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REPORT

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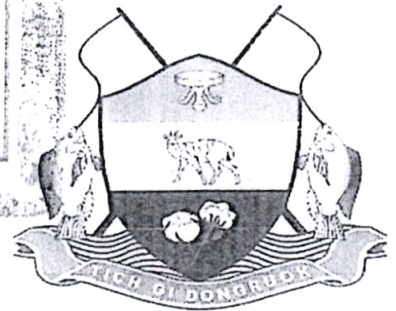
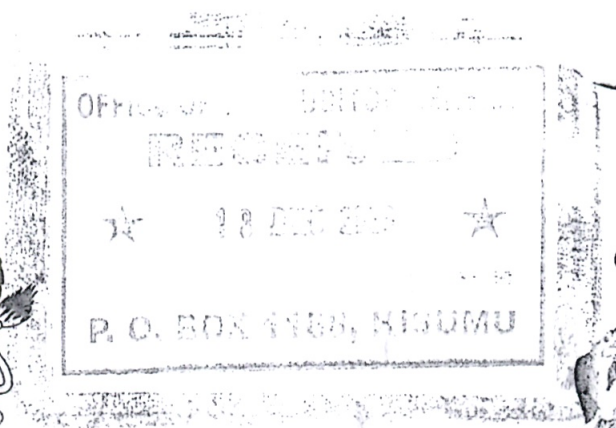
PAPERS LAID	
DATE	12/03/2024
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE
CLERK AT THE TABLE	CHEROP

THE AUDITOR-GENERAL

ON

**SIAYA COUNTY EDUCATION
BURSARY FUND**

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



SIAYA COUNTY BURSARY FUND

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

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

Siaya County Bursary Fund

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

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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility
*Provide a list of Acronyms and Key terms used in the financial report as per above example.
The list to be exhaustive)*

2. Key Entity Information and Management

a) Background information

Siaya County Education Bursary Fund is established by the County Government of Siaya and derives its authority and accountability from the Siaya County Education Bursary Act 2016 and its amendment of 2019. The Fund is wholly owned by the County Government of Siaya and is domiciled in Kenya.

The fund's objective as derived from the Siaya County Bursary Act, 2016 is to enhance access to education for the residents of the county, promote and increase enrolment, retention, and completion and transition rates in school as well as improve education standards and literacy levels which will in turn reduce poverty and inequality.

The Fund's principal activity is to provide bursary to the needy and vulnerable students to enable them continue with their education and uplift the transition rate in the exchange of different levels of institutions of learning and thereafter give the beneficiaries a chance to give back to the society in a sustainable manner.

b) Principal Activities

The principal mandate of the Fund is to enhance access to education for the residents of Siaya County.

c) Board of Trustees/Fund Administration Committee

1	Chairman of the Board	Mr. Joseph Ochieng' Ong'ech
2	Chief Officer (<i>Responsible department</i>)	Mr. Henry Ouma
3	Committee Member	Mr. Sam Opondo
4	Committee Member	Mr. Nicolas Oyucho
5	Committee Member	Mr. Victor Owino Owiti
6	Committee Member	Mrs. Vicky Onyango
7	Committee Member	Mr. Mathews Olum
8	Committee Member	Mr. Vincent Musewe
9	Committee Member	Mr. George Haya
10	Committee Member	Mr. Maurice Obara

Siaya County Bursary Fund

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

d) Key Management Steam

1	Fund Administrator	Mr. Henry Ouma
2	Director of Finance	CPA Christine Okoth
3	Accountant	CPA Michael Ochieng

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2023 were:

1.	Siaya County Assembly	Overall oversight of County operations
2.	Public Accounts and Investments Committee	Interrogation of FY 2021/2022 OAG reports
3.	Budget and Appropriations Committee	Preparation of Appropriation bill
4.	Controller of Budget	Authorization of withdrawals from CRF
5.	Office of the Auditor General	Audit of Financial statements for FY 2021/2022

f) Registered Offices

Culture Centre,
P.O. Box 803-40660
Siaya, Kenya.

g) Fund Contacts

Telephone: (254)-723411095
E-mail: ouma_onyango@yahoo.com
Website: www.siaya.go.ke

h) Fund Bankers

1. Kenya Commercial Bank
Siaya, Kenya

i) Independent Auditors

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







j) Principal Legal Adviser

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

k) County Attorney

County Attorney,
P.O. Box 803-40660,
Siaya, Kenya.

Siaya County Bursary Fund**Annual Report and Financial Statements for the year ended June 30, 2023****3. Fund Administration Committee**

S/N	Photo	Name	Responsibility	Qualification and Experience
1		Mr. Joseph Ochieng' Ong'ech	Chairperson	Diploma in Education Management
2.		Mr. Henry Ouma	Secretary	Graduate Teacher
3.		Mr. Sam Opondo	Member	Graduate Teacher
4.		Mr. Nicolas Oyicho	Member	
		Mr. Victor Owino Owiti	Member	
5.		Mrs. Vicky Onyango	Member	
7.		Mr. Mathews Mugenya Olum	Member	
8.		Mr. Vincent Musewe	Member	Diploma in Social Work and Community Development
9.		CPA. George Haya	Member	Graduate
10.		Mr. Maurice Obara	Member	

Siaya County Bursary Fund

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

4. Management Team

1. Henry Ouma Fund Administrator	Bsc. Education
2. Stephen Opiyo Director- Education	Msc. HRM
3. CPA Michael Ochieng Accountant	B.com CPA
4. Dorothy Otieno Deputy Director-Education	Bsc. Education

Siaya County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5. Fund Chairperson's Report

It is my pleasure to present the annual report of Siaya County Education Bursary Fund which was created by the Siaya County Education Bursary Fund Act, 2016 and later on amended by an act 2019. The Bursary Fund was created to support needy students in Secondary Schools, Tertiary Colleges, Special Needs schools and Universities.

