></p> <ul style="list-style-type: none"> ➤ DOB:16.06.1986 ➤ Martin Kimanthi holds a B.COM from Kenyatta University and CPK(K). He has 13 Years working Experience in Public and private Sectors.
 <p>Rev.Margret Peter</p>	<p><u>Member: Representing faith-based organization in education matters</u></p> <ul style="list-style-type: none"> ➤ DOB:14-06-1982 ➤ Rev.Margret Peter holds first degree in divinity and A Master in Christian Muslim Relations from St. Paul University. ➤ She has 15 Years' Experience in Religious Matters. She was born

 <p>Josephine Musengya</p>	<p><u>Member: Representing marginalized Group-Women</u></p> <ul style="list-style-type: none">➤ DOB:05-03-1992➤ Josephine Musengya holds Bachelors in Bio Chemistry from SEKU and she's self-employed since 2017 when she graduated
 <p>Isaac Muuo</p>	<p><u>Representing marginalized Group-Youth</u></p> <ul style="list-style-type: none">➤ DOB:13.07.1989➤ Over 18 Years active participation in community and self-employment activities
 <p>Dr. Philip Kioko</p>	<p><u>Educationist</u></p> <ul style="list-style-type: none">➤ DOB:14-12-1958➤ Dr. Philip Kioko holds PhD -Peace and conflicts, MA-Education,➤ Retired Principal, Lecturer SEKU➤ He has over 38 Years working Experience.
 <p>Eunice Ngina Muema</p>	<p><u>Educationist</u></p> <ul style="list-style-type: none">➤ DOB: 16-01-1984.➤ Eunice Ngina Muema holds B.COM From University of Nairobi, MBA from Kenyatta university. She has over 10years working Experience.

4. Key Management Team

Name	Details of qualifications and experience
 Irene N. Makau	<u>The Fund Chairperson</u> <ul style="list-style-type: none">➤ DOB:23.01.1983➤ Irene Nduku Makau holds Bachelor in Business Administration Accounting from Maseno University.➤ She has over 14years working experience in private and public service.
 Damaris Makau	<u>Fund Secretary</u> <ul style="list-style-type: none">➤ DOB:05.01.1973➤ Damaris Makau holds a BED-Kenyatta University 1996.➤ Senior Management course – Kenya school of Government and a Diploma in Leadership and Motivation-Leadership Institute of Kenya.➤ She has over 26 years Working experience in public service.➤ She has over 26 years Working experience in public service.➤ She was Born in 1973
 CPA Martin Kimanthi	<u>Fund Administrator</u> <ul style="list-style-type: none">➤ DOB:16.06.1986➤ Martin Kimanthi holds a B.COM from Kenyatta University and CPK(K). He has 13 Years working Experience in Public and private Sectors.

Makueni County Bursary Fund/Scheme
Annual Report and Financial Statements for the year ended June 30, 2024

5. Chairman's Report

Regulation 20 of the Public Finance Management (Makueni County Bursary fund) Regulations, 2018 requires the Committee to cause keeping of such books of accounts and other books in relation thereto of all its undertakings, Funds, activities and property as the County Executive Committee Member may from time to time approve and shall, within a period of three months after the end of the financial year, cause to be prepared, signed and forwarded to the Auditor-General;

- (a) a financial statement of the Fund; and
- (b) such other statements of accounts as the County Executive Committee Member for Finance may approve.

In order to ensure improved transparency, accountability and fiscal responsibility in the fund, the Fund Committee is committed to prudent management of finances guided by sound financial policies and guidelines that ensure efficient utilization of resources. This will help bolster the key objective of fund, which is to provide a fund that is accessible to residents in order to achieve equitable social and economic development in the County.

The main challenge faced during the period is delayment in exchequer approval which affect the timely issuance of bursary to the needy deserving beneficiaries

As I conclude, I would like to thank the County government of Makueni for the support they gave during that period.

