

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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THE AUDITOR-GENERAL

ON

**KIAMBU COUNTY EDUCATION
BURSARY FUND**

**FOR THE YEAR ENDED
30 JUNE, 2022**



KIAMBU COUNTY EDUCATION BURSARY FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

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Table of Content

1. Key Entity Information and Management	iii
2. The Board of Trustees (or any other governing body for the Fund)	vi
3. Management Team	vii
4. Board/Fund Chairperson's Report	ix
5. Report of The Fund Administrator	x
6. Statement of Performance Against the County Fund's Predetermined Objectives	xi
7. Corporate Governance Statement	xii
8. Management Discussion and Analysis	xiv
9. Report of The Bursary Executive Committee	xv
10. Statement of Management's Responsibilities	xvi
11. Report of The Independent Auditor	xvii
12. Statement of Financial Performance For The Year Ended 30th June 2022	1
13. Statement of Financial Position As At 30 June 2022	2
14. Statement Of Changes in Net Assets for the year ended 30 th June 2022	3
15. Statement Of Cash Flows For The Year Ended 30 June 2022	4
16. Statement Of Comparison Of Budget And Actual Amounts For The Period	5
17. Notes to the Financial Statements	6
18. Progress On Follow Up Of Prior Year Auditor's Recommendations	19

Kiambu County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

1. Key Entity Information and Management

a) Background information

Kiambu County Education Bursary Fund is established by and derives its authority and accountability from Kiambu County Education Bursary Fund Act 2014 Assented on *19th May, 2014* and Commenced on *24th June, 2014*. The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kenya.

The fund's objective is to:

- Provide financial assistance to the needy, orphaned and vulnerable students in Kiambu County, enrolled in secondary schools, universities, colleges and special primary or secondary schools.

The Fund's principal activity is to offer Bursaries and Scholarships to the needy and vulnerable students in Kiambu County.

Principal Activities

The principal activity/mission/ mandate of the Fund is to

- Grant scholarships in accordance with the criteria established under the Act; and
- Meet any expenditure related to administration of the Fund as may be approved by the Executive Member

b) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	William Kimani	Chairman (Chair and C.O. Finance)
2	Kenneth Njihia Karanja	Secretary/Fund Administrator (C.O. Education) (From 15 th April 2021 – To 11 th March 2022)
3	Emily Nkoroi	A.g Secretary/Fund Administrator (C.O. Education 12 th March 2022-To Date) Director Vocational Training
4	Catherine Nduati	Director-Social services
5	Judy Cheserek	Legal Officer
6	Peter Gichuki	Community Member

Kiambu County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

c) Key Management

Ref	Name	Position
1	Kenneth Njihia Karanja	Fund Administrator (From 15 th April 2021 – To 11 th March 2022)
2	Emily Nkoroi	A.g Secretary/Fund Administrator (C.O. Education 12 th March 2022-To Date) Director Vocational Training
3	Catherine Nduati	Director-Social services Bachelor of Education
4	Susan Kimando	Bursary Accountant In Charge CPA
5	Catherine Mwago	Account Signatory (From 15 th June 2021 – To Date) Bachelor of Business Management CPA Accountant
6	Miriam N. Kamau	Bachelor Degree CPA Accountant

d) Registered Offices

P.O. Box 2344-00900
Kiambu Community Building
Kiambu Road
Kiambu, Kenya

e) Fund Contacts

Telephone: (254) 709877000
E-mail: info@kiambu.go.ke
Website: www.kiambu.go.ke

f) Fund Bankers

1. The Cooperative Bank of Kenya
Kiambu Branch
P.O. Box 1064
Kiambu 00900
Kiambu, Kenya

g) Independent Auditors

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

h) Principal Legal Adviser

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

Kiambu County Education Bursary Fund**Annual Report and Financial Statements for the year ended June 30, 2022****2. The Board of Trustees (or any other governing body for the Fund)**

