

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

DATE	26/2/2025	PAPEPS LAID
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COMMITTEE		
CLERK AT THE TABLE	Njoki	

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

**HOMABAY COUNTY EDUCATION
BURSARY FUND**

**FOR THE YEAR ENDED
30 JUNE, 2024**



**HOMA BAY COUNTY EDUCATION
BURSARY FUND**

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

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

HOMA BAY COUNTY EDUCATION BURSARY FUND
Annual Report and Financial Statements for the Period Ended June 30, 2024

HOMA BAY COUNTY EDUCATION BURSARY FUND
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HOMA BAY COUNTY EDUCATION BURSARY FUND
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1. Key Entity Information and Management

a) Background information

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

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

b) Principal Activities

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

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Hon. Martin Opere	CEC-M Education
2	Diana Ongere	Chief Officer Education
3	Mr. Alphonse Wera	County Chief Officer- Finance
4	Fr. Philip Olage	CEB Representative
5	Mr Harrison Ochola	NGO Representative
6	Mr. Elisaphan Owino Owino	PLWD Representative

d) Key Management

Ref	Name	Position
1	Hon. Solomon Obiero	CEC-M Finance and Economic planning
2	Diana Ongere	Fund Administrator
3	Hon Martin Opere	CEC-M Education
4	Mr. Alphonse Wera	Chief Officer Finance and Economic planning
5	CPA Okello Sita	Head Of Accounts

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e) Registered Offices

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

f) Fund Contacts

Telephone: +254 724060006
E-mail: executive@homabay.go.ke
Website: www.homabaycounty@.go.ke

g) Fund Bankers

1. Equity Bank
Equity Centre, Upper Hill
P.O. Box 1234 - 00100
Nairobi, Kenya
2. KCB Bank Kenya
Kenya and KCB plaza, Upper Hill
P.O. Box 48400-00100
Nairobi Kenya

h) Independent Auditors

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

i) Principal Legal Adviser

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

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2. Fund Administration Committee

Name	Details of qualifications and experience
1. Hon. Martin Opere	Mr. Martin Opere was appointed the Forth CECM in the year 2022 and is still serving in the same position
2. Diana Ongere	Mrs. Diana Ongere – Fund Administrator Madam Diana was appointed as the Fund Administrator in 2023, and still serving as the administrator and the chief officer for the department
3.Mr.Alphonse Wera	County Chief Officer- Finance
4.Fr.Philip Olage	CEB Representative
5.Mr Harrison Ochola	NGO Representative
6.Mr. Elisaphan Owino Owino	PLWD Representative

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3. Management Team

The management during the financial year consisted of:

<p>Mr. Martin Opere County Executive Committee Member, Education, Human Capital Development and Vocational Training</p>	<p>Mr. Martin Opere was appointed the Forth CECM in the year November, 2022 and is still serving in the same position.</p>
<p>Diana Ongere- Fund Administrator</p>	<p>Mrs. Diana Ongere – Fund Administrator Madam Diana was appointed as the Fund Administrator in October 2023, and still serving as the administrator and the chief officer for the department</p>

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4. Fund Chairperson's Report

The two Bursary Committees terms of operation already ended as at the end of the financial year 2023/2024, therefore there will be new nominations for the new committees governing the disbursement, following the procedures as spelt out in the Homa Bay County Education Bursary Fund Act, 2015.

The Homa Bay County Education Bursary Fund was received for this financial year; the process was done successfully and funds were disbursed to needy students/beneficiaries across the county.

Conclusion.

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


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Name: Martin Opere

CECEM, Education, Human Capital Development and Vocational Training

HOMA BAY COUNTY EDUCATION BURSARY FUND
Annual Report and Financial Statements for the Period Ended June 30, 2024

5. Report of The Fund Administrator

It is my pleasure to present, on behalf of the Fund Administration Committee, the County Bursary fund financial statements for the Period Ended June 30, 2024. The financial statements present the financial performance of the fund over the past year.

Sustainability

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

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

Review of performance

Income

The fund was allocated amount of **KShs.230, 000,000** for the year. **Kshs.202, 560,400** has been transferred to the Bursary account, which is disbursed to bursary and scholarship beneficiaries across the county. The performance was attributed to an opening cash balance of **Kshs. 4,074,748** at the beginning of the year.

