



REPORT



OF

THE AUDITOR-GENERAL

ON

**SIAYA COUNTY EDUCATION
BURSARY FUND**

**FOR THE YEAR ENDED
30 JUNE, 2019**

PAPERS LAID	
DATE	15-02-2022
TABLED BY	LEADER OF MAJORITY
COMMITTEE	
CLERK AT THE TABLE	M-ADJIBODU



SIAYA COUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

For the year ended June 30, 2019



SIAYA COUNTY EDUCATION BURSARY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

DEPARTMENT OF EDUCATION,
YOUTH TRAINING, SPORTS &
SOCIAL SERVICES

07 JAN 2020

CHIEF OFFICER
P. O. Box 803-40600, SIAYA

SIAYA COUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

For the year ended June 30, 2019

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DEPARTMENT OF EDUCATION,
YOUTH TRAINING, SPORTS &
SOCIAL SERVICES
07 JAN 2020
CHIEF OFFICER
P. O. Box 8-3-40690, SIAYA



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 07 JAN 2020
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 P. O. Box 803-40600, SIAYA

IV. CHAIRMAN'S STATEMENT

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. The Bursary Fund was created to support needy students in Secondary Schools, Tertiary Colleges and Universities.

To manage the County Education Bursary fund, a County Bursary committee consisting of 6 (six) members with the responsibility of running day to day activities of the fund was established.

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

- a) Students' Birth Certificates
- b) Report cards (forms 2,3,4)
- 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

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.

In the financial year ending 30th June 2019, the fund was awarded bursary funds to the tune of Kshs.150,816,880 (One hundred and fifty million, eight hundred and sixteen thousand, eight hundred and eighty) out of which Kshs.144,648,746 (One hundred and forty four million, six hundred and forty eight thousand, seven hundred and forty six only) was distributed to Schools and Institutions while Kshs.3,411,700 (Three million, four hundred and eleven thousand seven hundred only) was spent on administration of the fund with Kshs.29,407.50 spent on bank charges.

I consider this a big success as I anticipate full utilization of the fund resources in this coming financial year.


Chairperson – Fund committee



V. CORPORATE GOVERNANCE STATEMENT

The Siaya County Education Bursary Fund known as the Bursary is composed of a Chairman appointed by the Governor, CEC member for Education, Chief Officer Education who is the secretary, County Director of Education who is a member and three persons appointed by CEC member for education each representing women youth and persons living with disability. The above members are entitled to three sittings in a year with a remuneration stipulated in the SRC circular.

The functions of the Fund Committee;

To oversight the process of bursary awarding right from public awareness or civic education, application by the beneficiaries, verification of the application forms, the board MUST verify beneficiaries at school level to rule out the chances of awarding ghost beneficiaries before identifying eligible vulnerable students, 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.

Trainings

The fund committee has undergone induction and training since its inauguration in January 2016. During the induction, the fund committee was reminded on issues of integrity and misconduct as well as their mandate as follows.

1. Secrecy/Confidentiality to all information during the appropriation of the Fund must be upheld.
2. Avoiding conflict of interest during appropriation
3. Fines and penalties to those whole are found guilty of offences.



VI. REPORT OF THE FUND COMMITTEE

The fund committee submit their report together with un-audited financial statements for the year ended June 30, 2019 which show the state of the fund affairs.

Principal activities

The principal activities of the fund are continued award of bursary to needy students in Siaya County.

Results

The results of the fund for the year ended June 30, 2019 are set out on page 1 – 7.

Committee members

The members of the fund committee who served during the year are shown on page (iv). During the year no committee member retired/ resigned

Auditors

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


Chairperson – Fund committee



Finance Management (County Governments) Regulations, 2015 which states that Accounting Officers shall, in accordance with article 226(2) of the Constitution and Section 149(1) of the Act, be accountable to the County Assembly- for measures taken to prepare the financial reports that reflect a true and fair financial position of the entity

Consequently, the accuracy, occurrence, completeness and validity of the student bursary expenses amounting to Kshs.144,648,746 for the year ended 30 June, 2019 could not be confirmed.

4. Unsupported Current Liabilities - Undisbursed Bursary

Included in the statement of financial position under current liabilities is a balance of Kshs.4,710,298 being undisbursed bursary. However, the necessary documents namely, the cashbook, bank statements and relevant ledgers were not availed to support the figure. This is a contravention to Section 105(1)(d) of the Public Finance Management Act, 2012 which states that a County Treasury has such powers as are necessary to enable it to carry out its functions and responsibilities under this Act including - requiring county government entities to comply with all applicable norms or standards regarding accounting practices, budget classification systems and other public financial management systems as prescribed by the Accounting Standards Board.

