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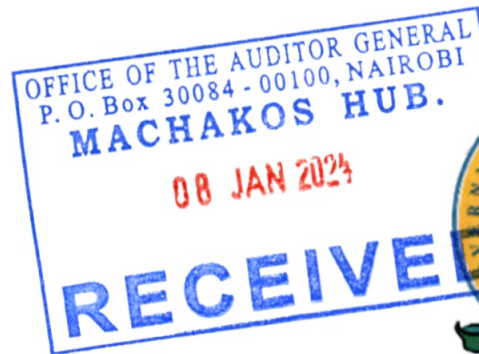
THE AUDITOR-GENERAL

ON

MAKUENI COUNTY BURSARY FUND

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

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



MAKUENI COUNTY 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)**

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

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1. Acronyms and Glossary of Terms

a) Acronyms

BA	Bachelor of Arts
BBM	Bachelor of Business Management
CSR	Corporate Social Responsibility
ECM	Executive Committee Member
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KFS	Kenya Forest Service
Kshs	Kenya Shillings
NDMA	National Drought Management Authority
NEMA	National Environment Management Authority
PFM	Public Financial Management
PSASB	Public Sector Accounting Standards Board

b) Glossary of Terms

Key Management Team	The key management personnel who had financial responsibility of running the activities of the fund
Fund Administration Committee	Management personnel charged with the responsibility of approving the fund budget and final list of fund awardees

Makueni County Bursary Fund

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

2. Key Entity Information and Management

a) Background information

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

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

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

b) Principal Activities

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

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

c) Fund Administration Committee

Ref	Name	Position
1	Cecilia Mutua	The Fund Chairperson
2	Boniface Mutinga	The Fund Secretary
3	Boniface Juma	Fund Administrator
4	Rev. Margaret Peter	Member
5	Josephine Musengya	Member
6	Isaac Muuo	Member
7	Magdalene Mutende	Member
8	Dr. Philip Kioko	Member
9	Eunice Ngina Muema	Member

d) Key Management

Ref	Name	Position
1	Cecilia Mutua	The Fund Chairperson
2	Boniface Mutinga	The Fund Secretary
3	Boniface Juma	Fund Administrator

e) Fiduciary Oversight Arrangements

SN	Position	Name
1.	ECM – Finance	Mary Kimanzi
2.	Director of Internal Audit	Directorate Internal Audit
3.	Controller of Budget	Makueni County COB Coordinator
4.	PSASB	Public Sector Accounting Standards Board-Kenya
5.	Makueni County Assembly	The sectoral committee responsible for Education, Sports and ICT

f) Registered Offices

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

Fund Contacts

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

g) Fund Bankers

Kenya Commercial Bank
Machakos –Wote Road
Makueni, Kenya

h) Independent Auditors

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

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i) Principal Legal Adviser

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

j) County Attorney





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

3. Fund Administration Committee

Name	Details of qualifications and experience
 <p>Cecilia Mutua</p>	<p>The Fund Chairperson She holds MSc. Information System – University of Nairobi, BSc. Information Science. She is a Project Management Professional. She has 17 years working experience in private and public institutions. Date of Birth: 10th October, 1979</p>
 <p>Boniface Mutinga</p>	<p>Fund Secretary He holds BA and Diploma in Project Management. Has 20 years Working Experience Date of Birth: 10th January 1974</p>
 <p>CPA Boniface Juma</p>	<p>Fund Administrator He holds BBM Finance and Banking – Moi University, Higher Diploma in Human Resource Management, Diploma in Business Administration and Diploma in Cooperative Management. He is a member of ICPAK and in a good standing. He has over 15 years of working experience in accounting field both in private and public institutions. Date of Birth: 27th June 1986</p>

Makueni County Bursary Fund

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

 <p>Rev. Margret Peter</p>	<p>Rev. Margret Peter holds first degree in divinity and A Master in Christian Muslim Relations from St. Paul University. She has 15 Years' Experience in Religious Matters. She was born Date of Birth: 14th June 1982</p>
 <p>Josephine Musengya</p>	<p><u>Member:Representing marginalized Group-Women</u> Josephine Musengya holds Bachelors in Bio Chemistry from SEKU and she's self-employed since 2017 when she graduated Date of Birth: 5th March 1992</p>
 <p>Isaac Muuo</p>	<p>Representing marginalized Group-Youth Over 18 years of active participation in community and self-employment activities Date of Birth: 13th July 1989</p>
 <p>Dr. Philip Kioko</p>	<p><u>Educationist</u> Dr. Philip Kioko holds PhD -Peace and conflicts, MA-Education, Retired Principal, Lecturer SEKU He has over 38 Years working Experience Date of Birth: 14th Decembr 1958</p>



Eunice Ngina Muema

Educationist.