To manage the County Education Bursary fund, a County Bursary Committee consisting of 10(ten) members is charged with the responsibility oversight of the management of the fund.

The committee agreed on the documents that were mandatory on application by students which includes;

- a) Students' Birth Certificates
- b) Report cards (continuing students)
- c) Admission letters for form 1 students
- d) Fee structures
- e) Death/Burial certificates
- f) National ID for parents/ Guardian
- g) ID cards/certificate to confirm disability
- h) Chief's /sub-chief recommendation/Religious leaders and any other relevant supporting documents.

Challenges Encountered are as follows;

- 1. Released forms not reaching some of the needy students;
- 2. Inaccuracy in filling of Bursary application forms;
- 3. Delay by School heads in acknowledging receipt of funds/money; and
- 4. Failure by School heads to display beneficiary list in notice boards.
- 5. Delay in submission of the merit list by the ward bursary committees

Name: **Mr. Joseph Ochieng' Ong'eche** Signature:  Date: 18/12/2023
Chairperson of the Fund

6. Report of The Fund Administrator

Introduction

The Siaya County Bursary Fund is established under the Siaya County Education Bursary Fund Act., 2016 and amendment Act, 2019.

The Siaya County Education Bursary Fund had a budgetary allocation Kshs **75,000,000.00** in FY2022/2023. The Secretariat generated a work plan for the disbursement and it was adopted and passed by the County Bursary committee in July 2022.

The process of application began in October, 2022 and the vetting process took place on 10th and 11th January 2023. Since inception, the fund has been able to finance an average of 10,000 students in each financial year which is projected to rise with the proposal of a top up in total allocation. The main target is to fund at least 15000 students with 5000 students being fully funded to pursue the skills and artistry in the vocational training centres as in line with the Vision 2030.

Process

The process for the bursary started in July, 2022 where the forms were distributed to all the wards. The students were given a 4-week period to fill and submit the forms to their respective wards for vetting.

Vetting

Vetting was done in two levels as per the requirements of the Act. The ward bursary committees collected, vetted all the forms as received and came up with a list of beneficiaries for their respective wards. The lists were then forwarded to the secretariat for compilation.

The County Bursary Committee then vetted the ward lists through sampling method to ascertain the eligibility of the beneficiaries list from the wards. The verification went on successfully and the county list generated by December, 2022 which paved way for the requisition of the funds for the disbursement.

Challenges Encountered are as follows;

- a. Released forms not reaching some of the needy students;
- b. Inaccuracy in filling of Bursary application forms;
- c. Delay by School heads in acknowledging receipt of funds/money;
- d. Failure by School heads to display beneficiary list in notice boards.

The bursary is a public fund which the beneficiaries' have to be publicly notified

Siaya County Bursary Fund

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

7. Statement of Performance Against the County Fund's Predetermined Objectives

The Siaya County Education Bursary Fund had a budgetary allocation Kshs **75,000,000.00** in FY2022/2023. The Secretariat generated a work plan for the disbursement and it was adopted and passed by the County Bursary committee in July 2022.

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 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 Siaya County Education Bursary Fund 2019 Act is to:

- a) To increase the transition rates of the students from the different levels of learning.
- b) Enhance the literacy levels to enhance the development standards in the county
- c) To rekindle the dreams of the students who dropped out due to various reasons by encouraging and funding them to pursue courses in the vocational Training Centres
- d) To reduce poverty and inequality by enhancing access to funding for school

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Siaya County Education Bursary Fund	To disburse bursary to needy and vulnerable students in the county	Increase transition rates in the different levels of institutions as well as create a more sustainable society.	Increased transition rates as well as completion rate of the students on the beneficiary list.	In FY 2022/2023, a total of 10,100 students benefited from the disbursement upon reopening of the institutions of learning.
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8. Corporate Governance Statement

The Siaya County Education Bursary Fund known as the Bursary is composed of a chairman elected by the members, Chief Officer Education who is the secretary, County Director of Education who is a member and seven (7) persons appointed by CEC member for education having a member representing women, youth and persons with disability. The above members are entitled at least four sittings in a year with a remuneration stipulated in the SRC circular.

The functions of the Fund Committee;

1. To oversight the process of bursary awarding right from public awareness or civic education, application by the beneficiaries
2. Verification of the application forms, the committee MUST verify beneficiaries at school level to rule out the chances of awarding ghost beneficiaries before identifying eligible vulnerable students
3. Awarding of the bursary and returns from schools to formulate policies for regulating the disbursement, management of bursaries and to advise the CEC member on bursary disbursement.
4. Determining the amount of education grant, bursary as case may be, to be awarded to each approved applicant.
5. Creating awareness among the residents of the ward about the fund
6. Preparing and submitting to the County Executive Member the annual report

Appointment into the committee

The committee members are constituted under the provisions of the Bursary Act section 2(d), (e), (f), (g) and (h).

The current committee meets the minimum requirements for appointment.

