

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
SIAYA COUNTY EDUCATION BURSARY
FUND

FOR THE YEAR ENDED
30 JUNE 2018

SIAYA COUNTY EDUCATION BURSARY FUND
Reports and Financial Statements
For the year ended June 30, 2018



SIAYA COUNTY EDUCATION BURSARY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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

SIAYA COUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

For the year ended June 30, 2018

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SIAYA COUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

For the year ended June 30, 2018

I. KEY FUND INFORMATION AND MANAGEMENT

(a) Background information

Siaya County is constituted as per the Constitution of Kenya, 2010. It is charged with the responsibility of providing a variety of services to residents within its area of jurisdiction. These include the services that were hitherto provided by the defunct Municipal Council and the ones that have been transferred from the national government. The county is headed by the County Governor H.E. Cornel Rasanga, who is responsible for the general policy and strategic direction of the County. The Governor is supported by an Executive Committee in carrying out the mandate as stipulated in the Constitution. The County Executive Committee Member for Finance and Economic Planning, Hon. Joseph Warega is in charge of the County Treasury charged with the responsibility of creating funds in the county.

This Fund was established under the Siaya County Education Bursary Fund Act 2016. The Fund is domiciled in Kenya and has its office in Siaya County Headquarters, Siaya Town of Siaya County.

Principal Activities

The principal activity of the *Fund* is to provide scholarships or bursary to needy and orphaned students to enable them continue with education in order to maintain academic excellence and thereafter give back to the society in a sustainable manner.

(b) Key Management

The Fund's day-to-day management is under the following key organs:

- County Bursary Fund Committee
- Executive Committee Member-Education and Social Services
- Fund Administrator-County Chief Officer for Education

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Fund Administrator	Mr. Peter Otieno
2.	Director of Finance	Mr. Denis Nyonje
3.	Accountant	Mr. Phillip Odundo

(d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at Siaya County Education Bursary Fund for the year ended 30th June 2018 were:

Key information

(e) Head of Siaya County Education Bursary Fund.

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

(f) Siaya County Education Bursary Fund

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

(g) Siaya County Education Bursary Fund

Kenya Commercial Bank,
Siaya, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. COUNTY BURSARY FUND COMMITTEE MEMBERS

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

III. MANAGEMENT TEAM

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

SIAYA COUNTY EDUCATION BURSARY FUND
Reports and Financial Statements
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IV. CHAIRMAN'S STATEMENT

It is my pleasure to present the annual report of Siaya County Education Bursary Fund which was created by the Siaya County education Bursary Fund Act, 2016. The Bursary Fund was created to support needy students in Secondary Schools, Tertiary Colleges and Universities.

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

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

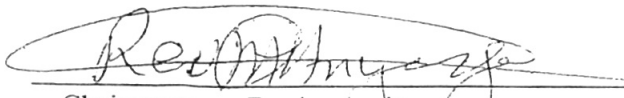
- a) Students' Birth Certificates
- b) Report cards (forms 2,3,4)
- c) Admission letters for form 1 students
- d) Fee structures
- e) Death/Burial certificates
- f) National ID for parents/ Guardian
- g) ID cards/certificate to confirm disability
- h) Chief's /sub-chief recommendation

Challenges Encountered are as follows;

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

In the financial year ending 30th June 2018, the fund was awarded bursary funds to the tune of Kshs.74,968,000.00 (Seventy Four Million Nine Hundred and Sixty Eight Thousand Only) out of which Kshs.38,789,300 (Thirty Eight Million Seven Hundred and Eighty Nine Thousand Three Only) was distributed to Schools and Institutions while Kshs.2,747,250 (Two Million Seven and Forty Seven Thousand Two Hundred and Fifty Only) was spent on administration of the fund leaving a balance of Kshs.33,424,165 (Thirty Three Million Four Hundred and Twenty Four Thousand One Hundred and Sixty five Only) which is on transit.