Ref	Name	Position
1.	 Kenneth Njihia Karanja	Chief Officer Fund Administrator/ Account Signatory (From 15 th April 2020 – To Date) D.O.B –18/04/1983 Bachelor of Art(Planning) Experience 15 years in Planning.
2.	 Emily Nkoro	County Bursary Committee Member A.g Secretary/Fund Administrator (C.O. Education 12 th March 2022-To Date) Director Vocational Training D.O.B - 29 th December 1965 Master of Education
3.	 William Kimani	Chief Officer Finance, ICT & Economic Planning D.O.B – 25 th August 1977 BBA – Finance and Accounting MBA – Finance CPA - K
4.	 Catherine Nduati	Director Social Services County Bursary Committee Member D.O.B –18 th June 1968 Bachelor of Education Work Experience-15 years.
5.	 Judy Cheserek	County Bursary Committee Member Legal Officer Dip in Law(KSL) DOB-5 th October 1988
6.	 Peter Wanjuki Gichuki	County Bursary Committee Member DOB- 21/04/1976 Education - Degree, BED Science Experience- 16 years of teaching Accountant

3. Management Team

Name	Details of qualifications and experience
 Kenneth Njihia Karanja	Chief Officer Fund Administrator/ Account Signatory (From 15 th April 2020 – 11 th March 2022) D.O.B –18/04/1983 Bachelor of Art(Planning) Experience 15 years in Planning.
 Emily Nkoro	Ag. Chief Officer Fund Administrator/ Account Signatory County Bursary Committee Member D.O.B - 29 th December 1965 Master of Education Director Vocational Education & Training.
 Catherine Nduati	Director Social Services County Bursary Committee Member D.O.B –18 th June 1968 Bachelor of Education Work Experience-15 years.
 Susan Kimando	Bursary Accountant In Charge DOB- 24/07/1968 KACE CPA((K) Experience 16 years in accounting.

Kiambu County Education Bursary Fund

Annual Report and Financial Statements for the year ended June 30, 2022

 Catherine Mwago	Accountant Account Signatory (From 15 th June 2021 – To Date) DOB-18/01/1984 Bachelor of Business Management CPA(K) Experience- 10 years
 Miriam Kamau	Accountant DOB-26/09/1987 Bachelor Degree- B.Ed Arts CPA (K) Experience- 10 years

Kiambu County Education Bursary Fund

Annual Report and Financial Statements for the year ended June 30, 2022

4. Board/Fund Chairperson's Report

Kiambu County Education Bursary Fund was established under the PFM Act 2012 and County Government of Kiambu Act, 2014. In the year under review, the management of the fund changed its membership following the change in the top leadership. The changes included the Fund Administrator who is the Fund Account Mandatory Signatory.

The approved budget for the FY 2021/2022 was Kshs 231,000,000.00. However the County Treasury transferred Kshs. 180,000,000.00 in two disbursements of Kshs. 90,000,000.00 each. The budgeted allocation for the wards equitable share of 85% was Kshs 153,000,000.00 as stipulated in the Kiambu County Education Bursary Fund Act of 2014 Section 5(3) "An amount totaling to 85% of the monies set aside for disbursement under the Act shall be allocated equally to all the wards". The budgeted allocation for the marginalized and needy cases was 12% of the total amount which totalled to Kshs 21,600,000.00 as provided in the Act Section 5(4) "An amount totaling to 12% of the monies set aside for disbursement under this Act shall be utilized for special categories in accordance with the formula set out in the regulations". The budgeted allocation for the Administration cost was 3% of the total amount translating to Kshs 5,400,000.00 as outlined in the Act Section 5(1) "...provided that not more than 3% of the total monies consisting of the fund shall be utilized for the administration of the fund."

The balance brought forward from 2020/2021 FY was Kshs 2,445,931.20. The fund received Kshs 180,000,000 for the FY 2021/22. A total amount of Kshs 170,359,261.00 was spent on bursary while Kshs 6,262,385.00 was spent on administration, leaving a balance of Kshs 5,824,285.20 as at 30th June 2022.

The challenges facing the fund include the increased number of needy cases and the competing needs in the County caused by the Economic crisis in the country.

Signed: _____



Mary W. Kamau
County Executive Committee Member
Education, Gender, Culture & Social Services
Kiambu County.

Kiambu County Education Bursary Fund

Annual Report and Financial Statements for the year ended June 30, 2022

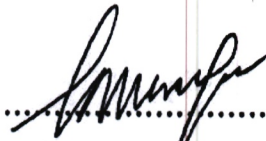
5. Report of the Fund Administrator

The scheme is aimed at ensuring that Students especially those from vulnerable grounds access education and are retained in school after enrolment, reducing disparities and inequalities in the provision of education.