Trainings

The fund committee had undergone induction and training since its inauguration in January 2020. During the induction, the fund committee was reminded on issues of integrity and conduct of business as per the stipulations of the Act and their mandate on the following scopes:

- Secrecy/Confidentiality to all information during the appropriation of the Fund must be upheld.
- Avoiding conflict of interest during appropriation
- Fines and penalties to those who are found guilty of offences.
- The distribution of the bursary fund as per the aspiration and regulations of the Act
- The vulnerability threshold for award of the bursary.

Committee meetings

During the FY 2022/2023as at the end of second quarter, the County Bursary Committee had 2 meetings that culminated to the approval of disbursement of the fund.

9. Management Discussion and Analysis

It is my pleasure to present the Siaya County Bursary Fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the Fund over the past year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

a. Financing of the County Governments

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. They key local revenue sources for Siaya County included business permits, land rates, business plan approval, plot rents, cesses and various other administrative charges.

b. Financial Performance

Receipts

The bursary budgetary allocation for FY 2022/2023 was Kshs75, 000,000.00

The act provides for administrative expenses of not more than 3% of the total monies consisting of the fund. From the allocation as per the budget of Kshs 75,000,000.00 the allocation for administrative expenses was Kshs 2,250,000.00

The fund received Kshs.75, 000,000 as transfers from County Treasury and a brought forward of Kshs.18, 603,047.01 from the previous financial year

Payments

During the year under review Bursary to students amounted to Kshs.91, 177,329.50 and Administration expenses amounted to Kshs. 2,224,200

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

Spatial Development Framework (SDF) sets out the principles to be used to decide the right development to promote economic growth within the county taking into consideration spatial disparities. The proposed strategies include:

1. Setting industrial incubation centres and initiating agro-processing value addition.
2. Pursuing mining resources to increase revenue generation.
3. Revitalization of the blue economy to improve fishing resources
4. Undertake sustainable tourism and ecotourism.
5. Targeted infrastructural development in trading centres such as markets to connect electricity (street lighting and solar power), establish stall markets, connect water and sanitation.
6. Enhance financial capacity of local traders by availing credit facilities
7. Expand the resource base by pursuing resource mobilization from public finance, private finance and public-private financing.
8. Expanding the role of SME and MSE contribution to the local economy.
9. Tapping into Foreign Direct Investments (FDI) as a driver of investment.

2. Environmental performance

Environment is a broad term representing the totality of the surrounding such as plants, animals, microorganisms, socio economic and cultural factors. It includes the physical factors of the surroundings of human beings such as land, water, atmosphere, sound, odour, taste; the biological factors of animals and plants and the social factors of aesthetics including both natural and built environment. The right to a clean and healthy environment is one of the rights safeguarded under the Constitution of Kenya, 2010. To ensure its protection not only for the present generation, but also the future generations as envisioned, it is critical that Siaya County puts in place measures to conserve the environment. The main activities contributing to environmental degradation in the County include unsustainable land use practices, poor soil and water management practices, unsustainable fishing, and deforestation, overgrazing, over exploitation of wetland resources, encroachment of riparian reserves, pollution and effects of climate change. To address the challenges, the county outlines a strategy to promote sustainable natural resource management in

Siaya County focusing on the following aspects: Reforestation of gazetted forests; Provision and protection of migratory corridors; Protection of water catchment and environmentally fragile ecosystems and Provision and protection of migratory corridors (areas connecting wildlife population but are separate from human activities or structures i.e. roads). This will help to re-establish population of wildlife (crocodiles, warthogs, monkeys, birds, antelopes, leopards, hyenas, squirrels and snakes) which had been reduced due to events such as fires, human wildlife conflict arising from habitat fragmentation where urbanization splits up habitats. The county has also identified wetlands along the Lakes i.e. Lake Victoria and Lake Kanyaboli as well as County rivers as strategic migratory corridors. It also proposes the use of riparian areas along rivers, lakes and other water bodies for utilization as migratory corridors.

3. Employee welfare

The County has an approved structure and establishment, however, the establishment is yet to be implemented fully and with a big mismatch with the skills and competencies needed to drive the County's development agenda. The Agriculture led development model is a major paradigm shift that introduces approaches and innovations in execution. To realise this development goal, a change management approach is required and it involves the identification and assignment of champions across all sectors. The approach also requires realignment of roles and responsibilities and drawing a staff framework to support the desired change. Such a framework will lead to the restructuring and reorganisation of departments such as Agriculture, Trade and Enterprise. As a result of restructuring there will be the abolishment of offices that do not align with the desired Plan. It will also require strategic recruitment, training and tooling to align the staff to the desired change.

Currently, there is no established policy to guide Human Resource development, limited capacity in Directorate of Human Resource Management and the County Public Service Board; weaknesses in the recruitment and promotion processes; lack of clarity in career progression paths, skill development and relevant training plans. To address these challenges, the county will develop and implement a Human Resource Management and Development Policy, institute a performance management system, and review the staff establishment to align it to the new development approach for the County.

4. Market place practices-

The weaknesses in the value chains for agriculture have an interactive relationship with weak market systems. The aggregation, bulking, wholesale and retail systems are under-developed. As part of the agenda to transform Siaya through investment in agriculture, one of the five priority areas is the development of market systems to support the anchor value chains.

The plan is to promote and facilitate the development of a strong network of direct market players such as producers, buyers, and consumers; suppliers of supporting goods and services such as finance, equipment and business consulting; and entities that influence the business environment such as regulatory agencies and County Government Departments, infrastructure providers and business associations. The envisaged market structures and systems will include storage, ICT support, road networks that facilitate movement and confluence of goods and people and a command area with an anchor value chain each linked to a market centre. In this respect, Yala is envisaged as the market centre for the dairy value chain, the Ugunja for the avocado value chain, Bondo for the fish value chain, Rarieda for the fruit and cotton value chain, Alego Usonga for the poultry and rice value chain.