Signed: _____


Irene N. Makau



6. Report of The Fund Administrator

Background

The Makueni County Government in recognition of the education financing challenges developed the Makueni County Bursary Fund Regulations, 2018 to offer student education support through bursaries to the most vulnerable and needy students to transition through secondary and post-secondary education. The number of requests for financial support in education keep increasing each year while the available resources remain constrained.

Changes in the fund board during the Period

During the period under review, there, were no changes in members of the Bursary Fund Committee.

Bursary Fund Report


During the period, under review, the bursary committee received and processed bursaries across the county and continuing scholarship beneficiaries have already received their monies. The intended programmes under scholarship programme have already been undertaken and all the beneficiaries have reported back to school and there is recommendable flow of activities without any disruption.

The financial performance for the period under review was impacted by the county government as the fund depended fully on transfers from the county government of Makueni for its operations.

During the period under review, the fund disbursed a total of Kshs. 129,706,245.70 in the FY2023/24 compared to Kshs. 67,913,493.70 for the FY2022/23 which shows an increase of Kshs. 60,390,940.10

It is good to note that our total expenditure for the year was Kshs. 128,304,433.80 which was 98.9 % of the total budget Kshs. 129,706,245.70.

The Bursary fund is dedicated to efficiency, quality and service delivery to ensure stakeholders satisfaction.

Signed:  _____

CPA. Martin K. Mutiso

Makueni County Bursary Fund/Scheme
Annual Report and Financial Statements for the year ended June 30, 2024

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

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

The key development objectives of the Fund as per the County Integrated Development Plan (CIDP) for 2023 to 2024 are to:

- a) Improve quality of education.
- b) To enable the bright and needy students continue with their education.
- c) enrolment in vocational training.

Progress on the attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Output	Performance Indicator	Performance
Makueni Bursary fund	To improve access to education	Increased transition rate to secondary and tertiary institutions	No of beneficiaries.	Bursary beneficiaries in FY 2023/24
2023/24	Awarded to all needy student.	N/A	13306	13306

8. Statement of Corporate Governance

During the period, the fund committee held three physical meetings and one online meeting.

Composition of the committee

The Makueni County Bursary Fund Committee consist of –

- The chief officer who is the chair person
- Director in charge of matters relating to learners support who is the secretary
- The chairperson of sectoral committee responsible for matters relating to education in the county assembly who is an ex-official member
- Two persons, not being public officers, and has experience in education matters in the county
- One person representing faith-based organisations involved in education matters in the county
- Three persons who ordinarily reside in the county representing marginalised group i.e youth, women and persons with disability

Roles and functions of the Committee/Trustee

- Raise monies for the fund
- Determine, approve and review the policies for administering the fund
- Monitor the application of the fund by the ward bursary committee and assess if the fund is being administered in accordance with the fund's objective.
- Receive and consider appeals from the ward bursary committees
- Prepare and forward reports on the fund to the executive committee member in charge of education for onward submission to the county assembly as may be appropriate.
- Undertake such other activities as are necessary for the effective application fund.

**Makueni County Bursary Fund/Scheme
Annual Report and Financial Statements for the year ended June 30, 2024**

Existence of a committee/trustee charter

- (1) There is established a committee to be known as the County Bursary and Scholarships Committee under the Makueni County Bursary Regulation policy.

Process of appointment and removal of committees

The appointment of the Fund Chairperson and other non-staff committee members shall be subject to such persons-

- (a) Satisfying the requirements of Chapter Six of the Constitution; and

Members shall serve for a fixed term of three years and they shall be eligible for nomination for one further term of three years

Removal from office

A member of county bursary committee may resign from the committee by giving notice in writing addressed to the county executive member responsible for matters relating to education.