Following the approval of Kshs.231,000,000.00 budget for the 2021/2022 FY, Kshs. 180,000,000.00 was disbursed in two equal disbursements of Kshs. 90,000,000.00 each. This is an increase from the previous Financial Year's disbursement which was Kshs.100,000,000.00.

The balance brought forward from 2020-2021 FY was Kshs 2,445,931.20. The fund received Kshs180,000,000.00 for the FY 2021/22. A total amount of Kshs 170,359,261.00 was spent on bursary while Kshs 6,262,385.00 was spent on administration, leaving a balance of Kshs 5,824,285.00 as at 30th June 2022.

Several clauses have been amended in the 2014 Act to comply with the PFM Act and to improve the management of the fund as recorded in the Kiambu County Bursary Fund Amendment Act 2016 and 2018.



.....
Name: Emily M. Nkoroi

Fund Administrator

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

The approved budget was Ksh 231,000,000. However the County Treasury transferred Kshs. 180,000,000.00 disbursed in two disbursements of Kshs. 90,000,000.00 each. This was disbursed to needy students from Kiambu County. These students were selected by bursary ward committee members as per Kiambu County Education Bursary Fund Act. The challenges facing the fund include the increased number of needy students and inability of the fund to pay ward committee allowances and other fund administration expenses.

Introduction

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

The key development objectives of the Kiambu County Education Bursary Fund 2018-2022 strategic plan are to:

- a) Enhance access to education
- b) Promote and increase enrolment, retention ,completion and transition rates in schools
- c) Improve education standards and literacy levels
- d) Reduce poverty and inequality

Progress on attainment of Strategic development objectives From *Kiambu County Education Fund*

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Kiambu County Education Bursary Fund	Increase bursary fund allocation to enhance accessibility to and completion by needy students secondary school and college	Increased access and retention of learners amongst vulnerable Groups	Number of students who benefited from bursary disbursed in 2021/2022 financial year	In financial year 2020/2021 25,657 students benefited from bursary issued while the number increased to 48,509 in 2021/2022 financial year.

7. Corporate Governance Statement

The County Bursary Committee holds not less than four times meetings in every financial year, and not more than four months should elapse between the date of one meeting and the date of the next one.

The chairperson may, and upon requisition in writing by at least five members, convene a special meeting of the Committee at any time for the transaction of the business of the Committee. Unless three quarters of the total members of the Committee otherwise agree, at least fourteen days' written notice of every meeting of the Committee is given to every member of the Committee. The quorum for the conduct of the business of the Committee is five members including the chairperson or the person presiding. The chairperson presides at every meeting of the Committee at which he is present but, in his absence, the members present elect one of their numbers to preside, who, with respect to that meeting and the business transacted, assumes all the powers of the chairperson.

The Kiambu County Education Bursary Fund Act 2014 guides the conduct of the meetings.

The Amendment Act 2016 provides for the appointment of the County and Ward Bursary Committee members as follows:-

Ward Bursary Committee:-chairperson appointed by the Executive Member through a competitive process, the county officer in charge of education in the ward is the secretary to the committee, one person with experience in education matters nominated by a joint forum on faith based organizations in the ward, one person experienced in education matters nominated by a joint forum of Non-Governmental Organizations in the ward, one person experienced in education matters nominated by joint organizations of persons with disability in the ward; and one person nominated by a joint forum of youth in the ward.

Their roles and functions include: receiving, reviewing and approving applications for education grant, bursary or scholarship, as the case may be, under the Act; determining the amount of education grant, bursary or scholarship, as the case may be, to be awarded to each approved applicant; monitoring and evaluating the progress and performance of the eligible students supported under the Act.

The County Bursary Committee on the other hand is appointed as follows-(a)the Chief Officer responsible for matters relating to Finance or a designated alternate not being below the level of a finance director; (b)the officer administering the Fund who is an ex-officio member with no right to vote and the secretary to the Committee; (c)the Director of social services in the County Government; (d)Director of polytechnics in the County Government; and (e)two other persons qualified in matters relating to education, community development or law appointed by the Executive Member through a competitive process.