Eunice Ngina Muema holds B.COM From University of Nairobi, MBA from Kenya university. She has over 10years working Experience.


Date of Birth: 16th January 1984

Makueni County Bursary Fund

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

4. Management Team

No.	Name	Details of qualifications and experience
1.	 CPA Mary Kimanzi	<u>CECM-Finance and Socio-economic Planning</u> CPA Mary Kimanzi joined the County Government in April 2014 as the Chief Officer for Finance and Socio-economic Planning. She was appointed the County Executive Committee Member for Finance and Socio- Economic Planning in June, 2015 and reappointed to the same Position in October 2017. She is a Certified Public Accountant and a Member of the Institute of Certified Public Accountants of Kenya. She holds a Master of Business Administration in Finance from the University of Nairobi and currently pursuing a Master of Public Policy and Management at Strathmore Business School. Date of Birth: 10 th June 1971
2.	 Cecilia Mutua	<u>The Fund Chairperson</u> She holds MSc. Information System – University of Nairobi, BSc. Information Science. She is a Project Management Professional. She has 17 years working experience in private and public institutions. Date of Birth: 10 th October, 1979
3.	 Boniface Mutinga	<u>The Fund Secretary</u> He holds BA and Diploma in Project Management. Has 20 years Working Experience. Date of Birth: 10 th January 1974

4.	 Boniface Juma	<p>Fund Administrator</p> <p>He holds BBM Finance and Banking – Moi University, Higher Diploma in Human Resource Management, Diploma in Business Administration and Diploma in Cooperative Management. He is a member of ICPAK and in a good standing. He has over 15 years of working experience in accounting and finance field both in private and public institutions. Date of Birth: 27th June 1986</p>
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Makueni County Bursary Fund

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

5. Fund Chairperson's Report

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

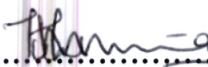
- (a) a financial statement of the Fund; and
- (b) such other statements of accounts as the County Executive Committee Member for Finance may approve.

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

There were no changes in the Fund Management Committee during the year under review.

The main challenge faced during the period is delay in exchequer approval which affected timely issuance of bursary to the needy and deserving learners.

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


.....

Name: CECILIA MUTUA

Chairperson

6. Report of The Fund Administrator

The Makueni County Government in recognition of the education financing challenges developed the Makueni County Bursary Fund Regulations, 2018 to offer student education support through bursaries to the vulnerable and needy students to transition through secondary and post-secondary education.

The number of requests for financial support in education keep increasing each year while the available resources remain constrained.

Changes in the fund board during the Period

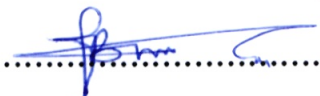
During the period under review, there, were no changes in members of the Bursary Fund Committee.

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

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

During the period under review, the fund disbursed a total of Kshs. 60,207,372.00 in the FY2021/22

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

.....


Name: Boniface Juma Kahira

Fund Administrator

Makueni County Bursary Fund

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

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity 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.

- a) To enhance access to secondary school and tertiary education.
- b) To enhance retention of learners in secondary schools, colleges, village polytechnics and university levels.
- c) To lessen the financial burden on parents/guardians of needy learners.
- d) To provide hope to orphaned and /or needy learners who lack family support.
- e) To provide an opportunity for the marginalised and learners living with disability to pursue education.

Progress on attainment of Strategic development objectives

Below is the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Scholarship/Bursary	Financial assistance to the needy bright students of Makueni County	Access of quality education for secondary and tertiary education	Number of students	90 Scholarship students were selected across the county forming the Form 1 2022 Cohort and cumulatively 510 students

8. Corporate Governance Statement

The first substantive administration committee was appointed by the CECM in-charge of Education and ICT Dr. Naomi Makau in July 2020.

Fund Administration Committee meetings held and the attendance to those meetings by members.

During the FY2021/22 the committee held Two (2) meeting.

Succession plan,

All fund committee members are appointed for a 3-year term renewable once by the CECM in charge of Department of Education.

Process of appointment and removal of committee members

All members of the Bursary Fund Committee are nominated and removed in accordance to the Makueni County Bursary Fund, 2018. A member can resign by writing to ECM responsible for education matters and/or can be removed from office if the member is absent for three consecutive meetings without good cause or violation of Makueni County Bursary Regulation, 2018 or guilty of gross misconduct or imprisoned for more than 6 months or physically/mentally impaired or adjudged bankrupt.

The role and the functions of the Fund Administration Committee

The role and the functions of the committee are well stipulated in Makueni County Bursary Fund, 2018 and are: -

- i. Discuss and approve budget for each financial year.
- ii. Determine and approve scholarship/Bursaries and methods of payment.
- iii. Receive on behalf of the Bursary Fund donations, subscriptions, bursaries and grants.
- iv. Prepare and submit financial statements and annual reports to all relevant authorities.
- v. Implement the strategic plan of the fund.