A member may be removed if;

- Is absent for three consecutive meetings of the committee without good cause.
- Is in serious violation of bursary fund regulations.
- Is guilty of gross misconduct.
- Is physically or mentally incapable of performing the functions of the committee
- Is adjudged bankrupt

The number of Committee/Trustee meetings held and the attendance to those meetings by members

NAME OF COMMITTEE MEMBER	26/9/2023	29/12/2023	15/1/2024	29/1/2024
1.Rev.Magret Peter	✓	✓	✓	✓
2.Josphine Musenya	✓	✓	✓	✓
3.Isaac Muuo	✗	✓	✓	✓
4.Dr. Philip Kioko	✓	✓	✓	✓
5.Eunice Ngina Muema	✗	✓	✗	✗
6.Magdaline Mutende	✗	✓	✓	✗
7.Mutwii Mbolu	✗	✓	✓	✗
8.Irene Makau/CO	✓	✓	✓	✓
9.Damaris Makau/Dir	✓	✓	✓	✓
10.Martin K. Mutiso/accounts	✓	✓	✓	✓

Makueni County Bursary Fund/Scheme

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

- **Succession plan**

-Committee member is supposed to act as a member for a three years' term which are renewable for another term unless affected by the removal clauses.

A member cannot act for more than two (2) terms.

- **Induction and training**

-Every member who has been appointed in the committee will be taken through induction of the purpose of the fund and its regulations that governor's it.

- **Board and member performance,**

Structured process is used to assess and examine the workings of a board and its members on its effectiveness performance. Board members have adhered to the funds policies. Meetings have been efficient; minutes and attendance records have been kept.

- **Conflict of interest,**

None of the members of the committee has declared any interest on the Fund.

- **Board/trustee remuneration,**

Members of the Committees shall be paid such allowances as may be recommended by the Salaries and Remuneration Commission.

- **Ethics and conduct as well as governance audit.**

The Makueni County Bursary Fund has been audited for the last two financial years i.e. FY 2022/2023 and FY 2023/2024.

Makueni County Bursary Fund/Scheme
Annual Report and Financial Statements for the year ended June 30, 2024

9. Management Discussion and Analysis

Period Under Review	No. Beneficiaries FY2022/23	Amount Kshs	No. Beneficiaries FY2023/24	Amount Kshs
Bursary	8042	7,729,600	12600	92,727,616
Ongoing scholarship students	634	60,183,893	706	31,860,963
Total	8676	67,913,493	13306	124,588,579

Risks Assessment

The Fund risks assessment has been assessed as follows: -

S/no	Risk	Implication of the risk	How the risk will be addressed
1.	High expectations	Amount awarded may not be sufficient to cater for the growing number of needy cases	Increasing bursary fund kitty gradually and soliciting for donor funding.

10. Environmental and Sustainability Reporting

During the period under review the fund did not engage in any corporate social responsibility activity.

1. Sustainability strategy and profile

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

2. Environmental performance

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

3. Employee welfare

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

4. Marketplace practices

The organization should outline its efforts to:

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

5. Corporate Social Responsibility / Community Engagements

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

Makueni County Bursary Fund/Scheme
Annual Report and Financial Statements for the year ended June 30, 2024

11. Report of The Trustees/Committee

The Trustees/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 Fund Committee submitted their report together with the audited financial statements for the period under review which shows the state of the Fund's affairs.

Principal activities

- a) To enhance access to secondary school and tertiary education
- b) To enhance retention of learners at secondary schools, colleges, village polytechnics and university levels.
- c) To lessen the financial burden on the parents/guardians of needy students.
- d) To provide hope to orphaned and /or needy learners who lack family support.

To provide an opportunity for Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1 to 24

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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GOVERNMENT OF MAKUENI COUNTY
CHIEF OFFICER
27 SEP 2024
EDUCATION & INTERNSHIP
P. O. BOX 78 - 90100 MAKUENI

Chair of the Board/Fund Administration Committee

Date: 27/09/2024

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund 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 Makueni Bursary Fund/Scheme Fund is responsible for the preparation and presentation of the Fund/Scheme’s financial statements, which give a true and fair view of the state of affairs of the Fund/Scheme for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Makueni bursary Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (quote the applicable legislation establishing the County Bursary Fund/Scheme). The Administrator of the Fund/Scheme is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2024, and of the Fund/Scheme’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund/Scheme, 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 Makueni bursary Fund/Scheme has assessed the Fund/Scheme’s ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Administrator to indicate that the Fund/Scheme 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/Scheme’s financial statements were approved by the Trustee/Committee on 27/9/2024 2024 and signed on its behalf by:

.....