Arising from lack of commercialization of agriculture in Siaya, the farmer-led producer organisations remain few and the existing ones are weak in their operations. This lack of high-capacity in farmer organisations limits smallholder integrations into value chains, raising transaction cost and reduces competitiveness. As a result of this, farmers end up with high post-harvest losses causing the farmers to engage in distress sales of produce at lower prices. The county will place a strong focus on the development of high capacity producer organisations, savings and credit (saccos) and cooperative unions to enhance commercialization and market participation for farmers while boosting productivity through improved access to quality input and extension services and finance and credit. The county will also focus on establishing thirty ward based cooperative SACCOs and federation of these ward based SACCOs into six cooperative unions at sub-county level. Critical to the success of these saccos will be training on corporate governance, linkage to market systems and input supply chains.

5. Community Engagements-

The County Government is fostering interaction with businesses, NGOs and other key stakeholders to address social problems through Corporate Social Responsibility (CSR) agenda. Various sectors have partnered with NGO's to provide CSR services. In health sector, the county has partnered with NGO's to provide polio vaccine to new born in the communities, training of expectant mothers, providing mosquito nets and providing food supplements. In agriculture, through partners, farmers have benefitted from free extension services, provision of certified seeds and fertilizers, provision of fingerlings and fishing gears.

Siaya County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

11. Report of The Trustees

Siaya County Bursary fund does not have Board of Trustee since it's not provided for in the Act

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 established by *(The Fund should state the appropriate legislation establishing the 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 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, 2023. 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 *(quote the applicable legislation establishing the County Public Fund)*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, 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. OR

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 11 July 2023 and signed on its behalf by:

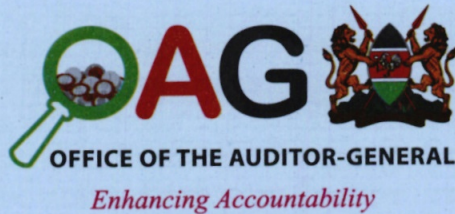


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Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SIAYA COUNTY EDUCATION BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Siaya County Education Bursary Fund set out on pages 20 to 70, which comprise of the statement of financial position as

at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the 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 Siaya County Education Bursary Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Siaya County Education Bursary Act 2016.

Basis for Qualified Opinion

1. Unsupported Transfer of Funds

The statement of financial position as at 30 June, 2023 reflects cash and cash equivalents balance of Kshs.22,044 and as disclosed in Note 12 to the financial statements. Review of the bank statement of the Fund reflected a receipt and a corresponding payment of Kshs.3,372,600. Although the Management has explained that the transfer was erroneously made to the Fund instead of Siaya Culture and Tourism, it is not clear why the funds were not refunded to the County Revenue Fund where it had been received from.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.22,044 could not be confirmed.

2. Unsupported Bursary to Students

The statement of financial performance reflects an expenditure of Kshs.93,401,529 in respect to use of goods and services which, as disclosed in Note 7 to the financial statements includes Kshs.91,177,329 in relation to bursary to students. However, the ledgers provided for audit review reflects an amount of Kshs.74,130,000 resulting to a variance of Kshs.17,074,329 which has not been explained or reconciled. This was contrary to the year-end procedures guidelines which required the Accounting Officer to ensure accuracy of the financial statements. Further, no evidence was provided to indicate how the bursary beneficiaries were identified. In addition, no acknowledgement by the beneficiary schools was provided for audit review.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.91,177,329 on bursary to students could not be confirmed.

3. Presentation of Financial Statements

- i. Review of the financial statements and notes to the financial statements revealed that Notes 1, 3, 4, 5, 6, 8, 10, 11, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22 and 23 reflected in the

statement of financial performance and financial position do not have amounts to support the financial statements and are therefore redundant.

- ii. The statement of financial position reflects an amount of Kshs.22,044 under cash and cash equivalents and a net asset balance of a similar amount. However, the statement of cash flows incomplete as it does not reconcile the opening and closing cash and cash equivalent balances to agree with the reported amounts.

In the circumstances, the accuracy of the statement of cash flows as presented could not be confirmed.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects a final expenditure budget of Kshs.75,000,000 against an actual of Kshs.93,581,002 resulting to an over expenditure of Kshs.18,581,002 or 25% of the budget yet there was no evidence of funding being provided by County Government to cover the excess budget. Failure by Management to observe the financial discipline may lead to the Fund not achieving the desired objectives.

My opinion is however not modified in respect of the above matter.

Key Audit Matters

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

Other Matter

Progress on Follow Up of Prior Year Auditor's Recommendations

As disclosed in the progress on follow up of auditor's recommendations section of the financial statements, the prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided satisfactory reasons for the delay in resolving the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with the Public Procurement Regulations

The statement of financial performance reflects use of goods and services which, as disclosed in Note 7 to the financial statements includes an expenditure of Kshs.2,224,200 in respect of administration fees. Review of the expenditure revealed that Management made cash expenditures totalling to Kshs.382,000 charged to various items.

Although the respective amounts of expenditure in various cases were above the threshold for low value procurement method, the Management of the Fund did not apply alternative procurement methods as required under Section 91 of the Public Procurement and Asset Disposal Act, 2015 but procured these goods and services directly through cash purchases.