Induction and Training

The existing committee was inducted immediately they were nominated and there are structures in place to any new member joining the team.

Makueni County Bursary Fund

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

Performance of committee members

The performance contract for the FY2021/22 was not assessed.

Conflict of interest

No member had declared conflict of interest in the FY2021/22.

Committee Remuneration

The Fund Administration committee receive a sitting allowance as per SRC on attendance of meetings and are facilitated where the business of the fund requires their presence and /or input.

Ethics and conduct

The members received training on ethics and conduct during the induction training and have adhered the principles learnt and no committee member has been quoted for unbecoming behaviour. The Fund adheres to Chapter 12 of The Kenyan Constitution and relevant county government policies and statutes.

Governance Audit

Although the fund subscribes to good governance, the fund is yet to undergo such audit.

9. Management Discussion and Analysis

Financial performance

Receipts

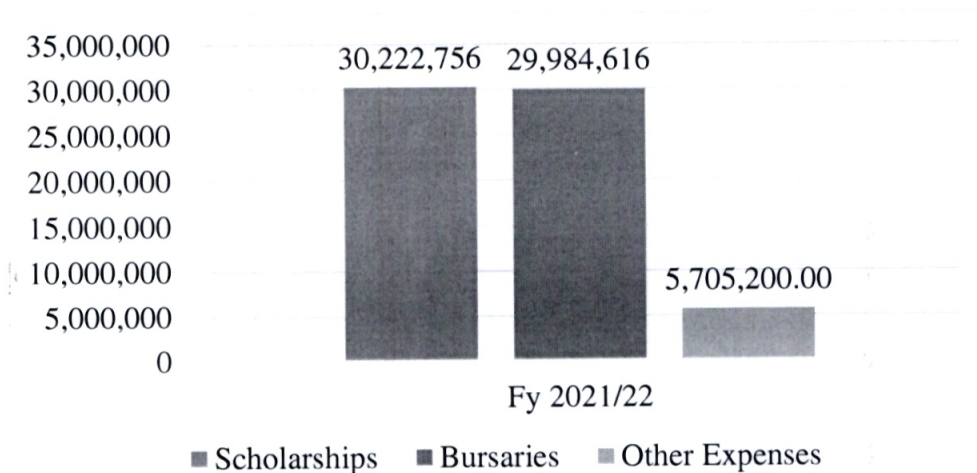
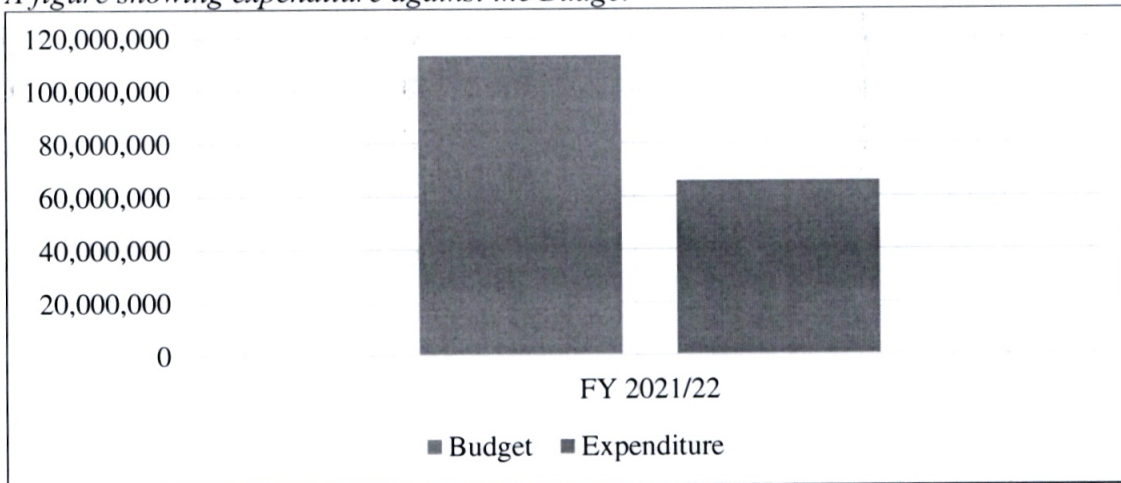
County Government of Makueni supports the fund through the department of Education and ICT by transferring funds for operational use. The funds are channelled through its Kenya Commercial Bank Account and are budgeted for and approved by the Fund Administration Committee. During the year under review the County Government transferred Kshs 113,243,011.00.

There were no additional funds received from elsewhere.

Expenditure

During the year under review the Fund paid for scholarships and bursaries Kshs. 60,207,372.00 and Kshs 5,705,200.00 other expense totaling to an expenditure of Kshs 65,912,572.00 in the FY 2021/22.