Administrator of the Makueni Bursary Fund.

Name: Martin K.Mutiso

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON MAKUENI COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Makueni County Bursary Fund set out on pages 1 to 22, which comprise of the statement of financial position as at 30

Report of the Auditor-General on Makueni County Bursary Fund for the year ended 30 June, 2024

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 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 Makueni County Bursary 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 Makueni County Bursary Fund Act, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Cash and Cash Equivalents Balance

The statement of financial position and as disclosed in Note 10 to the financial statements reflect cash and cash equivalents balance of Kshs.6,082,221. Review of the cash book which is maintained in an excel form reflected a balance of Kshs.1,550,719 which was later restated to reflect a balance of Kshs.6,082,221. Although Management indicated that the discrepancies were identified and corrected, the nature of the discrepancies, journal vouchers and approvals for the changes were not provided for audit review.

In the circumstances, the validity of the adjustments and accuracy of the cash and cash equivalents balance of Kshs.6,082,221 could not be confirmed.

2. Irregular Scholarship Grants

The statement of financial performance and as disclosed in Note 8 to the financial statements reflect scholarship grants of Kshs.31,860,963, however, the enabling legislation to support the scholarships was not provided for audit review. Management indicated that they were in the process of reviewing the current County bursary Regulations to accommodate the scholarships.

In the circumstances, the scholarship grants of Kshs.31,860,963 was irregular.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters 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

Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board reporting template.

Other Information

The Management is responsible for the other information set out on pages iii to xix which comprise of 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, Environmental and Sustainability Reporting, Report of the Trustees/Committee and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this other information, 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 THE 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 ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I 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

20 December, 2024

Makueni County Bursary Fund/Scheme
Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	FY 30 th June 2023/2024	FY30th June 2022/2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	6	129,706,245	25,263,464
Public Contributions and Donations		-	-
		129,706,245	25,263,464
Revenue From Exchange Transactions			
Finance Income		-	-
Other income		-	-
Total Revenue		129,706,245	25,263,464
Expenses			
Bursary transfers	7	92,727,616	-
Scholarship grants	8	31,860,963	-
Use of Goods and Services	9	3,715,854	67,913,493
Total Expenses		128,304,433	67,913,493
Surplus/(Deficit) for the Period		1,401,812	(42,650,029)

(The notes set out on pages 14 to 16 form an integral part of these Financial Statements)

makau
 Name: Irene N. Makau
 Fund Accounting Officer

DEPARTMENT OF MAKUENI COUNTY
 CHIEF OFFICER
 27 SEP 2024
 EDUCATION & INTERNSHIP
 P. O. BOX 78 - 90300, MAKUENI


M
 Name: Martin K. Mutiso
 Fund Administrator
 ICPAK Member Number: 20595


Makueni County Bursary Fund/Scheme
Annual Report and Financial Statements for the year ended June 30, 2024

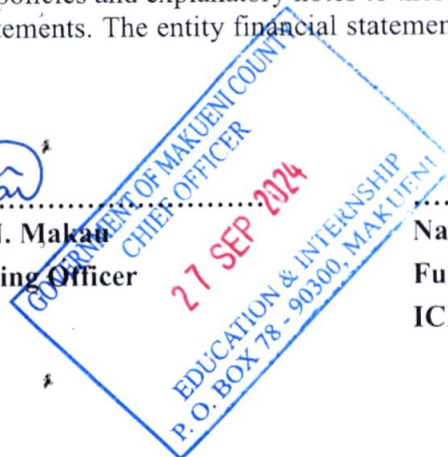
15. Statement of Financial Position as at 30th June 2024