Expenditures

The total expenditures for the period under review has amounted to **Kshs.204, 685,629**

Signed: _____



Diana Ongere
Fund Administrator

HOMA BAY COUNTY EDUCATION BURSARY FUND
Annual Report and Financial Statements for the Period Ended June 30, 2024

1. Statement of Performance Against the County Fund’s Predetermined Objectives

Introduction

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

The key development objectives of the Fund as per the county integrated development plan (2023-2027) are to:

Provide financial assistance to eligible students in the county.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Bursary disbursement to students across the county	To provide financial assistance to eligible students in the county	Enhanced access to education and training	Increased number of students applying for bursary	In FY 23/24 the number of beneficiaries increased by about 45.45%



HOMA BAY COUNTY EDUCATION BURSARY FUND
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2. Corporate Governance Statement

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

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

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

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

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

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

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



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Annual Report and Financial Statements for the Period Ended June 30, 2024

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

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

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

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

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

A person is eligible to be a member if;

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

The committee is responsible for;

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

Once the county executive committee member nominates the members for each category, the department organizes for trainings and inductions forward committee members on the expectations and roles of the committees

The remuneration of the members of the committee is determined by the County Treasury.



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Annual Report and Financial Statements for the Period Ended June 30, 2024

3. Report of The Trustees

The Trustees submit their report together with the audited financial statements as at June 30, 2024 which shows the state of the Fund affairs.

Principal activities

The principal activities of the Fund is to enable needy/and bright student access quality Education to ensure quality human capital.

Results

The results of the Fund for the period ended June 30, 2024 are set out on page 1-5

Trustees

The members of the fund administration committee who served during the year are shown on page iii and v

Auditors

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

By Order of the Board


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Name: Diana Ongere

Fund Administrator

HOMA BAY COUNTY EDUCATION BURSARY FUND
Annual Report and Financial Statements for the Period Ended June 30, 2024

4. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Homa Bay County Education Bursary Fund Act, 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

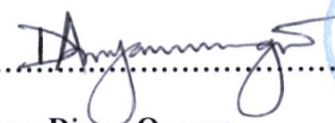
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) 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 judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Homa Bay County Education Bursary Fund Act, 2015. 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 period ended June 30, 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 Committee on 17/10/2024 and signed on its behalf by:

.....


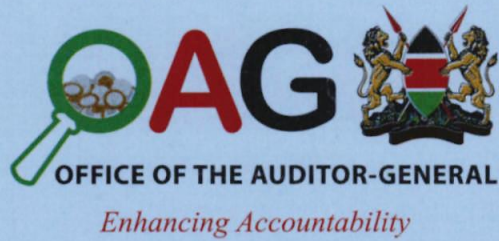
Name: Diana Ongere

Fund Administrator



REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

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

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Homabay County Education Bursary Fund set out on pages 1 to 27, which comprise the statement of the statement of

financial position for as at 30 June, 2024 and the financial performance, statement of changes in net assets, the 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, the financial statements present fairly, in all material respects, the financial position of Homabay County Education 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 Public Finance Management Act, 2012.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Homabay County Education 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 opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2024 reflects final revenue budget of Kshs.230,000,000. However, the fund spent an amount of Kshs.204,685,629 resulting in an under-expenditure of Kshs.25,314,371 (or 11.04% of the budget).

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matter(s) described in the Basis for Conclusion, 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. Fund Administrator in Acting Capacity

Review of the fund management revealed that the Fund Administrator was operating on acting capacity and had exceeded the recommended six months period. This is in contrary to Section C.14(1) of Public Service Commission Human Resource Policies and Procedures Manual for the Public Service, 2016, which states that an employee who has successfully and continuously acted in a vacant position for a period of six (6) months and meets the job requirements will be deemed to have been confirmed in that position.

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

2. Non-Compliance with Bursary Act

The statement of financial performance reflects use of goods and services expenditure balance of Kshs.204,635,584 which includes scholarships and educational benefits of Kshs.196,228,238 as disclosed in Note 3 to the financial statements. The fund has subdivided its budget to bursary support, full scholarship and procurement of assorted items to support the beneficiaries. However, there are no guidelines on percentage of allocation of each item to support budget requisition and planning. Further, there are no work plan or other explicit deliverable as directed under Section 4(3)a and Section 7(C) of the Homabay County Education Bursary Fund Act, 2015.

In the circumstances, the impact and achievement of the fund cannot be ascertained.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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

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 the 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.