A figure showing expenditure against the Budget



Makueni County Bursary Fund

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

Period Under Review	No. of Beneficiaries	FY 2021/22
		Kshs
Bursary	4101	29,984,616
Ongoing scholarship students	510	30,222,756
Total	4611	60,207,372

Risks assessment

The Fund risk has been assessed as follows:

	Risk	Implication of the risk	How the risk will be addressed
1.	High expectations	amount awarded may not be sufficient to cater for the growing number of needy cases	increasing bursary fund kitty gradually and soliciting funds well-wishers and donor.

Compliance with laws and other legal requirements

The fund is fully compliant with the provisions of the constitution of Kenya and Makueni County Bursary Regulations 2018 under which it is established.

The Fund Administration Committee ensures that the fund complies with the provisions of the Public Finance Management (PFM) Act, 2012.

10. Environmental and Sustainability Reporting

The Makueni Bursary Fund operates under the County Government of Makueni in the wider environment. The County Government exists to transform the livelihoods of the citizens guided by overarching vision, which is *a prosperous value based county with a high quality of life*. The delivery of the transformation agenda is guided by key principles and values which are; integrity and accountability; inclusiveness; equity and fairness; patriotism and responsiveness.

The development agenda is founded on three key pillars; Economic Pillar, Social Pillar and Political Pillar. The pillars have thematic interventions along six thematic areas namely; Community economic empowerment, water resource management, lands and urban development, social development, universal health care and institutional strengthening and capacity development.

Below are the highlights of the achievements in each pillar.

1. Sustainability strategy and profile

The county promotes sustainable development through governance reforms that are founded on integrity, transparency and accountability. The county has focused on provision of overall policy development and institutional development and strengthening. This is guided by issue based leadership, transparency and accountability in management of public resources.



Drilling and equipping Yemulwa borehole in Kathonzweni ward

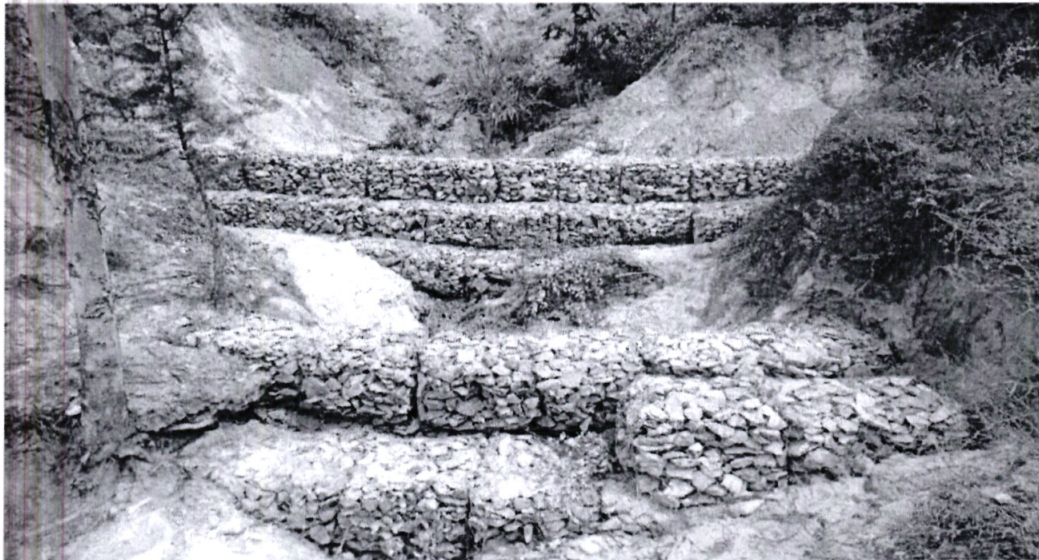
2. Environmental performance

The County is committed to environmental conservation and sustainability. The county has put in place the environment and climate change policy in addition to the Climate Change Fund Regulations, 2015 that established the Makueni County Climate Change Fund Board responsible for mainstreaming climate change in county development processes.