In the circumstances, the propriety and value for money on the expenditure of Kshs.382,000 could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

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, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Internal Audit Review

During the year under review, it was noted that there was no internal audit review of the Fund's activities contrary to Section 153(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Internal Auditor to review the effectiveness of the financial and non-financial performance management systems of the entities.

In the absence of constant reviews by the internal audit unit, the effectiveness of internal control and risk management in relation to the Fund for the year ended 30 June, 2023 could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

Those charged with governance are 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

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Management's use of applicable accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My

conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 January, 2024

Siaya County Bursary Fund

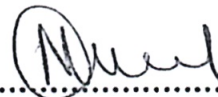
Annual Report and Financial Statements for the year ended June 30, 2023

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

Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1		
Transfers From the County Government	2	75,000,000.00	150,000,000.00
Fines, Penalties and Other Levies	3		
Revenue From Exchange Transactions			
Interest Income	4		
Other Income	5		
Total Revenue			
		75,000,000.00	150,000,000.00
Expenses			
Employee Costs	6		
Use of goods and services	7	93,401,529.00	136,626,218.00
Depreciation and Amortization Expense	8		
Finance Costs	9	179,473.55	
Total Expenses			
		93,581,002.55	136,626,218.00
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10		
Gain /Loss on fair value of investments	11		
Surplus/(Deficit) for the Period			
		- 18,581,002.55	13,089,382.00



Name:
Administrator of the Fund



Name:
Fund Accountant
ICPAK Member Number:

Siaya County Bursary Fund

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

15. Statement of Financial Position As at 30 June 2023

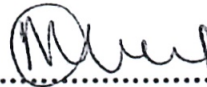
Assets			
Current Assets			
Cash and Cash Equivalents	12	22,044.46	18,603,047.01
Current Portion of Long- Term Receivables From Exchange Transactions	13		
Prepayments	14		
Inventories	15		
Investments in financial assets	16		
Total current assets		22,044.46	18,603,047.01
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	-	-
Investment Property	19	-	-
Total non- current assets		-	-
Total Assets		22,044.46	18,603,047.01
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		-	-
Net Assets		22,044.46	18,603,047.01
Revolving Fund			
Reserves		18,603,047.01	
Accumulated Surplus		- 18,581,002.55	18,603,047.01
Total Net Assets and Liabilities		22,044.46	18,603,047.01

Siaya County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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 1 July 2023 and signed by:



.....
Name: Dr. Nicholas Kut Ochogo
Administrator of the Fund



.....
Name: CPA. Michael Ochieng
Fund Accountant
ICPAK Member Number: 30599

Siaya County Bursary Fund

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

16. Statement Of Changes in Net Assets for the year ended 30th June 2023

Balance As At 1 July 2021			5,513,665.01	5,513,665.01
Surplus/(Deficit) For the Period			13,089,382.00	13,089,382.00
Funds Received During the Year				-
Transfers				-
Revaluation Gain				-
Balance As At 30 June 2022			18,603,047.01	18,603,047.01
				-
Balance As At 1 July 2022			18,603,047.01	18,603,047.01
Surplus/(Deficit) For the Period			-18,581,002.55	-18,581,002.55
Funds Received During the Year			-	-
Transfers			-	-
Revaluation Gain			-	-
Balance As At 30 June 2023			22,044.46	22,044.46

Siaya County Bursary Fund

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

17. Statement of Cash Flows for The Year Ended 30 June 2023

Cash flows from operating activities			
Receipts			
Public contributions and donations			
Transfers from the county government		75,000,000.00	150,000,000.00
Interest received			
Receipts from other operating activities			
Total receipts		75,000,000.00	150,000,000.00
Payments			
Fund administration expenses		2,224,200.00	
General expenses		91,177,329	136,626,218.00
Finance cost		179,473.55	283,770.00
Other payments			
Total Payments		93,581,002.55	136,909,988.00
Net cash flows from operating activities	24	-	-
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets			
Proceeds from sale of property, plant & equipment			
Proceeds from loan principal repayments			
Loan disbursements paid out			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts			
Additional borrowings			
Repayment of borrowings			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		-18,581,002.55	13,090,012.00

Siaya County Bursary Fund

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

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

	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations						
Transfers From County Govt.	75,000,000.00	-	75,000,000.00	75,000,000.00	-	100.00
Interest Income				-	-	
Other Income				-	-	
Total Income	75,000,000.00	-	75,000,000.00	75,000,000.00	-	100.00
Expenses						
Fund Administration Expenses	2,250,000.00		2,250,000.00	2,224,200.00	25,800.00	98.85
General Expenses	72,750,000.00		72,750,000.00	91,177,329.00	-18,427,329.00	125.33
Finance Cost			-	179,473.55	179,473.55	
Total Expenditure	75,000,000.00		75,000,000.00	93,581,002.55	18,581,002.55	124.78
Surplus For the Period	-	-	-	18,581,002.55	18,581,002.55	24.78
Capital expenditure						

Budget notes

- 1. The 125.33% and 124.78 % for General expenses and Total expenses respectively was a result of balance brought forward of Kshs.18,603,667.01 from financial year 2021-2022 that was utilized during the year under review*
- 2. There was no change between original and final budget*

19. Notes to the Financial Statements

1. General Information

xxx entity is established by and derives its authority and accountability from xxx Act. The entity is wholly owned by the xxx County Government and is domiciled in Kenya. The entity’s principal activity is xxx.