The Management is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 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 878Section 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 ISSAs 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 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/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 December, 2024

HOMA BAY COUNTY EDUCATION BURSARY FUND
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6. STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED JUNE 30, 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	230,000,000	134,100,000
Other income	2	0	58,000
Total Revenue		230,000,000	134,158,000
Expenses			
Use of goods and services		204,685,629	130,028,151
Total Expenses	3	204,685,629	130,028,151
Surplus/(Deficit) For The Period		25,314,371	4,129,849


 Name: Diana Ongere
 Fund Administrator




 Name: CPA Okello Sita
 Head of Accounts
 ICPAK Member Number: 30278



HOMA BAY COUNTY EDUCATION BURSARY FUND
Annual Report and Financial Statements for the Period Ended June 30, 2024

7. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	2,004,620	4,074,748
Receivable from Homa bay county	5	27,439,600	0
Total Assets		29,444,220	4,074,748
Net Assets		-	
Accumulated Surplus		29,444,220	4,074,748
Total Net Assets and Liabilities		29,444,220	4,074,748

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 17/10/2024 and signed by:



 Name: Diana Ongere
 Fund Administrator




 Name: CPA Okello Sita
 Head of Accounts
 ICPAK Member Number: 30278

HOMA BAY COUNTY EDUCATION BURSARY FUND
Annual Report and Financial Statements for the Period Ended June 30, 2024

8. STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED JUNE 30, 2024

	Accumulated surplus	Total
	Kshs	Kshs
Balance As At June 30,2023	4,129,849	4,129,849
Surplus/(Deficit) For the Period	0	0
Balance as At June 30, 2023	4,129,849	4,129,849
Balance As At July 1,2023	4,129,849	4,129,849
Surplus/(Deficit) For the Period	25,314,371	25,314,371
Balance As At June 30,2024	29,444,220	29,444,220


 Name: Diana Ongere
 Administrator of the Fund


 Name: CPA Okello Sita
 Head of Accounts
 ICPAK Member Number: 30278

HOMA BAY COUNTY EDUCATION BURSARY FUND
Annual Report and Financial Statements for the Period Ended June 30, 2024

9. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30, 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	230,000,000	134,100,000
Other Income	2	0	58,000
Total receipts		230,000,000	134,158,000
Payments			
Use of Goods and Services	3	202,795,938	130,028,151
Increase in debtors	5	27,439,600	
Total Payments		232,125,229	130,028,151
Net cash flows from operating activities		(2,125,229)	4,129,849
Cash flows from financing activities			
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease)in cash &cash Equivalents		(2,125,229)	4,129,849
Cash and cash equivalent as at July 1,2023		4,129,849	(55,101)
Cash and cash equivalent as at JUNE 30,2024	4	2,004,620	4,074,748



17 OCT 2024

Name: Diana Ongere
 Administrator of the Fund



17 OCT 2024

Name: CPA Okello Sita
 Head of Accounts
 ICPAK Member Number: 30278



10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2024	2024	2024	2024	2024	2024
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions and Donations		-	-	-	-	
Transfers From County Govt.	230,000,000	-	230,000,000	230,000,000	0	100%
Other Income		-		-	-	-
Total Income	230,000,000	-	230,000,000	230,000,000	0	100%
Expenses						
Fund Administration Expenses	6,900,000	-	6,900,000	6,567,700	332,300	95.18%
Finance Cost	1,889,691		1,889,691	1,89,691	0	100%
Disbursement to beneficiaries	221,210,309	-	221,210,309	196,228,238	24,982,071	89%
Total Expenditure	230,000,000	-	230,000,000	204,685,629	25,314,371	88.96%
Surplus/Deficit For The Period	-	-	-	25,314,371	-	

Budget notes

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11. Notes to the Financial Statements

1. General Information

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

2. Statement of compliance and basis of preparation

The Fund’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

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

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

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

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

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were</p>

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Standard	Effective date and impact:
IPSAS 41, Financial Instruments	<p>inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2023</i></p> <p>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.</p>

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Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2023</i></p> <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>

(iii)Early adoption of standards

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

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1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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 27TH July, 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 entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Homa Bay County Education Bursary Fund on the FY 2023-2024 budget following the governing body's approval.

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

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

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

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its costs recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

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Summary of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

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Summary Of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

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.