Successes of the Environmental Policies

The county has witnessed several achievements from the implementation of the environmental policies. Some of the notable successes include;

- Reduced Environmental and Social Impacts of County projects and Programs by developing Environmental and Social safeguards such as Environmental Management and Social Plans and Environmental Impact Assessment reports for County Projects
- Building Climate Change Resilience through Carrying out Participatory Vulnerability Capacity Assessment.
- Waste Management through Cleaning urban areas and market places, Construction of 10 public toilets, management of exhaust services of public toilets across the county and Procuring 10 skip bins and 1 skip loader to Enhance solid waste Management
- Environmental Conservation and Management through Gulley rehabilitation projects, Environmental Conservation programmes, rehabilitation of water catchment areas such as Kiu and Kiboko water catchment and Sustainable Land Management practices such as afforestation, terracing and grass reseeding of Maatha and Mbui Nzau hills,



Kyetuli earth dam upstream rehabilitation project

Shortcomings of Environmental Policies

There are several shortcomings towards implementation of the county's Environmental Policies. These include

- Low staffing levels
- Inadequate allocation of funds to Environment projects
- Inadequate uptake of Environmental issues such as waste segregation and conservation in the county
- Lack of a County framework on prosecution of Environmental law

Efforts towards sustainable Environmental performance

The county has put in place several measures towards managing biodiversity, waste management and reduction of the environmental impact on projects. These include;

- Resource mobilization
- Training of Environmental Inspectors by NEMA
- Collaboration with National Government Agencies such as NEMA, KFS, NDMA
- Continued Environmental Education

3. Employee welfare

Makueni County has several policies in place that guide hiring of employees. These include the County Government Act, the Employment Act and the Constitution of Kenya, 2010. Every effort is made in ensuring Gender balance and involvement of various stakeholders in the hiring process. Through the County Public Service Board, the County Government has made tremendous effort in improving skills, managing careers, appraisal and reward systems of employees. These include Performance Management system, training of staff, formation of Departmental Human Resource Management Advisory Committees, Appointment of committee to review the schemes of service and introduction of reward system under the Performance Management System.

The County Government has also formulated and documented a safety and health policy in compliance with Occupational Safety and Health Act of 2007, (OSHA). This is part of County Service Delivery manual which addresses pertinent safety and health concerns such as safety and health regulations, fire safety provisions and insurance cover.



Contractor and PMC doing site handover of Kambu X-ray Block

4. Market place practices-

Makueni County Government has made efforts in promoting fairness in the market place as outlined below:

a) Responsible competition practice.

The county has continued to implement the open contracting in the procurement process as well as adopting e-procurement process. These measures have ensured that all the tenders are published

Makueni County Bursary Fund

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

and available for all the suppliers to fairly compete. During the period ending June 30th 2022, the county government has made open 1698 contracts worth 1.4B Kenya Shillings. All these are available to the public for scrutiny on our portal.

b) Responsible Supply chain and supplier relations-

To ensure responsible relations with our service providers and contractors, the county is opening up government to ensure that every measure to mitigate corruption, ensure that public funds are used in the best value for money, to support more competition for businesses especially Small and Micro-Enterprises (SMEs), and also support youth, women and persons with disability-owned businesses to have better chances of doing business with government.

The county Pending Bills Committee has ensured that all payments due are promptly paid and this has provided confidence to suppliers and contractors that they will be paid upon completion of works or delivery of goods and services. In addition to ensure efficiency and effectiveness in payment process, a Central Invoice Registry has been operationalized.

c) Responsible ethical practices

The County Government has made efforts in ensuring a corruption free environment in all its undertakings. Some of the measures put in place include having a signboard of “corruption free zone” in all the main entrance of all the offices, hotline numbers to report corruption malpractices, complaint boxes among others. This has helped curb the vice and ensured responsible ethical practises in all engagements.

d) Responsible marketing and advertisement

The Government of Makueni County open contracting portal has made it possible for the government to advertise all contracts and tenders in this portal. The suppliers have unlimited access to the portal which call be accessed through the following link. (<<https://opencontracting.makueni.go.ke/ui/index.html>>).

The county has also undertaken marketing initiatives through the marketing directorate. Currently personnel are being recruited to enhance the capacity of this directorate.

e) Product stewardship-

The county has continued to implement consumer protection programme whose objective is to safeguard the business owners and promote fair trade practices. Inspection of weights and measures equipment has been of priority to ensure the quantity and quality of products in our markets.



Upgrading Kikima Clothes shed

5. Community Engagements

The county has an elaborate public participation framework that guides participatory development initiative in the county emanating from the village clusters up to the County level. During the reporting period there has been limited community engagements due to Covid-19 pandemic. However, we have ensured fair representation of the community interests in the county affairs while still observing the Ministry of Health protocols. The Project Management Committees have remained fully involved in the implementation of the development projects.



Upgrading Kyanginywa Market shed

6. Others

The county Government undertook a number of CSR activities during the Financial year 2021/2022 which were geared at promoting various sectors such as sports, Education and Youth among others. Some of these activities include Ujuzi Teketeke aimed at training the youth, ICT challenge aimed at promoting the IT among the youth in the County among other initiatives.

Makueni County Bursary Fund

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

11. Report of The Committee

The Committee submit their report together with the audited 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 to support needy bright learners and solicit funds from donors and well-wishers.

Results

The results of the Fund for the year ended June 30, 2022 are set out on Management Discussion and Analysis Page.