Consequently, the accuracy and validity of undisbursed bursary of Kshs.4,710,298 as at 30 June, 2019 could not be confirmed.

5. Current Assets

5.1. Overdrawn Bank Balance

Examination of the bank reconciliation statement as at 30 June, 2019, revealed an overdrawn balance of Kshs.1,166,556 being the adjusted cash book balance while the statement of financial position of the Fund shows a cash at bank balance of Kshs.5,516,225 under current assets, thereby resulting in an unexplained difference of Kshs.6,682,781.

Further, no approval by the County Treasury was availed for audit review to support the adjusted overdrawn cash book balance of Kshs.1,166,556 contrary to section 82 (7) of the Public Finance Management (County Governments) Regulations, 2015 which states that no official county government bank account shall be overdrawn, nor shall any advance or loan be obtained from a bank account for official purposes beyond the limit authorized by the County Treasury in line with section 119 (4) of the Act.

Consequently, the accuracy and validity of the cash and cash equivalent balance of Kshs.5,516,224 could not be confirmed.

5.3 Rejected Cheques and Other Deposits

Examination of bank statements in respect to Siaya County Education Bursary Fund revealed unexplained receipts and deposits amounting to Kshs.22,093,907 in the Fund Account other than the normal transfers from Siaya County Treasury as at

30 June, 2019. The deposits were in respect to institutions such as UNICEF among others. However, no register for rejected payments recording the payments with reasons for rejection was availed for audit review in support of the bank deposits. Further, it was not clear how the payments were dealt with or disbursed later and if the respective beneficiaries and institutions received the approved funds.

This is contrary to Section 196(1) of Public Finance Management Act, 2012 which stipulates that a public officer shall not spend public money otherwise than authorized by the Constitution, an Act of Parliament or County legislation. Further sub-section 3 provides that a public officer shall not enter into any obligation that has financial implications for the national government budget or a county government budget unless the obligation is authorized by the Constitution, an Act of Parliament or an Act of a County Assembly.

Consequently, the accuracy and validity of the figure of Kshs.22,093,907 could not be confirmed.

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

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

Prior Year Matters

In the previous year's Report, several issues were raised under the Report on Financial Statements leading to a qualified opinion. The issues raised included understated receipts, understatement of accumulated surplus, understatement of undisbursed bursary, inaccuracy of cash and cash equivalents, unsupported administration expenses, budget performance, bursary issued to ineligible students, among others. The Fund management has not indicated in the financial statements how the issues were disposed of or resolved and there was no evidence provided to show that the issues had been deliberated by the relevant oversight Committee of the County Assembly.

Emphasis of Matter

1. Budget Performance

The statement of comparison of budget and actual amounts shows that the Fund's approved expenditure budget for the financial year 2018/2019 amounted to Kshs.114,656,992.

The analysis of comparison of budget and actuals is as shown below:

Expenditure	Approved Budget Kshs.	Actual Expenditure Kshs.	Variance Kshs.	Utilization %
Administration Expenses	3,375,000	3,411,700	36,700	101
Bursary to Students	111,231,866	144,648,746	33,416,880	130
Bank Charges	13,426	29,408	15,982	219
Total	114,656,992	148,089,854	33,432,862	129

During the year under review, Siaya County Education Bursary Fund incurred an expenditure of Kshs.148,089,854 or 129% of the approved budget of 114,656,992. Further, Kshs.37,167,609 being the amount which was the previous year's bank balance was omitted under the adjustment column of the budget statement. However, the over expenditure mainly on bursary to students and bank charges has not been explained by the Fund Management contrary to Section 42(1)(b) of Public Finance Management (County Governments) Regulations, 2015 which stipulate that an Accounting Officer shall ensure that public funds entrusted to their care are properly safeguarded and are applied for purpose for only which they were intended and appropriated by the county assembly.

Consequently, the Fund is in the breach of the law as no reallocation approvals were availed for audit verification.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

As required by Article 229(6) of the Constitution, based on the procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion, 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 public money has not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission of Financial Statements

The Fund Management submitted its financial statements to the Auditor-General on the 26 November, 2019 after the statutory deadline of 30 September, 2019. This is contrary to Section 47(1) Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

Consequently, the Management is in breach of the law.