Description	Note	2023/24	2022/23
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	10	6,082,221	4,680,409
Non-exchange receivables		-	-
Exchange Receivables		-	-
Total current assets		6,082,221	4,680,409
Total Assets (A)		6,082,221	4,680,409
Liabilities			
Current Liabilities			
Trade and Other Payables		-	-
Total current liabilities		-	-
Total Liabilities (B)		-	-
Net Asset (A-B)		6,082,221	4,680,409
Represented By:			
Accumulated Surplus		6,082,221	4,680,410
Net Assets		6,082,221	4,680,410

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 27/9/2024 2024 and signed by:


 Name: Irene N. Makau
 Fund Accounting Officer


 Name: Martin K. Mutiso
 Fund Administrator
 ICPAK Member Number: 20595



Makueni County Bursary Fund/Scheme

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

16. Statement Of Changes in Net Assets for the year ended 30th June 2024

t	Accumulated surplus	Total
	Kshs	Kshs
Balance as at 1 July 2022	47,330,439	47,330,439
Surplus/(Deficit) For the Year	(42,650,029)	(42,650,029)
Balance As At 30 June 2023	4,680,409	4,680,409
Balance As At 1 July 2023	4,680,409	4,680,409
Surplus/(Deficit) For the Year	1,401,811	1,401,811
Balance As At 30 June 2024	6,082,221	6,082,221

Makueni County Bursary Fund/Scheme
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	FY2023/24	FY2022/23
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers From the County Government		129,706,245	25,263,464
Public Contributions and Donations		-	-
Finance Income		-	-
Other receipts		-	-
Total receipts		129,706,245	25,263,464
Payments			
Bursary Transfers		92,727,616	67,913,493
Scholarship grants		31,860,963	42,650,029
Use of goods and Services		3,715,854	-
Net cash flows from operating activities	11	1,401,812	(42,650,029)
Cash flows from investing activities			
		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		1,401,812	(42,650,029)
Cash and cash equivalents at 1 July 2023	10	4,680,409	47,330,439
Cash and cash equivalents at 30 June 2024	10	6,082,221	4,680,409

Makueni County Bursary Fund/Scheme
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	B	c=(a+b)	D	e=(c-d)	f=d/c*100
Revenue						
Transfers From the County Government	128,000,000	3,000,000	131,000,000	129,706,245	-	99.01%
Public Contributions and Donations	-	-	-	-	-	
Finance Income	-	-	-	-	-	
Other receipts	-	-	-	-	-	
Total Income	128,000,000	3,000,000	131,000,000	129,706,245	-	99.01%
Expenses						
Bursary Transfers	92,090,000	2,910,000	95,000,000	92,727,616	-	98.50%
Scholarship grants	32,000,000	-	32,000,000	31,860,963	-	99.60%
Use of goods & Services	3,910,000	90,000	4,000,000	3,715,854	-	95.50%
Total Expenditure	128,000,000	3,000,000	131,000,000	128,304,433	-	95.50%
Surplus For the Period	-	-	1,401,811	1,401,811	-	100%

Budget notes

The change between the original budget and final budget is due to reallocation of Kshs. 3,000,000 for three (3) wards.

Makueni County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Makueni Bursary Fund/Scheme is established by and derives its authority from 2012 Act. The entity is wholly owned by the Makueni County Government and is domiciled in Kenya. Makueni Bursary Fund/Scheme's principal activity is to provide for a bursary and scholarship.

2. Statement of compliance and basis of preparation

Makueni Bursary Fund/Scheme's 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.

Standard	Effective date and impact:
IPSAS 43 Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current	<i>Applicable 1st January 2025</i> The Standard requires,

Makueni County Bursary Fund

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

Standard	Effective date and impact:
Assets Held for Sale and Discontinued Operations	<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>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</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 Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial</p>

Makueni County Bursary Fund

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Standard	Effective date and impact:
	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	Applicable 1st January 2026 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.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue transfers

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the County Assembly on 27 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 Makueni Bursary Fund/Scheme upon receiving the respective approvals in order to conclude the final budget. The Makueni Bursary Fund/Scheme recorded additional appropriations of Kshs. 3,000,000 on the FY 2023/2024 budget following the governing body's approval.