Committee

The members of the Board of Trustees who served during the year are shown on the key entity information and management page. There were no changes in the Committee during the financial year.

Auditors

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

By Order of the Committee.



.....
Chair of the Fund Administration Committee

Date: 05 Jan 2024

12. Statement of Management’s Responsibilities

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


The Administrator of 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 judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Makueni County Bursary Fund Regulation, 2018. 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

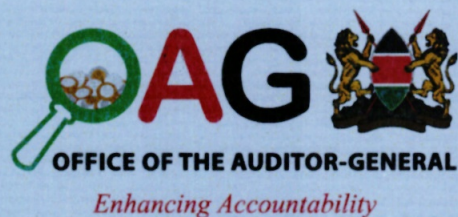
The Fund’s financial statements were approved by the Committee on 5th January, 2024 and signed on its behalf by:


.....

Administrator of the Makueni County Bursary Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MAKUENI COUNTY 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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements for Makueni County Bursary Fund set out on pages 1 to 35, which comprise of the statement of financial position as at

30 June, 2022 and the statement of financial performance, statement of net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Makueni County Bursary Fund as at 30 June, 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 comply with the Makueni County Bursary Fund Act, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Cash and Cash Equivalents Balance

The statement of financial position and as disclosed in Note 11 to the financial statements reflect cash and cash equivalents balance of Kshs.47,330,439. However, the bank reconciliation statement reflects unrepresented cheques payable to various institutions of amounting to Kshs.47,330,439. Supporting evidence of the unrepresented cheques by way of physical cheques or counter foil of the unrepresented cheques were not provided for audit review. Further, the management did not provide satisfactory explanation as to why bursary the bursary beneficiaries had not presented the cheques for payment. In addition, review of the cashbook revealed Nil closing balances casting doubt on the authenticity of the reported closing balance.

In the circumstances, the accuracy and validity of cash and cash equivalents balance of Kshs.47,330,439 as at 30 June, 2022 could not be confirmed.

2. Unconfirmed Bursary Award

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects a balance of Kshs.65,912,572 in respect of use of goods and services. Included in the amount expenditure on scholarship/bursaries of Kshs.59,723,772 being. However, the ward committee minutes provided for audit review was not supported with detailed list of bursary applicants to establish the criteria of award and vulnerability of those awarded bursaries. Further, it was not possible to confirm receipt of the funds since the beneficiary educational institutions did not acknowledge receipt of the same.

In the circumstances, the accuracy and validity of the bursary and scholarship expenditure of Kshs.59,723,772 could not be confirmed.

3. Irregular Fund Administration Expenses

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects use of goods and services amount of Kshs.65,912,572. Included in

the amount is a fund administration expenses of Kshs.5,656,560. However, the expenditure was not supported by way of payment vouchers, acknowledgement of receipts and payment schedules. Further, the Fund administration expenses of Kshs.5,656,560 or 5% of the total budget exceeded the set threshold of three (3%) as prescribed by Section 197(1) (d) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the accuracy and regularity of the Fund administration expenses of Kshs.5,656,560 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.113,243,011 and Kshs.65,912,572 respectively, resulting to an under-expenditure of Kshs.47,330,439 or 42% of the budget. No plausible reason was given by Management for the under-expenditure.

In the circumstances, the under-expenditure of the budget affected implementation of the planned activities and programs and may have impacted negatively on service delivery to the residents of Makueni.

My opinion is unmodified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Report of the Auditor-General on Makueni County Bursary Fund for the year ended 30 June, 2022

Basis for Conclusion

1. Lack of Public Participation

The statement of financial performance and Note 7 to the financial statements reflect general expenses amount of Kshs.65,912,572. Included in the amount is Kshs.59,723,772 relating to scholarships/bursaries. However, there was no evidence of public participation such as notices indicating dates of the meetings, venues and minutes of the deliberations. Further, there was no evidence that the list of beneficiaries was forwarded to the respective sub-wards for public verification by the residents.

In the circumstance, the Fund management was in breach of the law.

2. Irregular Appointment and Composition of Ward Bursary Committee

The statement of financial performance reflects use of goods and services amount of Kshs.65,912,572. Included in the amount and as disclosed in Note 7 to the financial statements is a Fund administration expenses of Kshs.5,656,560. Review of documents provided for audit revealed the following anomalies:

- i. Documents in support of appointment of ward bursary committee members were not provided for audit review. It was therefore not possible to confirm whether the Fund management complied with the procedures on appointment of the members.
- ii. The County bursary committee members were not gazetted, contrary to paragraph 3 of Mwongozo Code of Governance, 2015, which states that every appointment shall be by name and by notice in the Kenya Gazette
- iii. All ward bursary committees consisted of thirteen committee members instead of seven, as stipulated in Regulation 11 (2) of the Public Finance Management – Makueni County Bursary Fund Regulations, 2018.
- iv. The County also appointed two sub-ward committees per Ward. However, no enabling legislation was provided to support the appointments.