2. Failure to Prepare Quarterly Financial Statements

The Fund Management did not prepare quarterly financial statements. This is a contravention of Section 168(1) of Public Finance Management Act, 2012 states that the administrator of a county public fund established by the Constitution, an Act of Parliament or county legislation, shall prepare quarterly financial statements for the fund in a form prescribed by the Accounting Standards Board. Further, Section 168(3) of the Act states that not later than 15 days after the end of each quarter, the administrator shall submit the quarterly report to the County Treasury and a copy to the Controller of Budget.

Consequently, the Management is in breach of the law.

3. Failure to Publish List of Beneficiaries at the County Website

The Fund Management did not upload the list of beneficiaries from the disbursement of bursary to the County Website Department of Education, Youth Affairs, Gender and Social Services from 1 July, 2018 to 30 June, 2019 denying the locals the opportunity to know who had been sponsored by the Fund. This is contrary to Section 21(1)(e) of Siaya County Education Bursary Fund Act, 2016 which States the Committee shall publish the list of beneficiaries in the County Government Website.

Consequently, the Management is in breach of the law.

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain limited assurance as to 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, because of the significance of the matters discussed in the Basis for Adverse Opinion, 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, based on the procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Independent Autonomous IT Function

The Siaya County Bursary Education Fund is an entity established under the Siaya County Education Bursary Fund Act, 2016. However, the Fund management has not established its own IT function and neither has it automated its financial processes but continues to rely on the manual accounting system. It is therefore not easy to confirm with accuracy and certainty of the information contained in the books of original entry (such as the Cash book) to the financial statements due to human errors and failure

to update the cash book. This is contrary to the applicable ICT standards as provided for by the regulating body - ICT Authority (ICTA). The ICTA standards define the processes that ensure the effective and efficient use of IT in enabling a government institution achieve its goals.

Further, the Fund does not have a documented IT Policy contrary to section 109(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that for efficient and effective utilization of electronic systems in processing financial data, the National Treasury shall develop and regularly issue standard operating procedures and instructions on the automated integrated financial management system operations, use and maintenance. Further, Section 110 (1) of the Regulations provides that the Accounting Officer for a county government entity shall institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity

Consequently, in the absence of a formally documented IT policy could lead to lack of a clear direction on the management and use of the IT systems in place and their related controls and may also fail to safeguard the assets of the Fund.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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.

In preparing the financial statements, Management is responsible for assessing the ability to continue to sustain 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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Fund 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review 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 non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Siaya County Education Bursary Fund 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 the going applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Siaya County Education Bursary 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 control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 January, 2022

VII. STATEMENT OF FUND COMMITTEE'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 and the Gazetted Regulations under which the Fund is regulated, require the Fund Administrator to prepare financial statements in respect of that fund, which give a true and fair view of the of the fund at the end of the financial year/period and the operating results of the fund for that year/period. The Fund Administrator is also required to ensure that the fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the fund. The Fund Administrator is also responsible for safeguarding the assets of the fund.

The Fund Administrator is responsible for the preparation and presentation of the fund's financial statements, which give a true and fair view of the of the fund for and as at the end of the financial year (period) ended on June 30, 2019. 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 Fund Administrator accepts responsibility for the fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the regulations under which the fund is managed. The Fund Administrators 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, 2019, and of the fund's financial position as at that date. The Fund Administrator further confirms the completeness of the accounting records maintained for the fund, which have been relied upon in the preparation of the fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The fund's financial statements were approved by the Committee on 25/09/2018 and signed on its behalf by:

Peter Otieno

Fund Administrator
PETER OTIENO



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REPORT OF THE AUDITOR-GENERAL ON SIIAYA COUNTY EDUCATION BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Siaya County Education Bursary Fund set out on pages 1 to 8, which comprise the statement of financial position as at 30 June, 2019, the statements 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Siaya County Education Bursary Fund as at 30 June, 2019, 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 do not comply with the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Accuracy of the Financial Statements

- (i) The statement of financial performance indicates that it is for the year ended 30 June, 2017 instead of 30 June, 2019.
- (ii) The statement of financial position reflects a comparative cash at bank balance of Kshs.37,167,609 for the financial year 2017/2018 while Note 4 to the financial statements reflects a balance of Kshs.34,222,670 resulting in unexplained difference of Kshs.2,944,939.