2. Statement of compliance and basis of preparation

The Fund’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <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;

Siaya County Bursary Fund (County Government Of Siaya)
Annual Report and Financial Statements for the year ended June 30, 2023

	<ul style="list-style-type: none"> • 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.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

Siaya County Bursary Fund (County Government Of Siaya)
Annual Report and Financial Statements for the year ended June 30, 2023

	Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<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>

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

IPSAS 43	<p><i>Applicable 1st January 2025</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 cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

Siaya County Bursary Fund (County Government Of Siaya)
Annual Report and Financial Statements for the year ended June 30, 2023

<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</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 the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

3. 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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 20xx was approved by the County Assembly on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of xxxxx on the FY 20xx 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.

Summary of Significant Accounting Policies (Continued)

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

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

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 cost is 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.

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an 2-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

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) are set out in *Note xx*.

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) 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.

h) 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.

i) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

j) 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.

Contingent assets

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

k) 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.*

l) 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.

m) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

n) 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.

o) 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.

p) Related parties

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

q) 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.

r) Comparative figures

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

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

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

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

6. Notes To The Financial Statements

1. Public contributions and donations

Donation From Development Partners		
Contributions From The Public		
Total		

(Provide brief explanation for this revenue)

2. Transfers from County Government

Transfers From County Govt. –Operations	75,000,000	150,000,000
Payments By County On Behalf Of The Entity		
Unconditional Development grants		
Total	75,000,000	150,000,000

3. Fines, penalties and other levies

Late Payment Penalties		
Fines		
Total		

4. Interest income

Interest Income from Mortgage Loans		
Interest Income From Car Loans		
Interest Income From Investments in financial assets		
Interest Income On Bank Deposits		
Total Interest Income		

Siaya County Bursary Fund (County Government Of Siaya)
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

5. Other income

Insurance Recoveries		
Income from Sale of Tender Documents		
Bad debts recovered		
Miscellaneous Income		
Total Other Income		

6. Employee Costs

Salaries And Wages		
Staff Gratuity		
Staff Training Expenses		
Social Security Contribution		
Other (<i>Specify</i>)		
Total		

7. Use of Goods and Services

Bursary to Students	91,177,329.00	134,422,000.00
Loan Processing Costs		
Professional Services Costs		
Administration Fees	2,224,200.00	2,204,218.00
Committee Allowances		
Bank Charges		
Electricity And Water Expenses		
Fuel And Oil Costs		
Bank Charges		
Other (<i>Specify</i>)		
Social benefit expenses*		
Total	93,401,529.00	136,626,218.00

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8. Depreciation and Amortization Expense

Property Plant and Equipment		
Intangible Assets		
Total		

9. Finance costs

Bank Charges	179,473.55	283,770.00
Interest On Loans From Banks		
Total	179,473.55	283,770.00

10. Gain/(loss) on disposal of assets

Property, Plant and Equipment		
Intangible Assets		
Total		

11. Gain/ (loss) on Fair Value Investments

Investments at Fair Value- Equity investments		
Fair value – Investment property		
Fair value- other financial assets (specify)		
Total Gain		

Siaya County Bursary Fund (County Government Of Siaya)
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12. Cash and cash equivalents

Current Account	22,044.46	18,603,047.01
Others (<i>Specify</i>)		
Total Cash And Cash Equivalents	22,044.46	18,603,047.01

Notes to the Financial Statements Continued

D

a) Current Account			
Kenya Commercial Bank	1149007931	22044.46	18,603,047.01
Bank B			
Sub- Total		22,044.46	18,603,047.01
b) Others(Specify)			
Cash In Transit			
Cash In Hand			
Sub- Total			
Grand Total		22,044.46	18,603,047.01

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

13. Receivables from exchange transactions

Current Receivables		
Interest Receivable		
Current Loan Repayments Due		
Other Exchange Debtors		
Less: Impairment Allowance		
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due		

Siaya County Bursary Fund (County Government Of Siaya)
Annual Report and Financial Statements for the year ended June 30, 2023

Total Non- Current Receivables		
Total Receivables From Exchange Transactions		

Additional disclosure on interest receivable

	2022/2023	2021/2022
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years		
Accrued interest receivable from of long-term loans of previous years		
Interest receivable from current portion of long-term loans issued in the current year		
Current loan repayments due		
Current portion of long-term loans from previous years		
Accrued principal from long-terms loans from previous periods		
Current portion of long-term loans issued in the current year		

14. Prepayments

	2022/2023	2021/2022
Prepaid Rent		
Prepaid Insurance		
Prepaid Electricity Costs		
Other Prepayments (<i>Specify</i>)		
Total		

15. Inventories

	2022/2023	2021/2022
Consumable Stores		
Spare Parts And Meters		
Catering		
Other Inventories (<i>Specify</i>)		

Siaya County Bursary Fund (County Government Of Siaya)
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Notes To the Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
At 1st July (Previous FY)					
Additions					
Disposals					
Transfers/Adjustments					
At 30th June (Previous FY)					
At 1st July (Current FY)					
Additions					
Disposals					
Transfer/Adjustments					
At 30th June (Current FY)					
Depreciation And Impairment					
At 1st July (Previous FY)					
Depreciation					
Impairment					
At 30th June (Previous FY)					
At 1st July (Current FY)					
Depreciation					
Disposals					
Impairment					
Transfer/Adjustment					
At 30th June (Current FY)					
Net Book Values					
At 30th June (Previous FY)					
At 30th June (Current FY)					

Siaya County Bursary Fund (County Government Of Siaya)
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