In the circumstance, the Fund Management was in breach of the law.

3. Late Submission of financial Statements

Financial statements for the year ended 30 June, 2022 were submitted to the Office of the Auditor General on 24 November, 2023 more than one year later than the statutory deadline of 30th September, 2022. This is contrary to the provisions of Section 47(1) of the Public Audit Act, 2015.

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

4. Irregular Payment of Scholarships

The statement of financial performance reflects use of goods and services amount of Kshs.65,912,572. Included in the amount is fund general expenses of Kshs.60,207,372 as disclosed in Note 7 to the financial statements. The general expenses relate to bursaries and scholarships. Review of the supporting schedules revealed that scholarships expenditure totaled to Kshs.30,222,756. However, there is no enabling legislation for payment of the scholarships in place.

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

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

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 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 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 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 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 February, 2024


Makueni County Bursary Fund


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

14. Statement of Financial Performance for The Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	113,243,011	-
Fines, Penalties and Other Levies	3	-	-
		113,243,011	-
Revenue From Exchange Transactions			
Interest Income	4	-	-
Other Income	5	-	-
		-	-
Total Revenue		113,243,011	-
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	65,912,572	-
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		65,912,572	-
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Surplus/(Deficit) For The Period		47,330,439	-

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 5th January 2024 and signed by:


.....
Name: Boniface Juma
Administrator of the Fund
ICPAK Member Number: 18089


.....
Name: Andrew Kimondiu
Fund Accountant
ICPAK Member Number: 9253

Makueni County Bursary Fund

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

15. Statement of Financial Position as at 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	47,330,439	-
Current Portion of Long- Term Receivables From Exchange Transactions	12	-	-
Prepayments	13		
Inventories	14	-	-
		47,330,439	-
Non-Current Assets		-	-
Property, Plant and Equipment	15		
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	-	-
		-	-
Total Assets		47,330,439	-
Liabilities		-	-
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17		
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
		-	-
Non-Current Liabilities		-	-
Non-Current Employee Benefit Obligation	20		
Long Term Portion of Borrowings	19	-	-
Total Liabilities		-	-
		-	-
Net Assets			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		47,330,439	-
Total Net Assets and Liabilities		47,330,439	-

Makueni County Bursary Fund

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

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 5th January 2024 and signed by:



.....
Name: Boniface Juma

Administrator of the Fund

ICPAK Member Number: 18089



.....
Name: Andrew Kimondiu

Fund Accountant

ICPAK Member Number: 9253


Makueni County Bursary Fund


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

16. Statement of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2020	-	-	-	-
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2021	-	-	-	-
Balance As At 1 July 2021	-	-	-	-
Surplus/(Deficit) For the Period	-	-	47,330,439	47,330,439
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	-	-	47,330,439	47,330,439

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 5th January 2024 and signed by:


.....
Name: Boniface Juma
Administrator of the Fund
ICPAK Member Number: 18089


.....
Name: Andrew Kimondiu
Fund Accountant
ICPAK Member Number: 9253

17. Statement of Cash Flows for The Year Ended 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government	2	113,243,011	-
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		113,243,011	-
Payments			
Fund administration expenses		-	-
General expenses	7	65,912,572	-
Finance cost		-	-
Other payments		-	-
Net cash flows from operating activities	21	47,330,439	-
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment			
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts			
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		47,330,439	-
Cash and cash equivalents at 1 July	11	-	-
Cash and cash equivalents at 30 June	11	47,330,439	-

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

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 5th January 2024 and signed by:



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Name: Boniface Juma
Administrator of the Fund
ICPAK Member Number: 18089



.....
Name: Andrew Kimondiu
Fund Accountant
ICPAK Member Number: 9253

18. Statement of Comparison of Budget and Actual Amounts for The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	FY 2122	FY 2122	FY 2122	FY 2122	FY 2122	FY 2122
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	-	-	-	-	0%
Transfers From County Govt.	113,243,011		113,243,011	113,243,011	-	100%
Interest Income	-	-	-	-	-	0%
Other Income	-	-	-	-	-	0%
Total Income	113,243,011	-	113,243,011	113,243,011	-	100%
Expenses					-	0%
Fund Administration Expenses	-	-	-	-	-	0%
General Expenses	113,243,011	-	113,243,011	65,912,572	47,330,439	58%
Finance Cost	-	-	-	-	-	0%
Total Expenditure	113,243,011	-	113,243,011	65,912,572	47,330,439	58%
Surplus For The Period		-	-	47,330,439	(47,330,439)	-

- *The under performance in the expenditure was due to unrepresented cheques which had not cleared caused by Covid-19 impact leading to change in academic calendar.*

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

19. Notes to the Financial Statements

1. General Information

Makueni County Bursary Fund is established by and derives its authority and accountability from Makueni Bursary Fund Regulations, 2018. The entity is wholly owned by the County Government of Makueni and is domiciled in Kenya. The entity's principal activity is financial support to learners.