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



Chairperson - Fund committee

V. CORPORATE GOVERNANCE STATEMENT

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

The functions of the Fund Committee;

To oversight the process of bursary awarding right from public awareness or civic education, application by the beneficiaries, verification of the application forms, the board MUST verify beneficiaries at school level to rule out the chances of awarding ghost beneficiaries before identifying eligible vulnerable students, awarding of the bursary and returns from schools to formulate policies for regulating the disbursement, management of bursaries and to advise the CEC member on bursary disbursement.

Trainings

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

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

SIAYA COUNTY EDUCATION BURSARY FUND
Reports and Financial Statements
For the year ended June 30, 2018

VI. REPORT OF THE FUND COMMITTEE

The fund committee submit their report together with un-audited financial statements for the year ended June 30, 2018 which show the state of the fund affairs.

Principal activities

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

Results

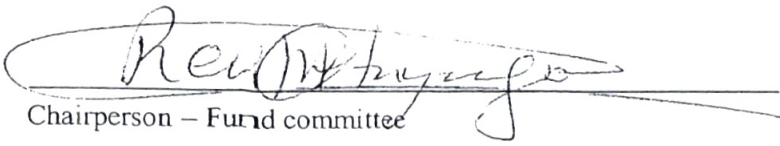
The results of the fund for the year ended June 30, 2018 are set out on page 1 – 7.

Committee members

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

Auditors

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


Chairperson – Fund committee

SIAYA COUNTY EDUCATION BURSARY FUND
Reports and Financial Statements
For the year ended June 30, 2018

VII. STATEMENT OF FUND COMMITTEE'S RESPONSIBILITIES

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

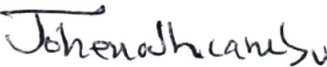
The Fund Administrator is responsible for the preparation and presentation of the fund's financial statements, which give a true and fair view of the of the fund for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Administrator accepts responsibility for the fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the regulations under which the fund is managed. The Fund Administrators of the opinion that the fund's financial statements give a true and fair view of the state of fund's transactions during the financial year ended June 30, 2018, and of the fund's financial position as at that date. The Fund Administrator further confirms the completeness of the accounting records maintained for the fund, which have been relied upon in the preparation of the fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

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


Fund Administrator
PETER OTIENO



SIAYA COUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

For the year ended June 30, 2018

VIII. REPORT OF THE INDEPENDENT AUDITORS ON SIAYA COUNTY EDUCATION BURSARY FUND

Auditor General

Date

REPUBLIC OF KENYA

Telephone: +254-20-342330
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E-Mail: oag@oagkenya.go.ke
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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON SIAYA COUNTY EDUCATION BURSARY FUND FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Siaya County Education Bursary Fund set out on pages 1 to 10, which comprise the statement of financial position as at 30 June 2018, the statements of financial performance, statement of changes in equity, 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 Siaya County Education Bursary Fund as at 30 June, 2018, 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in the Financial Statements

1.1 Understated Receipts

Included in the financial performance under note 1 is grants from county treasury of Kshs.74,968,000 while the documents availed for review in support of the receipts totaling Kshs.74,667,609 resulting to overstatement by Kshs.300,391. However, contrary to section 104(1) of public finance management county governments regulations 2015 stipulate that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation.

Consequently, the accuracy and validity of receipts totaling Kshs.300,391 could not be confirmed.

Report of the Auditor-General on the Financial Statements of Siaya County Education Bursary Fund for the year ended 30 June 2018

1.2 Understatement of Accumulated Surplus

Included in the statement of changes in net assets under XI is accumulated surplus of Kshs.34,222,670 while in statement of financial position the accumulated surplus is Kshs.32,499,700 resulting to unexplained difference of Kshs.1,722,970. However, contrary to section 100 of public finance management county governments regulations 2015 stipulate accounting officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which he or she is responsible.

Consequently, the accuracy and validity of accumulated surplus totaling Kshs.1,722,970 could not be confirmed.

1.3 Understatement of Undisbursed Bursary

Included in the statement of financial position under current liabilities is undisbursed bursary of Kshs.32,499,700. However, the surplus amount is Kshs.33,424,165 which is undisbursed portion resulting to unexplained difference of Kshs.924,465. However, contrary to section 100 of public finance management county governments regulations 2015 stipulate accounting officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which he or she is responsible.