18. Intangible assets

Description		
Cost		
At Beginning of The Year		
Additions		
At End of The Year		
Amortization And Impairment		
At Beginning of The Year		
Amortization		
At End of The Year		
Impairment Loss		
At End of The Year		
NBV		

19. Investment Property

Description		
At beginning of the year		
Additions		
Disposal during the year		
Depreciation		
Impairment		
Gain/(loss) in fair value (if fair value is elected)		
At end of the year		

Siaya County Bursary Fund (County Government Of Siaya)
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description				
Trade Payables				
Refundable Deposits				
Accrued Expenses				
Other Payables				
Total Trade and Other Payables				
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total (tie to above total)				

21. Provisions

Description				
Balance At the Beginning Of The Year				
Additional Provisions				
Provision Utilised				
Change Due To Discount And Time Value For Money				
Transfers From Non -Current Provisions				
Balance At The End of The Year				

Siaya County Bursary Fund (County Government Of Siaya)
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

22. Borrowings

Description		
Balance At Beginning of The Period		
External Borrowings During the Year		
Domestic Borrowings During the Year		
Repayments Of External Borrowings During the Period		
Repayments Of Domestic Borrowings During the Period		
Balance At End of The Period		

The table below shows the classification of borrowings into external and domestic borrowings:

Description		
External Borrowings		
Dollar Denominated Loan From 'X Organization'		
Sterling Pound Denominated Loan From 'Y Organization'		
Euro Denominated Loan from Z Organization'		
Domestic Borrowings		
Kenya Shilling Loan From KCB		
Kenya Shilling Loan from Barclays Bank		
Kenya Shilling Loan from Consolidated Bank		
Borrowings From Other Government Institutions		
Total Balance at End of The Year		

The table below shows the classification of borrowings long-term and current borrowings:

Description		
Short Term Borrowings (Current Portion)		
Long Term Borrowings		
Total		

Siaya County Bursary Fund (County Government Of Siaya)
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation					
Non-Current Benefit Obligation					
Total					

24. Social Benefit Liabilities

Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
Elderly social benefit scheme		
Bursary social benefits		
Total		
Current social benefits		
Non- current social benefits		
Total (tie to totals above)		

Siaya County Bursary Fund (County Government Of Siaya)
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Notes To The Financial Statements (Continued)

25. Cash generated from operations

2023		
Description	2023	2022
Surplus/ (Deficit) For the Year Before Tax		
Adjusted For:		
Depreciation		
Amortisation		
Gains/ Losses On Disposal Of Assets		
Interest Income		
Finance Cost		
Working Capital Adjustments		
Increase In Inventory		
Increase In Receivables		
Increase In Payables		
Net Cash Flow From Operating Activities		

Siaya County Bursary Fund

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Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	FY 2022-2023	FY 2021-2022
Transfers From Related Parties'		
Transfers To Related Parties		

c) Key management remuneration

Description	FY 2022-2023	FY 2021-2022
Board Of Trustees		
Key Management Compensation		
Total		

d) Due from related parties

Description	FY 2022-2023	FY 2021-2022
Due From Parent Ministry		
Due From County Government		
Total		

Siaya County Bursary Fund
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Other Disclosures Continued

e) Due to related parties

Due To Parent Ministry		
Due To County Government		
Due To Key Management Personnel		
Total		

27. Contingent assets and contingent liabilities

Court Case Xxx Against the Fund		
Bank Guarantees		
Total		

(Give details)

Notes To The Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the 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:

At 30 June 2022				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				
At 30 June 2021				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				

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

Siaya County Bursary Fund
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Notes To The Financial Statements (Continued)

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 xxxx

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.

Description				
At 30 June (Current FY)				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				
At 30 June (Comparative FY)				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				

Notes To The Financial Statements (Continued)

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.

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:

At 30 June (Current FY)			
Financial Assets			
Investments			
Cash			
Debtors/ Receivables			
Liabilities			
Trade And Other Payables			
Borrowings			
Net Foreign Currency Asset/(Liability)			

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

Siaya County Bursary Fund
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Notes To The Financial Statements (Continued)

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.

Description	Change in Exchange Rate	Impact on Profit	Impact on Loss
(Current FY)			
Euro	10%		
USD	10%		
(Comparative FY)			
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. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs . A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs.

Siaya County Bursary Fund

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Notes To The Financial Statements (Continued)

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:

Description	FY 2022-2023	FY 2021-2022
Revaluation reserve		
Revolving fund		
Accumulated surplus		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing		

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by xxx Act (*state the legislation establishing the Fund*) under the Ministry of xxx. Its ultimate parent is the County Government of XXX.

31. Currency

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

**Siaya County Bursary Fund
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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. of the external audit Report	Issue / Observations	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Variances between the ledger and financial statements	The statement of financial performance reflects an expenditure of Kshs.134,422,000 under bursary to students. However, the ledgers provided for audit review reflects an amount of Kshs.134,765,000 as at 30 June 2022 resulting in an unexplained variance of Kshs.343,000. This was contrary to the year-end procedures guidelines which	The schedule which amounts to Ksh 134,765,000 was based on raw data which was later cleaned to agree with the figure of Ksh 134,422,000 reported in the financial statements	The issue was forwarded to the County Assembly for action awaiting response	