The Committees' functions include (a)approve the disbursement of the education grant, bursary and scholarships to beneficiaries; (b)monitor and evaluate the activities of the Ward committees to ensure the implementation of this Act in a manner that promotes the objects of the Fund; (c)receive and address complaints that may arise from the implementation of the Act;(d)consider appeals from the

Ward Committees; (e) make recommendations to the Executive Member on any matter relating to the Fund; (f) compile, update and forward reports to the Executive Member; (g) perform any other function as the Executive Member may determine.

A member of the Committee may at any time resign from office by notice in writing to the Executive Member or be removed from office by the Executive Member, if the person has been absent for three consecutive meetings of the Committee without the permission of the chairperson, is convicted of a criminal offence, and sentenced to imprisonment, is convicted of an offence involving dishonesty or fraud, is adjudged bankrupt, or enters into a composition scheme of arrangement with his or her creditors, is incapacitated by prolonged physical or mental illness, or is deemed otherwise unfit to discharge his or her duties as a member of the Committee, or fails to comply with any of the provisions of the Act.

On conflict of interest, if a member is directly or indirectly interested in any contract, proposed contract or other matter before the Committee, and is present at a meeting of the Committee at which the contract, proposed contract or other matter is the subject of consideration, the member should disclose the fact before the meeting starts, and is barred from taking part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the contract or matter: Provided that, if the majority of the members present are of the opinion that the experience or expertise of such a member is vital to the deliberations of the meeting, the Committee may permit the member to participate in the deliberations subject to such restrictions as it may impose, but the member is not eligible to vote on the matter in question. A member of the Committee shall be considered to have a conflict of interest for the purposes of the Act if he or she acquires any pecuniary or other interest that could conflict with the proper performance of his or her duties as a member of the Committee. Where the Committee becomes aware that a member has a conflict of interest in relation to any matter before the Committee, the Committee shall direct the member to refrain from taking part, or taking any further part, in the consideration or determination of the matter.

If the chairperson has a conflict of interest he should, in addition to complying with the other provisions of this section, disclose the conflict in writing to the Executive Member. Upon the Committee becoming aware of any conflict of interest, it decides as to whether in future the conflict is likely to interfere significantly with the proper and effective performance of the functions and duties of the member or the Committee, and the member with the conflict of interest does not vote on this determination.

Upon their appointment, members of both Committees are inducted and briefed on all the related bursary procedures. They carry out their roles and functions as outlined in the act. The allowances paid are determined by the County Treasury in consultation with the Salaries and Remuneration Commission.

8. Management Discussion and Analysis

The Kiambu County Education Funds discussion and analysis provides an overview of the Funds financial activities for the fiscal year ended 30th June 2022. The financial report is prepared using appropriate accounting policies and in conformity with the IPSAS.

CASH RECEIVED FROM COUNTY

The statement shows transfer from county treasury in Financial Year 2021/2022 was Ksh 180,000,000 which was more than the amount transferred from county treasury 2020/2021 financial year. In the previous Financial Year the county treasury transferred Kshs. 100,000,000.00.

ADMINISTRATION EXPENDITURE

The amount of administration expenditure reported in the current year increased from Kshs 3,778,730.00.00 to Kshs 6,262,385.00.

CASH AND CASH EQUIVALENT

The amount of cash and cash equivalent reported in the current year is Kshs. 5,824,285.20 which is an increase from Kshs. 2,445,931.20 in the previous Financial Year.

Kiambu County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

9. Report of The Bursary Executive Committee.

The Executive bursary Fund Committee submitted their reports with financial statements for the year ended June 30, 2022, which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are:

- a. Providing education grants or bursaries to eligible students enrolled in secondary schools universities and colleges and special primary or secondary schools.
- b. Granting scholarships in accordance with the criteria established under Kiambu County Education Bursary Act.
- c. Meeting any expenditure related to administration of the Fund as may be approved by the Executive Member.

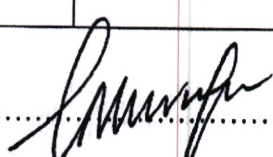
Results

The result performance of the Fund for the year ended 30th June 2022 is set out 17 to 18.

Executive Bursary Fund Committee

The members of Executive Bursary Fund Committee who served during the year are shown on page 3. The changes in the Executive Bursary Fund Committee during the Financial year are as shown below.