Consequently, the accuracy and validity of Undisbursed Bursary totaling Kshs.924,465 could not be confirmed.

1.4 Inaccuracy of Cash and Cash Equivalents

The statement of cash flows reflects cash and cash equivalent at the end of the year figure of Kshs.33,416,880 while statements of financial position under current assets is cash at bank figure of Kshs.37,167,609 resulting to unreconciled figure of Kshs.3,750,729. However, contrary to section 100. of public finance management county governments regulations 2015 stipulate accounting officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which he or she is responsible.

In consequence, the accuracy and validity of cash and cash equivalents figure of Kshs.37,167,609 could not be confirmed.

1.5 Unsupported Administration Expenses

Included in the financial statements under note 3 is administration expenses of Kshs.2,754,535 which has not been supported by documentation such as invoices, payment vouchers and receipts. However, contrary to section 104(1) of public finance management county governments regulations 2015 stipulate that all receipts and

payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation.

Consequently, the accuracy and validity of administration expenses figure of Kshs.2,754,535 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Siaya County Education Bursary Fund in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Emphasis of Matter

1. Budget Performance

The Fund's approved budget for the year 2017/2018 amounted to Kshs.75,000,000.

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

Expenditure	Approved Budget Kshs	Actual Expenditure Kshs	Variance Kshs	Utilization %
Administration Expenses	2,250,000	2,754,535	(504,535)	122
Bursary to Students	72,750,000	38,789,300	33,960,700	53
Bank Charges	0	7,285	7,285	
Total	75,000,000	41,551,120	33,463,450	55

During the year under review, Siaya County Education Bursary Fund incurred an expenditure of Kshs.41,551,120 or 55% of the approved budget of 75,000,000, but disbursed to Schools Kshs.38,789,300 being 53% of Budget. Hence, undisbursed amount thereof of Kshs.33,960,700 had not been put to use. There was however an over expenditure of 22% on administrative expenses which has not been explained by management. Contrary to Section 42(1)(b) of Public Finance Management County Government Regulations 2015 stipulate that an accounting officer shall ensure that public funds entrusted to their care are properly safeguarded and are applied for purpose for only which they were intended and appropriated by the county assembly

Consequently, the undisbursed amount has denied the eligible students the benefit of continuing with studies without missing lessons in order to get value for money.

REPORT ON COMPLIANCE WITH LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC MONEY

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that public money has not been applied lawfully and in an effective way.

Basis for Conclusion

1. Bursary Issued to Ineligible Students

Included in the financial statement under note 2 is grants and subsidies of Kshs.38,789,300 which includes bursary to students of Kshs.38,789,300 out of which the Fund had disbursed bursary to student of Eldoret National Polytechnic Kshs.100,000 (Kshs.40,000 for 2017/18 and 60,000 for 2016/17) and Rongo University Kshs.55,000 (Kshs.45,000 for 2017/18 and 10,000 for 2016/17) though appearing in the bank statement, the students were not enrolled in the respective institutions. Further, some of the University of Eldoret students' bursary beneficiaries too could not have bursary as listed amounting to Kshs.56,000 for 2016/2017 and Kshs.25,000 for 2017/2018 for lack of clarity in terms of either admission number or students not in the institution.

In addition, Kshs.470,000 was disbursed to Barding Boys High school on 19 January 2018. A visit to the school on 14 February 2019 revealed that 13 students on the list of beneficiaries could not be traced from the school register out of which a total amount disbursed to the students was Kshs.65,000. However, contrary to Section 19(4) of the Siaya county education bursary fund Act, 2016 stipulate that the county treasury shall make payments in favor of, and directly to, the designated educational institutions in which the eligible students are enrolled, there shall be no payment to any ineligible students.

Consequently, the accuracy and validity of the eligible students' benefits from the disbursed bursary of Kshs.301,000 for the two financial years could not be confirmed.

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain limited assurance as to whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

A review is limited primarily to analytical procedures and to inquiries, and therefore provides less assurance than an audit. I have not performed an audit, and, accordingly, express my conclusion in the form of limited assurance, which is consistent with the more limited work I have performed under this compliance review.