Further, the statement reflects a net assets balance of Kshs.805,927 and total net assets and liabilities amounting to Kshs.7,437,324 resulting in an unexplained variance of Kshs.6,631,397.

- (iii) The statement of changes in net assets shows an opening accumulated surplus balance as at 1 July, 2018 of Kshs.77,609 while the previous year's audited financial statements indicate a balance of Kshs.34,222,670 as at

30 June, 2018. This therefore results in an unexplained variance of Kshs.34,145,061.

Further, the statement shows a balance of accumulated surplus of Kshs.2,804,635 as at 30 June, 2019 while the statement of financial position shows an accumulated surplus amount of Kshs.2,727,026. The resultant difference of Kshs.77,609 has not been explained.

- (iv) The statement of cashflows reflects nil cash and cash equivalents as at 30 June, 2019 and 30 June 2018 while the statement of financial position shows balances of Kshs.5,516,225 and Kshs.37,167,609 respectively thereby resulting in unexplained differences of Kshs.5,516,225 and Kshs.37,167,609 respectively.

It was therefore not possible to confirm the accuracy of the statement of cashflows.

- (v) The statement of comparison of budget and actual amounts shows that the Fund's approved expenditure budget for the financial year 2018/2019 amounted to Kshs.114,656,992. However, a re-computation of the total budgeted expenditure shows an amount of Kshs.114,620,292 thereby resulting in an unexplained variance of Kshs.36,700.
- (vi) The financial statements did not contain the summary statement of significant accounting policies which form part of the financial statements under the accrual basis of accounting method.

Consequently, the accuracy of the financial statements for the year ended 30 June, 2019 could not be confirmed.

2. Unsupported Administration Expenses

The statement of financial performance for the year ended 30 June, 2019 shows an amount of Kshs.3,411,700 for administration expenses. However, during the audit of the Fund, the expenditure was not supported by the relevant ledgers and payment vouchers. This is a contravention to Section 104(1) of Public Finance Management County Governments Regulations 2015 which stipulates that all receipts and payment vouchers of public moneys shall be properly supported by pre-numbered receipts and payment vouchers and shall be supported by the appropriate authority and documentation.

Consequently, the accuracy, occurrence and propriety of administration expenses amounting to Kshs.3,411,700 for the year ended 30 June, 2019 could not be confirmed.

3. Unexplained Variance on Students Bursary

The statement of financial performance shows an amount of Kshs.144,648,746 in respect of bursaries to students. However, the amount reflected in the final list of beneficiaries availed for audit was Kshs.83,295,000 leading to an unexplained variance of Kshs.61,353,746. This is a contravention to Section 22(1)(c) of the Public

SIAYA COUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

For the year ended June 30, 2019

II. COUNTY BURSARY FUND COMMITTEE MEMBERS

S/N	Photo	Name	Responsibility
1		Rev.Dr.James Opiyo	Chairperson
2		Mrs.Clementine Otieno	Vice Chairperson
3		Mr.Peter Otieno	Secretary
5		Mr.James Buoro	Member
6		Mr. Maurice Kogweno	Member

III. MANAGEMENT TEAM

S/N	Name	Designation	Responsibility
1	Peter Otieno	Chief Officer- Education	Signatory
2	Phillip Odundo	Accountant	Signatory
3	Denis Nyonje	Director of Finance	Financial Services



Key information

(e) Head of Siaya County Education Bursary Fund.

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

(f) Siaya County Education Bursary Fund

Telephone: (254)-721 866609
E-mail: otienoodhiambopeter@gmail.com
Website: www.siaya.go.ke

(g) Siaya County Education Bursary Fund

Kenya Commercial Bank,
Siaya, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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



**STATEMENT OF TRIAL BALANCE
AS AT 30 JUNE 2019**

	2018/2019	
	DR.	CR
	Kshs	Kshs
Surplus bf		33,416,880
Grants form County treasury		112,500,000
Refund from treasury		4,900,000
Student bursary	144,648,746	
Administration expenses	3,411,700	
Bank charges	29,408	
Bank balance at year end	2,727,026	
	150,816,879.50	150,816,880

DEPARTMENT OF EDUCATION,
 YOUTH TRAINING, SPORTS &
 SOCIAL SERVICES
 07 JAN 2020
 CHIEF OFFICER
 P. O. Box 803-40600, SIAYA

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STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2019