Siaya County Bursary Fund

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

No. of the External Audit Report	Description of the Issue	Management Comments	Status (Resolved/Not Resolved)	Timeframe (Date when you expect the issue to be resolved)
	<p>required the Accounting Officer to ensure accuracy of the financial statements.</p> <p>In the circumstances, the accuracy and completeness of the expenditure of Kshs.134,422,000 reflected in the financial statements for the year ended 30 June, 2022 could not be confirmed.</p>			
<p>2. Bank Reconciliation Statements</p>	<p>The Statement of Financial Position as at 30th June 2022 reflects cash and cash equivalents</p>	<p>The cash book has been adjusted and rejected payments included in the cash book. Hence no variance.</p>	<p>The issue was forwarded to the County Assembly for action awaiting response</p>	

Siaya County Bursary Fund
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		Status	Financials
		(Reserve)	(Fund)
		(Ksh)	(Ksh)
		(2022)	(2022)
	<p>balance of Kshs.18,603,677. However, a review of the bank reconciliation statement of the Fund had the following unsatisfactory issues:</p> <p>i. The bank reconciliation as at 30 June 2022 for the Fund reflects balance as per cashbook of Kshs.17,309,265. However the statemen</p>	<p>Receipts amounting to Ksh 1,417,892 which represents rejected payments have been written back into the cash book. Similarly bank charges amounting to Ksh 123,480 have been captured in the cash book.</p> <p>Ksh 2,027 appearing in the reconciliation is erroneous and has since been corrected</p>	

Siaya County Bursary Fund

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

Reference Number Internal Audit Report	Nature Observations Findings	Management Comments	Status (Resolved/ Not Resolved)	Timeframe; (If it is date when im- proved or, less to be resolved)
	<p>t of financial position reflects Kshs.18, 603,677 resulting to a variance of Kshs.1,2 94,412.</p> <p>ii. The bank reconcili ation statemen t for June, 2022 reflects receipts in bank statemen t not in cash book totalling to Kshs.1,4</p>			

Siaya County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Reference No. of the External Audit Report	Observations and Comments	Management Responses	Status of Response	Financial Impact on the Statement
	<p>17,892 and payment s in bank statemen t in respect of bank charges not in cash book totalling to Kshs.123 ,480 whose clearanc e status was not availed for audit verificati on.</p> <p>iii. In addition, the bank reconcili ation</p>			

Siaya County Bursary Fund
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Reference No. or ID# of Internal audit report	Issue Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>statements provided for audit review reflected analysis of Kshs.2,027 being payments in the cashbook not in the bank statement (unpresented cheques)</p> <p>However, the bank adjusted cashbook balance of</p>			

Siaya County Bursary Fund

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Reference	Description	Amount	Date	Remarks
	<p>Kshs.17,309,265 does not include this reconciling item. Further, no reason has been given for failure to replace or reverse them in the cash book.</p> <p>In the circumstances, it was not possible to confirm the accuracy and completeness of cash and cash equivalent balance of Kshs.18,603,677 as at 30 June 2022</p>			

**Siaya County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Reference Number General Audit Report	Nature Observations from Auditor	Management Comments	Status: (Resolved/ No Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>3. Lack of Internal Audit Reports</p>	<p>During the year under review, it was noted that there was no internal audit review of the Fund's activities contrary to Section 153 (1) of the Public Finance Management (County Government) Regulations which require that the Internal Auditor shall review the effectiveness of the financial and non-financial performance management systems of the entities.</p>	<p>The County Internal audit unit performs systems audit which is post audit. The last systems audit was performed for the FY 2020/2021. The Internal audit annual audit plan has scheduled to execute a systems audit on the Bursary Fund by the end of FY 2022/2023.</p>	<p>The issue was forwarded to the County Assembly for action awaiting response</p>	

**Siaya County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Reference No. of the Internal Audit Report	Issue Observation This Audit	Management Comments	Status The observed or expected control	Time frame When did when you expect to complete
	<p>In the absence of constant reviews by the internal audit unit the effectiveness of internal control and risk management in relation to the Fund for the year ended 30 June, 2021 could not be confirmed.</p>			
<p>3.Lack of an Approved Risk Management Process and IT Strategies</p>	<p>The Fund did not have an approved Risk Management Policy and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks as stipulated under</p>	<p>The Bursary fund management is yet to develop the Risk management policy.</p>	<p>The issue was forwarded to the County Assembly for action awaiting response</p>	

Siaya County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Reference Number/Title external audit report	Issue Observations from Auditor	Management Comments	Status: (Resolved/ Not Resolved)	Timeframe: (at a date when you expect the issue to be resolved)
	<p>Regulation 158 of the Public Finance Management (County Government) Regulations, 2015 which states that the Accounting Officer shall ensure that the County Government develops risk management strategies, which include fraud prevention mechanism; and the County Government develops a system of risk management and internal control that builds robust business</p>			

Siaya County Bursary Fund
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Reference: Nil 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)
	<p>operations. There was no formal risk assessment was conducted in the year under review. In absence of a formal approved risk management framework, ability to identify threats or risks and definition of strategy to eliminate or minimize the impact of the risks could be compromised. Further, the Fund through the County Government did not have an IT Strategic Committee that supports</p>			

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Report	Description	Management	Status	Implementation
	<p>business requirements and ensures that IT spending remains within the approved IT Strategic Plan; formally approved IT Security Policy to ensure data confidentiality, integrity and availability; formal, documented and tested emergency procedures; or copies of the IT continuity and disaster recovery plans kept off-site and backups stored in a secure off-site location and therefore crucial information may</p>			

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Annual Report				
Description		Amount	Spent	Balance
	not be recovered in the event of a disaster.			

Dr. Nicholas Kut Ochogo
Fund Administrator

Date.....

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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Address	Q1	Q2	Q3	Q4	Source Of Fund	Implementing Partners

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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

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