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

REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the 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

1. Lack of independent autonomous IT function

The Siaya County Bursary Education Fund is an entity established under the Siaya County Education Bursary Fund Act of 2016. The entity has not established its own IT function and neither has it automated its financial processes but continues to rely on the manual accounting system. It's not easy to relate with accuracy and certainty the information in the books of original entry (Cash book) to the financial statements due to human errors and failure to update the cash book. Contrary to the applicable ICT standards as provided for by the regulating body - ICT Authority (ICTA). The ICTA Standards define the processes that ensure the effective and efficient use of IT in enabling a government institution achieve its goals.

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

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 1265. The standard requires that I plan and perform the review so as to obtain limited assurance as to whether effective processes and systems of internal control, risk management and governance was maintained in all material respects.

The matters reported are limited to the deficiencies identified during the audit that I have concluded are material to be reported. I have not performed an audit, and, accordingly, express my conclusion in the form of limited assurance, which is consistent with the more limited work I have performed under this review. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the projects ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Siaya County Education Bursary Fund or to cease operations, or have no realistic alternative but to do so.

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

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

Those charged with governance are responsible for overseeing the Siaya County Education Bursary Fund financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution.

My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Siaya County Education Bursary Fund ability to continue as a going concern or 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 Siaya County Education Bursary Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Siaya County Education Bursary Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

23 August 2019

SIAYA COUNTY EDUCATION BURSARY FUND**Reports and Financial Statements****For the year ended June 30, 2018****IX. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2017-2018	2016-2017
		Kshs	Kshs
Revenue from non-exchange transactions			
Grants form County treasury	1	74,968,000	166,315,000
Total revenue		74,968,000	166,315,000
Expenses			
Student bursary	2	38,789,300	132,369,490
Refund to County Treasury		0	29,855,740
Administration expenses	3	2,754,535	5,014,235
			0
Total expenses		41,543,835	167,239,465
Other gains/(losses)			
Surplus before tax			
Surplus/(deficit)for the period		33,424,165	798,505

The notes set out on pages 6 to 16 forms an integral part of these Financial Statements
(*Administrative fees includes Bank Charges*)

SIAYA COUNTY EDUCATION BURSARY FUND
Reports and Financial Statements
For the year ended June 30, 2018

X. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

ASSETS	NOTES	CUMULATIVE FNY- 2017/2018	COMPARATIVE FNY/2016-2017
Current Assets			
Cash at Bank	4	37,167,609	798,505
Receivables			-
TOTAL ASSETS		37,167,609	
Current Liabilities			
Undisbursed Bursary		32,499,700	-
Total Liabilities		32,499,700	-
NET ASSETS		4,667,909	798,505
Reserves			0
Accumulated Surplus		32,499,700	
Total net Assets and Liabilities		37,167,609	798,505

The Financial Statements set out on pages 1 to 2 were signed on behalf of the Fund committee by:

Name: Peter Odhiambo

Sign: *Johannes Odhiambo*

Date: 12-3-2019

Fund Administrator



Name: Philip Odundo

Sign: *Philip Odundo*

Date: 12-3-2019

Accountant

SIAYA COUNTY EDUCATION BURSARY FUND

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For the year ended June 30, 2018

**XI. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2018**

	Attributable to the owners of the controlling fund					
		Reserves				
	Self insurance reserve	Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	Minority interest	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2017	-	-	-	798,505	-	-
Surplus for the period	-	-	-	33,424,165	-	0
Balance as at 30 JUNE 2018	-	-	-	34,222,670	-	0

(The fund had un-utilized fund of Kshs 37,167,609 which is to be utilized in the F/ Y 2017/2018.)