Ref	Name	Position
1.	Kenneth Njihia Karanja	Secretary/Fund Administrator (C.O. Education) (From 15 th April 2020 – 11 th March 2022)
2.	Emily M Nkoroi	Secretary/Fund Administrator (Ag. C.O. Education) (From 12 th March 2022 – To Date)


.....
Fund Administrator

Date: 29/7/2022 .

Kiambu County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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 *Kiambu County Education Bursary Fund Act 2014* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

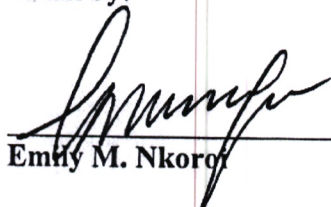
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Kiambu County Education 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, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30th June 2022 and signed on its behalf by:

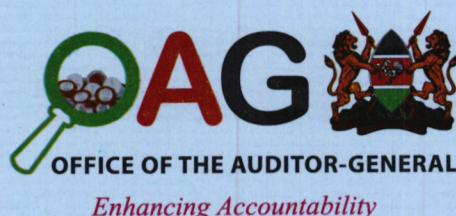


Emily M. Nkoror

Administrator of the Kiambu County Education Bursary Fund.

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KIAMBU COUNTY EDUCATION BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

Adverse Opinion

I have audited the accompanying financial statements of Kiambu County Education Bursary Fund set out on pages 1 to 20, which comprise the statement of financial position

as at 30 June, 2022, 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, because of the significance of 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 Kiambu County Education Bursary Fund as at 30 June, 2022, 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 and the Kiambu County Education Bursary Fund, 2014.

Basis for Adverse Opinion

1. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.5,824,285. However, review of bank reconciliation statement for the month of June, 2022 revealed unpresented cheques totalling to Kshs.22,727,974 whose acknowledgement by beneficiary institutions and dates of subsequent clearance were not provided for audit verification.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.5,824,285 could not be confirmed.

2. Unsupported Fund Administration Expenses

The statement of financial performance and Note 2 to the financial statements reflect fund administration expenses of Kshs.6,262,385. However, the fund administration expenses translated to an equivalent of 3.4% of the total transfers from the County Government amounted to Kshs.180,000,000 and the opening cash and cash equivalents balance of Kshs.2,445,931. This was contrary to the provisions of Section 5(2) of Kiambu County Education Bursary Fund Act, 2014 which requires that administration costs should not exceed 3% of the total money in the Fund.

Further, the administration expenses includes expenditure of Kshs.1,747,500 paid as taskforce allowance for various activities which by their nature appear to be routine tasks for which staff draw a monthly salary. The taskforce allowances were not subjected to taxation and were not supported with committee meetings minutes, attendance registers, monitoring and evaluation reports and procurement documents for conference facilities.

In addition, the fund administration expenses includes an amount of Kshs.3,437,255 which was incurred without requisite authorization by the Accounting Officer.

In the circumstances, the completeness and accuracy of the fund administration expenses could not be confirmed.

3. Unsupported General Expenses - Bursary Disbursements

The statement of financial performance and Note 3 to the financial statements reflects general expenses - bursary disbursements of Kshs.170,359,261. However, the bursary disbursements were not supported by schedule/ledger, endorsed ward committee minutes, bursary application register with names and schools and acknowledgement of receipt by beneficiary institutions.

In the circumstances, the accuracy and authenticity of general expenses - bursary disbursement expenditure of Kshs.170,359,261 could not be confirmed.

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

In the audit report of the previous year, several matters were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Note 18 to the financial statements on progress of follow-up of prior year auditors' recommendations indicate that most of the issues have been resolved. However, Management has not provided evidence on how the resolution was arrived at.

Therefore, the matters remain unresolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of matters discussed in the Basis for Adverse Opinion section of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of matters discussed in the Basis for Adverse Opinion section of my report, I confirm that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 the Fund Administration Committee

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 services, disclosing as applicable, matters related to sustainability of services and using the sustainability of services 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.