Makueni Bursary Fund/Scheme'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

Makueni County Bursary Fund

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

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 83 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 entity financial statements.* 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

Makueni County Bursary Fund

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

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

Makueni County Bursary Fund

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

e) Contingent liabilities

Makueni Bursary Fund/Scheme 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

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

g) Nature and purpose of reserves

The Makueni Bursary Fund does not maintain reserves in terms of specific requirements.

h) Changes in accounting policies and estimates

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

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 Makueni Bursary Fund/Scheme'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 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 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.

Makueni County Bursary Fund

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

6. Transfers from the County Government

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers the County government	129,706,245	25,263,464
Total	129,706,245	25,263,464

7. Bursary Transfers

Description	2023/24	2022/23
	Kshs	Kshs
Universities	28,930,000	-
TVETs and Colleges	13,615,000	-
Secondary schools	50,182,616	-
Total	92,727,616	-

8. Scholarship grants

Description	2023/24	2022/23
	Kshs	Kshs
Universities	13,300,000	-
TVETs and Colleges	-	-
Secondary schools	18,560,963	-
Total	31,860,963	-

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9. Use of Goods and Services

Description	2023/24	2022/23
	Kshs.	Kshs.
Fund General Expenses	-	67,765,787
Committee Allowances	2,668,910	116,000
Bank charges	306,694	31,706
Audit fees	-	-
Other (rent bill for scholarship student) (Boniface wambua)/hire of conference facility)	740,250	-
Total	3,715,854	67,913,493

10. Cash and cash equivalents

Description	2023/24	2022/23
	Kshs	Kshs
Current Account	6,082,221	4,680,409
Total Cash and Cash Equivalents	6,082,221	4,680,409

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

Financial Institution	Account number	2023/24	2022/23
		Kshs	Kshs
a) Current Account			
MAKUENI COUNTY BURSARY FUND ACCOUNTA/C NO: 1275221637		6,082,221	4,680,409
XXX Bank - Etc.		-	-
Sub- Total		6,082,221	4,680,409
b) Others (Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		6,082,221	4,680,409

Makueni County Bursary Fund

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

11. Cash generated from operations.

Description	2023/24	2022/23
	Kshs	Kshs
Surplus/ (Deficit) For the Year	1,401,812	(42,650,029)
Adjusted For:		
Working Capital Adjustments		
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow from Operating Activities	1,401,812	(42,650,029)

12. 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.

13. Financial risk management

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

a) Credit risk

The Fund/Scheme has exposure to credit risk, which is the risk that a 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
At 30 June 2024					
Receivables From Non-Exchange Transactions	-	-	-	-	-
Receivables From Exchange Transactions	-	-	-	-	-
Bank Balances	6,082,221		6,082,221	6,082,221	6,082,221
Total	6,082,221		6,082,221	6,082,221	6,082,221
As at 30th June 2023					
Receivables From Non-Exchange Transactions	-		-	-	-
Receivables From Exchange Transactions	-		-	-	-
Bank Balances	4,680,409		4,680,409	4,680,409	4,680,409
Total	4,680,409		4,680,409	4,680,409	4,680,409

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

The entity has significant concentration of credit risk on amounts due from 0.

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.

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.

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:

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

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund/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.

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 favourable 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.

d) Capital risk management.

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

Description	2023/24	2022/23
	Kshs	Kshs
Accumulated surplus	6,082,221	4,680,409
Total funds	6,082,221	4,680,409
Less: cash and bank balances	(6,082,221)	(4,680,409)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

14. Events after the reporting period

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

15. Currency

The financial statements are presented in Kenya Shillings (Kshs)