Contingent liabilities

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

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Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

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

f) Employee benefits– Retirement benefit plans

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

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

g) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

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Summary of Significant Accounting Policies (Continued)

h) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

i) Related parties

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

j) Comparative figures

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

k) Events after the reporting period

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

l) Ultimate and Holding Entity

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

m) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

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

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6. Notes to The Financial Statements

1. Transfers from County Government

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	230,000,000	134,100,000
Total	230,000,000	134,100,000

2. Other income

Description	2023-2024	2022-2023
	Kshs	Kshs
Other Income	-	58,000
Total	-	58,000

3. Use of goods and services.

Description	2023-2024	2022-2023
	Kshs	Kshs
Finance Cost	1,889,691	3,156,740
Daily Subsistence	6,567,700	2,499,250
Printing and Stationary	-	203,600
Scholarships and Educational Benefits	196,228,238	124,168,561
Total	204,685,629	130,028,151

4. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account	2,004,620	4,074,748
Total Cash And Cash Equivalents	2,004,620	4,074,748

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

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		2023-2024	2022-2023
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Equity Bank	0980263410113	258	4,074,748
Kenya Commercial Bank	1321431163	2,004,362	
Grand Total		2,004,620	4,074,748

5. Accounts receivables

Description	FY 2023-2024	FY 2022-2023
	KSHS	KSHS
Accounts receivables	27,439,600	0
Total cash and cash equivalents	27,439,600	0

Other Disclosures

5. Related party balances

a) Nature of related party relationships

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

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Fund management committee

b) Related party transactions

	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County treasury	230,000,000	134,158,000
Transfers To Related Parties	-	-

6. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting

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acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

Other Disclosures Continued

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:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At June 30,2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	27,439,600	-	-	-
Bank Balances	2,004,620	2,004,620	-	-
Total	29,444,220	2,004,620	-	-
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	4,074,748	4,074,748	-	-
Total	4,074,748	4,074,748	-	-

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for

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

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the 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 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2023	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

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

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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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

i. Foreign currency risk

The entity 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:

		Other currencies	Total
	Kshs	Kshs	Kshs
At June 30, 2024			
Financial Assets	-	-	-
Investments	-	-	-
Cash	2,004,620	-	-
Debtors/ Receivables	27,439,600	-	-
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

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

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	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2024			
Euro	10%	-	-
USD	10%	-	-
2023			
Euro	10%	-	-
USD	10%	-	-

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 to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

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

	2023-2024	2022-2023
	Kshs	Kshs
Accumulated surplus	25,314,371	4,129,849
Total funds	25,314,371	4,129,849
Total borrowings	-	-
Less: cash and bank balances	2,004,620	4,074,748
Net debt/(excess cash and cash equivalents)	23,309,751-	55,101

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Gearing	-	-
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12. Progress On Follow Up of Prior Year Auditor’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
Unsupported Bursaries Disbursements	<p>The statement of financial performance reflects disbursements to beneficiaries of Kshs. 99,873,743. Audit review of the bursary application, vetting and approval processes revealed the application forms were not duly filled by the applicants (students) and ward bursary fund committee officials. In addition, Management did not provide for audit review the ward bursary committee members appointment/renewal letters, their national identity card details, copies of their secondary school level education certificate and other relevant professional trainings certificates.</p> <p>In the circumstances, accuracy and</p>	.Management later provided the required documentations for audit review	Resolved	June, 2023

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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)
	validity of bursaries to all the eligible applicants could not be confirmed			
Budgetary Control and Performance	<p>The summary statement of comparison of budget and actuals reflects a receipt budget of Kshs.51,500,000 and Nil receipt as a result of failure to disburse the allocated funds by the County Treasury.</p> <p>Similarly, the statement of comparison of budget and actual amounts: for the year ended 30 June, 2022 reflects expenditure budget of Kshs.51,500,000 and an actual expenditure of Kshs.100,214,906 mainly as a result of disbursement of bursaries from fund balance brought forward from the previous year.</p> <p>Revenue shortfall of Kshs. 51,500,000 is equivalent to</p>	During the said financial year bursary funds were not received from the county treasury	Resolved	June ,2023

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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)
	services budgeted for but not delivered to the residents of Homabay County.			
Overdrawn Bank Account	The statements of financial position reflect bank overdraft balance of Kshs.55, 101 as disclosed in Note 4 to the financial statement. Review of the cash and bank records revealed that the Fund bank account was overdrawn as a result of bank charges totalling to Kshs.69,500. This was contrary to the provisions of Regulation 82(7) of the PFM Regulations.	Management through there department of education and ICT account later transferred an amount of kshs.58, 000 to settle the overdraft amount.	Resolved	June 2023

Administrator of the fund

Name: Diana Ongere