The Fund Administration Committee is responsible for overseeing the Fund financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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 controls 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 controls 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 controls 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 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 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 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

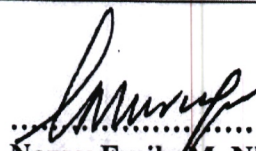
Nairobi

13 April, 2023

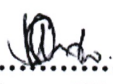
Kiambu County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

11. Statement of Financial Performance For The Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	180,000,000.00	100,000,000.00
		180,000,000.00	100,000,000.00
Total Revenue		180,000,000.00	100,000,000.00
Expenses			
Fund Administration Expenses	2	6,262,385.00	3,778,730.00
General Expenses – Bursary Disbursements	3	170,359,261.00	100,002,847.00
Total Expenses		176,621,646.00	103,781,577.00
Surplus/(Deficit) For The Period		3,378,354.00	(3,781,577.00)



 Name: Emily M. Nkoroi
 Administrator of the Fund



 Name: Susan Wambui Kimando
 Fund Accountant
 ICPAK Member Number: 19478

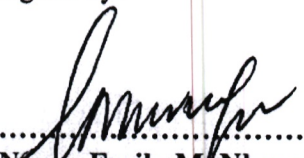
Kiambu County Education Bursary Fund

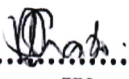
Annual Report and Financial Statements for the year ended June 30, 2022

12. Statement of Financial Position As At 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	5,824,285.00	2,445,931.00
Total Assets		5,824,285.00	2,445,931.00
Liabilities			
Current Liabilities			
		00	00
Total Liabilities		00	00
Net Assets		5,824,285.00	2,445,931.00
Total Net Assets and Liabilities		5,824,285.00	2,445,931.00

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 30th June 2022 and signed by:

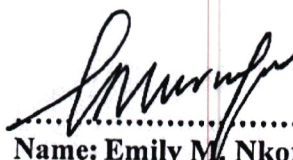

.....
Name: Emily M Nkoroi
Administrator of the Fund


.....
Name: Susan Wambui Kimando
Fund Accountant
ICPAK Member Number: 19478

Kiambu County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

13. Statement Of Changes in Net Assets for the year ended 30th June 2022

	Accumulated surplus
	Kshs
Balance As At 1 July 2020	6,227,208.20
Surplus/(Deficit) For the Period	(3,781,277.00)
Balance As At 30 June 2021	2,445,931.20
Balance As At 1 July 2021	2,445,931.20
Surplus/(Deficit) For the Period	3,378,354.00
Balance As At 30 June 2022	5,824,285.20



Name: Emily M. Nkoroi
Administrator of the Fund



Name: Susan Wambui Kimando
Fund Accountant
ICPAK Member Number: 19478

Kiambu County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

14. Statement Of Cash Flows For The Year Ended 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cashflows from operating activities			
Receipts			
Transfers from the county government	1	180,000,000.00	100,000,000.00
Total receipts		180,000,000.00	100,000,000.00
Payments			
Fund administration expenses	2	6,262,385.00	3,778,730.00
General expenses	3	170,359,261.00	100,002,847.00
Total Payments		176,621,646.00	103,781,577.00
Net cash flows from operating activities		3,378,354.00	(3,781,577.00)
Cash flows from investing activities			
Net cashflows used in investing activities		00	00
Cashflows from financing activities			
Net cashflows used in financing activities		00	00
Net increase/(decrease)in cash & cash Equivalents		3,378,354.00	(3,781,577.00)
Cash and cash equivalents at 1 July	4	2,445,931.20	6,227,208.20
Cash and cash equivalents at 30 June	4	5,824,285.20	2,445,931.20



 Name: Emily M. Nkoroi
 Administrator of the Fund



 Name: Susan Wambui Kimando
 Fund Accountant
 ICPAK Member Number: 19478

Kiambu County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers From County Govt.	150,000,000.0	81,000,000.0	231,000,000.0	180,000,000.0	(51,000,000.0)	78%
Total Income	150,000,000.0	81,000,000.0	231,000,000.0	180,000,000.0	(51,000,000.0)	78%
Expenses						
Fund Administration Expenses	4,500,000.0	2,430,000.0	6,930,000.0	6,262,385.0	(667,615.0)	99%
General Expenses	145,500,000.0	78,570,000.0	224,070,000.0	170,359,261.0	(53,710,739.0)	76%
Total Expenditure	150,000,000.0	81,000,000.0	231,000,000.0	176,621,646.0	(54,378,354.0)	76%
Surplus For The Period	00	00	00	3,378,354.0	3,378,354.0	