XII.STATEMENT OF TRIAL BALANCE
AS AT 30 JUNE 2018

	2017/2018	
	DR.	CR
	Kshs	Kshs
Grants form County treasury		74,968,000
Student bursary	38,789,300	
Administration expenses	2,754,535	
Surplus/Deficit	33,424,165	
	74,968,000	74,968,000

**XIII. STATEMENT OF CASHFLOWS
AS AT 30 JUNE 2018**

		2017/2018	2016/2017
		Kshs	Kshs
Receipts for operating income			
Receipts			
Grants from County treasury		74,968,000	166,315,000
Total Receipts		74,968,000	166,315,000
Payments			
Administration expenses		2,754,535	4,989,450
Bursary Student		38,789,300	132,369,490
Refund to County Treasury		0	29,855,740
Total Payments		41,543,835	167,239,465
Net cash flows from operating activities		33,424,165	-924,465
Net increase/(decrease)in cash and cash equivalents		33,424,165	-924,465
Cashandcashequivalentsat1JULY	-	798,505.00	1,722,970
Cash and cash equivalents at the end of the year		33,416,880	798,505

**XV.STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2018**

	Original budget	Adjustments	Final budget	Actual	Performance difference
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018
<i>Revenue</i>	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
Grants From County treasury	75,000,000	0	75,000,000	74,968,000	-32,000
Total income		0	75,000,000	74,968,000	-32,000
Expenses					
Administration expenses	2,250,000	0	2,250,000	2,754,535	497,250
Bursary to Students	72,750,000	0	72,750,000	38,789,300	-33,960,700
Total expenditure	75,000,000	0	75,000,000	41,542,746	-33,457,254
Surplus for the period		0			33,425,254

(Changes between original and final budget is due to supplementary budget)

SIAYA COUNTY EDUCATION BURSARY FUND
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For the year ended June 30, 2018

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Siaya County Bursary Education Fund is established by and derives its authority and accountability from Siaya County Education Bursary Fund Act, 2016. The fund is wholly owned by the County Government of Siaya and is domiciled in Kenya. The fund's principal activity is bursary to orphans and needy students.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the fund. The accounting policies have been consistently applied to all the year 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 2018

Standard	Impact
<p>IPSAS 33: First time adoption of Accrual Basis IPSAS</p>	<p>In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.</p> <p><i>The fund adopted IPSAS in the year ended 30 June 2018 and therefore provisions of first time adoption of accrual basis does not apply to the fund.</i></p>

SLAYA COUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. Budget information

The original budget for FY 2017-2018 was approved by the County Assembly on 30th June 2018. Subsequent revisions and appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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.

iii. Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements. No reserves were created during the Financial Year under review.

iv. Changes in accounting policies and estimates

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

v. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, which is subject to insignificant risk of changes in value. Bank account balances include amount held at the commercial bank at the end of the financial year.

SIAYA COUNTY EDUCATION BURSARY FUND

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NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from other governments

Description	Cumulative Amount 2017/2018	Comparative Amount 2016/2017
	KShs	KShs
Conditional grants		
Grant From County Treasury	74,968,000	166,315,000
Total government grants and subsidies	74,968,000	166,315,000

2. Grants and subsidies

Description	Cumulative Amount 2017/2018	Comparative Amount 2016/2017
	KShs	KShs
Community development	0	0
Bursary to students	38,789,300.00	132,369,490
Social development	0	0
Community trust	0	0
Sporting bodies	0	0
Total grants and subsidies	38,789,300	132,369,490

3. Administration expenses

Description	Cumulative Amount 2017/2018	Comparative Amount 2016/2017
	KShs	KShs
Administration expenses	2,754,535	5,014,235
Refund to County Treasury	0	0
Total general expenses	2,754,535	5,014,235

4. (a) Cash and cash equivalents

Description	Cumulative Amount 2017/2018	Comparative Amount 2016/2017
	KShs	KShs
Current account	37,167,609	798,505
Total cash and cash equivalents	37,167,609	798,505

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

SIAYA COUNTY EDUCATION BURSARY FUND
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	Cumulative Amount 2017/2018	Comparative Amount 2016/2017
Financial institution		KShs
a) Current account	0	
Kenya Commercial bank	37,167,609	798,505
Sub- total	37,167,609	798,505
Grand total		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Cash generated from operations

	Cumulative Amount 2017/2018	Comparative Amount 2016/2017
	KShs	KShs
Surplus for the year before tax	33,424,165	798,505
Net cash flow from operating activities	33,424,165	798,505

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