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20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/MKN/CBF/2022/2023/(9)	4.1 Inaccuracies in disclosure and presentation of the financial statements.	The variances of Kshs 38,190 in the inter-government transfers has been corrected and included in the financial statements.	Not Resolved	
OAG/MKN/CBF/2022/2023/(9)	4.2. Lack of Public Participation.	The list of the beneficiaries were displayed in the ward administrators notice board for feedback, complains/petitions.	Resolved	5 th January 2024
OAG/MKN/CBF/2022/2023/(9)	4.3. Unconfirmed cash and cash equivalent balance.	In most cases this is caused by delay of the learning institution to present cheques to their banks for clearance.	Not Resolved	
OAG/MKN/CBF/2022/2023/(9)	4.4. Failure to disburse funds	Due to some cheques had been issued to the beneficiaries were not issued at the right time for fees clearance.	Not Resolved	
OAG/MKN/CBF/2022/2023/(9)	4.6. Poor management of funds	The Makueni county government in its advert/announcement for the	Resolved	5 th January 2024

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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)
		county government scholarship2023 clearly outlined the eligibility and award criteria.		
OAG/MKN/CBF/2022/2023/(9)	4.7. Irregular payment of scholarship.	Lack of scholarship legislation may cause the irregularities. There is an effort to put one in place	Not Resolved	
OAG/MKN/CBF/2022/2023/(9)	4.8. Appointment and composition of ward bursary committee.	The ward bursary committee were appointed on 6 th March 2023 by the CECM of the department of ICT, Education and Internship.	Not Resolved	



Fund Administrator

Date... 27/9/2024

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Annex II: Inter-Entity Confirmation Letter

Name of transferring entity: **Makueni County Government-FY2023/2024**

Name of beneficiary entity: **Makueni County Bursary Fund Account. (KCB-Wote Branch)**

Confirmation of amounts received by [Makueni County Bursary Fund/Scheme] as at 30th June 2024						
Reference Number	Date Disbursed	Amounts Disbursed by [Makueni County Department] (Kshs) as at 30 th June 2024			Amount Received by Makueni County Bursary Fund/Scheme] (Kshs) as at 30 th June 2024 (D)	Differences (KShs) (E)=(C-D)
		Recurrent (A)	Development (B)	Total (C)=(A+B)		
REC/0000143899	11-Sep-23	927,000	-	927,000	927,000	0
REC/0000143896	11-Sep-23	827,000	-	827,000	827,000	0
REC/0000143897	11-Sep-23	2,021,600	-	2,021,600	2,021,600	0
REC/0000143900	11-Sep-23	1,957,000	-	1,957,000	1,957,000	0
REC/0000143898	11-Sep-23	1,423,000	-	1,423,000	1,423,000	0
REC/0000145547	03-Oct-23	8,552,968	-	8,552,968	8,552,968	0
REC/0000149485	29-Nov-23	168,000	-	168,000	168,000	0
REC/0000150789	11-Dec-23	50,000	-	50,000	50,000	0
REC/0000150790	11-Dec-23	50,000	-	50,000	50,000	0
REC/0000150791	11-Dec-23	50,000	-	50,000	50,000	0
REC/0000150792	11-Dec-23	50,000	-	50,000	50,000	0
REC/0000150793	11-Dec-23	50,000	-	50,000	50,000	0
REC/0000150794	11-Dec-23	50,000	-	50,000	50,000	0
REC/0000149484	04-Dec-23	20,744	-	20,744	20,744	0

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REC/0000150966	05-Jan-24	86,522,000	-	86,522,000	86,522,000	0
REC/0000150968	05-Jan-24	14,028,348	-	14,028,348	14,028,348	0
REC/0000151584	05-Jan-24	3,000,000	-	3,000,000	3,000,000	0
REC/0000154481	12-Mar-24	6,134,900	-	6,134,900	6,134,900	0
REC/0000157186	22.05.2024	998,570	-	998,570	998,570	0
REC/0000157435	22.05.2024	176,335	-	176,335	176,335	0
REC/0000157436	22.05.2024	1,372,620	-	1,372,620	1,372,620	0
REC/0000161339	10.06.2024	1,276,160	-	1,276,160	1,276,160	0
Total		129,706,245.70			129,706,245.70	0

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

Head of Accounts Department - Disbursing Entity:

Name John Ngũmũ Sign [Signature] Date 27/09/2024

Head of Accounts Department - Beneficiary Entity:

Name Maria Muriro Sign [Signature] Date 27/9/2024