Budget notes

1. *There was an under absorption of the Final Budget by 22%. This was occasioned by the budget being under funded with Kshs. 51,000,000.00 by the County Treasury during the Financial Year under review. This affected the expenses which were in turn under absorbed as a reflection of the deficit in budget funding.*
2. *The original budget was Kshs. 150,000,000.00 and during the Financial Year there was a supplementary budget of Kshs. 81,000,000.00 totaling to Kshs. 231,000,000.00 to cater for the increased demand for bursaries.*

17. Notes to the Financial Statements

1. General Information

Kiambu County Education Bursary Fund entity is established by and derives its authority and accountability from Kiambu County Education Bursary Fund Act. The entity is wholly owned by the Kiambu County Government and is domiciled in Kenya.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

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

Kiambu County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact
	financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 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: (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	Applicable: 1st January 2023: 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

Kiambu County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact
	accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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	<i>Applicable 1st January 2023</i> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, 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:

Kiambu County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact
	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.

(iii) Early adoption of standards

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

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.

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on 30th June 2021. 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.

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

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

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its 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.

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary Of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

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

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

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

c) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Summary Of Significant Accounting Policies (Continued)

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an 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.

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

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

f) Employee benefits– Retirement benefit plans

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

g) Foreign currency transactions

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

Summary Of Significant Accounting Policies (Continued)

h) Borrowing costs

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

i) Related parties

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

j) 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.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The entity is a County Public Fund established by Kiambu County Education Bursary Act under the Department of Education, Gender, Culture & Social Services. Its ultimate parent is the County Government of Kiambu.

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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.

Kiambu County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

6. Notes To The Financial Statements

1. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt.	180,000,000.00	100,000,000.00
Total	180,000,000.00	100,000,000.00

2. Fund Administration Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Staff Costs	3,633,740.00	2,784,210.00
Printing Charges	1,850,000.00	600,000.00
Stationery	171,205.00	-
Advertisement	-	91,640.00
Bank Charges	607,440.00	302,880.00
Total	6,262,385.00	3,778,730.00

3. Bursary Disbursement

Description	2021/22	2020/21
	Kshs.	Kshs.
Bursary Disbursement	170,359,261.00	100,002,847.00
Total	170,359,261.00	100,002,847.00

4. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	5,824,285.00	2,445,931.00
Total Cash And Cash Equivalents	5,824,285.00	2,445,931.00

Kiambu County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Co-operative Bank	01141371814200	5,824,285.00	2,445,931.00
Grand Total		5,824,285.00	2,445,931.00

Kiambu County Education Bursary Fund**Annual Report and Financial Statements for the year ended June 30, 2022****18. Progress On Follow Up Of Prior Year Auditor's Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1	Failure to Submit Financial Statements	To ensure timely submission of financial reports	Resolved	Immediate
4.2.1	Inaccuracy in Opening Balances	To amend the financial statements	Resolved	Immediate
4.2.2	Inaccuracy in Accumulated Surplus	To amend the financial statements	Resolved	Immediate
4.3	Variance between the Figures in Financial Statement and Schedules Supporting the Figures in the Financial Statement	To amend the financial statements	Resolved	Immediate
4.4	Inaccuracy of Cash and Cash Equivalence.	To amend the financial statements	Resolved	Immediate
4.4. 1	Un presented stale cheques	To cancel the staled cheques	Resolved	Beginning of each financial year
4.4.3	Failure to Prepare a Trial Balance	The aforesaid trial balance was prepared and going forward a trial balance is generated before preparing the final	Resolved	Quarterly

Kiambu County Education Bursary Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		accounts		
4.5	Under Absorption of Budget	The department has absorbed 100% allocated budget in the subsequent FY	Resolved	Yearly
4.6	Eligibility of Full Scholarships	Fund administrator noted the recommendations and formulated criteria for the award, management and disbursement of full scholarships.	Resolved	Immediate
4.7	Excess Payment of School Fees under Full Scholarship Criteria	The shared lists had an error and was corrected immediately	Resolved	Immediate
4.8	Irregular Allocation of Bursary under Partial Scholarship	The shared lists had an error and was corrected immediately	Resolved	Immediate