	2018/2019	2017/2018
	Kshs	Kshs
Receipts for operating income		
Receipts		
Grants from County treasury	112,500,000	74,968,000
Refund from treasury	4,900,000	0
Surplus Bf	33,416,880	
Total Receipts	150,816,880	74,968,000
Payments		
Administration expenses	3,411,700	2,754,535
Bursary to Students	144,648,746	38,789,300
Bank charges	29,408	0
Total Payments	148,089,854	41,551,120
Net cash flows from operating activities	2,727,027	33,416,880
Net increase/(decrease) in cash and cash equivalent	2,727,027	33,416,880

DEPARTMENT OF EDUCATION,
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STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019

	Attributable to the owners of the controlling fund					
	Reserves					
	Self insurance reserve	Capital replacement development	Revaluation Reserve	Accumulated surplus	Minority interest	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2018	-	-	-	77,609	-	-
Surplus for the period	-	-	-	2,727,026	-	0
Balance as at 30 JUNE 2019	-	-	-	2,804,635.00	-	0

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1. Transfers from other governments

Description	2018/2019	2017/2018
	Kshs	KShs
Conditional grants		
Surplus Bf	33,416,880	
Grant From County Treasury	112,500,000	74,968,000
Refund from treasury	4,900,000	0
Total government grants and subsidies	150,816,880	74,968,000

2. Grants and subsidies

Description	2018/2019	2017/2018
	KShs	KShs
Community development	0	0
Bursary to students	144,648,746.00	38,789,300.00
Social development	0	0
Community trust	0	0
Sporting bodies	0	0
Total grants and subsidies	144,648,746.00	38,789,300.00

3. Administration expenses and bank charges

Description	2018/2019	2017/2018
	KShs	KShs
Administration expenses	3,411,700	2,754,535
Refund to County Treasury	0	0
Bank charges	29,408	0
Total general expenses	3,425,126	2,754,535

4. (a) Cash and cash equivalents

Description	2018/2019	2017/2018
	KShs	KShs
Current account	5,516,224.50	34,222,670
Total cash and cash equivalents	5,516,224.50	34,222,670

(b). Detailed analysis of the cash and cash equivalents

	2018/2019	2017/2018
Financial institution	KShs	KShs
a) Current account		
Kenya Commercial bank	5,516,224.50	34,222,670
Sub- total	5,516,224.50	798,505

(The total tie to the cash flow section on net cash flows used in operations)



I. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2018-2019	2017-2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Grants form County treasury	1	150,816,880	74,968,000
Total revenue		150,816,880	74,968,000
Expenses			
Student bursary	2	144,648,746	38,789,300
Refund to County Treasury		0	0
Administration expenses	3	3,411,700	2,754,535
Bank charges		29,407.50	0
Total expenses		148,089,854	41,543,835
Other gains/(losses)			
Surplus before tax			
Surplus/(deficit)for the period		2,727,026	33,424,165

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

ASSETS	NOTES	2018/2019	2017-2018
Current Assets			
Cash at Bank	4	5,516,224.50	37,167,609.00
Receivables			-
TOTAL ASSETS		5,516,224.50	37,167,609.00
Current Liabilities			
Undisbursed Bursary		4,710,297.50	32,499,700.00
Bank charges			
TOTAL CURRENT LIABILITIES		4,710,297.50	32,499,700.00
Reserves		-	-
Accumulated Surplus		2,727,026.00	32,499,700.00
TOTAL LIABILITIES		7,437,323.50	37,167,609.00

DEPARTMENT OF EDUCATION,
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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2019**

	Original budget	Adjustments	Final budget	Actual	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Surplus bf				33,416,880	
Grants From County treasury	112,500,000	0	112,500,000	112,500,000	0
Refund from treasury	0	0	0	4,900,000	4,900,000
Total income		0	112,500,000	150,816,880	2,978,900
Expenses					
Administration expenses	3,375,000	0	3,375,000	3,411,700	36,700
Bursary to Students	111,231,866	0	111,231,866	144,648,746	0
Bank charges	13,426	0	13,426	29,408	0
Total expenditure	114,656,992	0	114,656,992	148,089,854	0
Surplus for the period		0		2,727,027	2,942,200

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Cash generated from operations

	2018/2019	2017/2018
	KShs	KShs
Surplus for the year before tax	2,727,026	33,424,165
Net cash flow from operating activities	2,727,026	33,424,165

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