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	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and

Standard	Effective date and impact:
	<ul style="list-style-type: none"> Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a</p>

Makueni County Bursary Fund

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

Standard	Effective date and impact:
	<p>basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

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

4. 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.

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

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.

f) 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 an entity of financial assets is impaired. A financial asset or an 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 an 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.

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Summary of Significant Accounting Policies (Continued)

g) Inventories

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

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

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

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

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

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

h) Provisions

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

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

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

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.

i) 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.*

j) 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.

k) 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.

l) Foreign currency transactions

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

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Summary of Significant Accounting Policies (Continued)

m) 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.

n) 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.

o) 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.

p) Comparative figures

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

q) Events after the reporting period

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

r) Ultimate and Holding Entity

The entity is a County Public Fund established by Makueni County Bursary Fund Regulations, 2018 under the department of Education, Sports and ICT. Its ultimate parent is the County Government of Makueni.

s) Currency

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

There were no provisions during the year under review.

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

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6. Notes to The Financial Statements

1. Public contributions and donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	113,243,011	-
Payments By County On Behalf Of The Entity	-	-
Total	113,243,011	-

3. Fines, penalties and other levies

Description	2021-2022	2020-2021
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income From Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

Notes to the Financial Statements Continued

5. Other income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
Fund General Expenses	60,207,372	-
Professional Services Costs	-	-
Administration Expenses	5,656,560	-
Committee Allowances	-	-
Bank Charges	48,640	-
Total	65,912,572	

8. Depreciation and Amortization Expense

Description	2021/22	2020/21
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

Makueni County Bursary Fund
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9. Finance costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

Makueni County Bursary Fund
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Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Makueni County Bursary Fund Account	47,330,439	-
Total Cash And Cash Equivalents	47,330,439	-

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank	1275221637	47,330,439	-
Bank B		-	-
Sub- Total		47,330,439	-
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		47,330,439	-

12. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-

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Less: Impairment Allowance	-	-
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

Additional disclosure on interest receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

13. Prepayments

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Total	-	-

14. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Total Inventories At The Lower Of Cost And Net Realizable Value	-	-

Makueni County Bursary Fund
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Notes to The Financial Statements (Continued)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 1st July 2021					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2020	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 1st July 2021					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-

Makueni County Bursary Fund

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30 th June 2021	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-

Notes to The Financial Statements (Continued)

16. Intangible assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At Beginning Of The Year	-	-
Additions	-	-
At End Of The Year	-	-
Amortization And Impairment		
At Beginning Of The Year	-	-
Amortization	-	-
At End Of The Year	-	-
Impairment Loss	-	-
At End Of The Year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	-	-
Refundable Deposits	-	-
Accrued Expenses	-	-
Other Payables	-	-
Total Trade And Other Payables	-	-

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance at The Beginning of the Year (1.07.2021)	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due to Discount and Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance at The End of the Year (30.06.2022)	-	-	-	-

Makueni County Bursary Fund
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Notes to The Financial Statements (Continued)

19. Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

	2021-2022	2020-2021
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End Of The Year	-	-

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Notes to The Financial Statements (Continued)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2021-2022	2020-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	47,330,439	-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	47,330,439	-

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Other Disclosures

22. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	113,243,011	-
Total	113,243,011	-

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Fund Committee	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

Makueni County Bursary Fund
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Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

Makueni County Bursary Fund

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

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2021	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

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

Makueni County Bursary Fund

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Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

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

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	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	-	-
USD	10%	-	-
2021		-	-
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

d) Capital risk management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	47,330,439	-
Total funds	47,330,439	-
	-	-

Makueni County Bursary Fund

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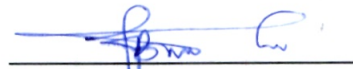
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

20. 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)

-There were no prior year Auditors Report


Boniface Juma
Fund Administrator

5th January, 2024
Date

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

21. Annexes

Annex 1- Trial Balance

No	Description	Debit Balance (Kshs)	Credit Balance (Kshs)
1	Transfers From the County Government	-	113,243,011
2	Cash and Cash Equivalents	47,330,439	-
3	Use of goods and services	65,912,572	-
4	Receivables	-	-
5	Trade and Other Payables from Exchange Transactions	-	-
6	Accumulated surplus	-	47,330,439
7	Surplus/(Deficit) For the Period	47,330,439	-
	Total	160,573,450	160,573,450