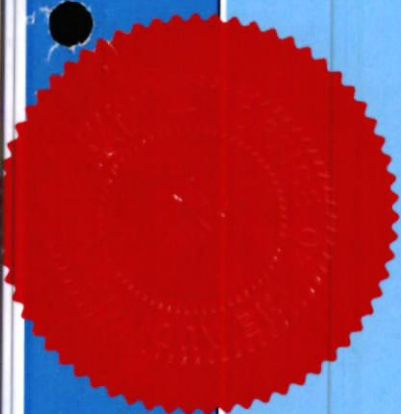
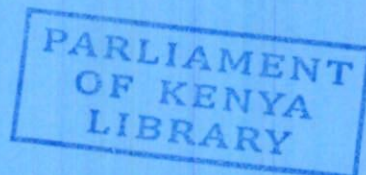
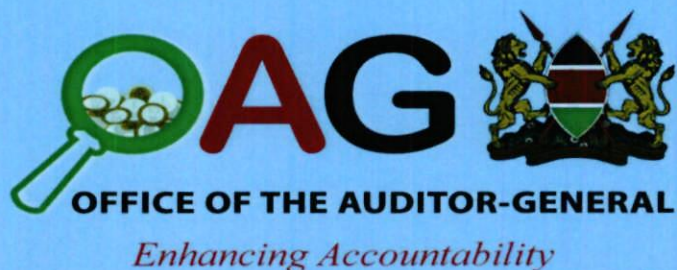


REPUBLIC OF KENYA

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**HOMA BAY COUNTY EDUCATION BURSARY FUND**

**FOR THE YEAR ENDED**  
**30 JUNE, 2020**

PAPERS LAID	
DATE	02/03/2022
TABLED BY	SML
COMMITTEE	-
CLERK AT THE TABLE	DANIEL



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**HOMA BAY COUNTY EDUCATION  
BURSARY FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2020**

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

**HOMA BAY COUNTY EDUCATION BURSARY FUND**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**HOMA BAY COUNTY EDUCATION BURSARY FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

The Homa Baycounty Bursary Fundwas formed pursuant to County Assembly Bursary Act of 2015. The fund is managed by Chief Executive Committee Member for Education and Information Technology who appoints other committee members to the Bursary Fund Committee. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the fund and as advised by the Fund committee, Homa Bay countyhasadopted the PFM County Government regulations 2015 to guide in the operationalization of the fund.

The fund is wholly owned by the County Government of Homa Bay and is domiciled in Kenya.

**b) Principal Activities**

The principal activity/mission/ mandate of the fund is to provide Bursary to the needy Children.

**Fund Administration Committee**

Ref	Name	Position
1	Mr.WilfredAwuor	Chief Officer Education and ICT
2	Hon. Beatrice Asyago	CEC-M Education and ICT
3	Fr.PhilipOlage	Committee Chair
4	Mr Timothy Oyoo	NGO Representative
5	Mr. AlphonceOkuku	PLWD Representative

**c) Key Management**

Ref	Name	Position
1	Hon.NicholasKoriko	CEC-M Finance and Economic planning
2	Mr. Wilfred Awuor	Fund Administrator
3	Hon Beatrice Asyago	CEC-M Education and ICT
4	Mr. Noah Otieno	Chief Officer Finance and Economic planning
5	Mr. Daniel Owuor	Head Of Treasury Accounting

**d) Registered Offices**

P.O. Box 469 - 40300  
Council Building/House/Plaza  
RongoHoma Bay-Road/Highway  
Homabay, KENYA

**HOMA BAY COUNTY EDUCATION BURSARY FUND**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**e) Fund Contacts**

- f) Telephone: +254 20 38617565/55
- g) E-mail: executive@homabay.go.ke
- h) Website: www.homabaycounty@.go.ke

**i) FundBankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
Kencom Building, Moi Avenue  
P.O. Box 19828 - 00100  
Nairobi, Kenya
3. Equity Bank  
Equity Centre, Upper Hill  
P.O. Box 1234 - 00100  
Nairobi, Kenya

**j) Independent Auditors**

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

**k) Principal Legal Adviser**

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

# HOMA BAY COUNTY EDUCATION BURSARY FUND

## Reports and Financial Statements

For the year ended June 30, 2020

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### REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present, on behalf of the Fund Administration Committee, the County Bursary fund financial statements for the year ended 30<sup>th</sup> June 2020. The financial statements present the financial performance of the fund over the past year.

#### Sustainability

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities.

The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

#### Review of performance

##### Income

The fund was allocated amount of **KShs. 109,000,000** for the period but due to closure of Schools it was not transferred. Projects implementation during the period was carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to an opening cash balance of **Kshs.387,355** at the beginning the year.

##### Expenditures

The total expenditures during the period amounted to **KShs. 0** out of which the administration expenses amounted to **KShs.0**

Signed: \_\_\_\_\_

**Wilfred Awuor**  
Fund Administrator



**HOMA BAY COUNTY EDUCATION BURSARY FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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**Financial Performance**

**a) Revenue**

In the year ended 30<sup>th</sup> June 2020, the fund had projected transfers of KShs 109,000,000. Out of the projected revenue, the fund was not able to realise any actual transfers, representing 0% performance.

In the table below, we present an analysis of revenue performance during the year.

<b>Revenue classification</b>	<b>Revenue budget (KShs)</b>	<b>Actual (KShs)</b>	<b>Realization (%)</b>
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	
Transfers from County Govt.	109,000,000	<b>0.00</b>	0%
<b>Total Income</b>	<b>109,000,000</b>	<b>0.00</b>	

**b) Grants**

During the financial year 2019/2020, the fund did not disburse bursaries to needy students.

**Cash flows**

In the FY 2019/2020, we had a few liquidity disruptions. This was as a result of non-disbursement from the national treasury hence affecting transfers to different institutions across the county.

**Conclusion**

FY 2019/2020 was not a good year due to Covid-19. No progress was made and the momentum has been created to enable Homa Bay County Bursary fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

**HOMA BAY COUNTY EDUCATION BURSARY FUND**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

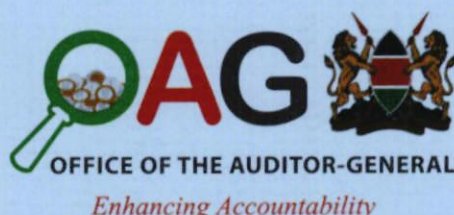
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**2. CORPORATE GOVERNANCE STATEMENT**

The Homa Bay County Bursary fund is a fund established pursuant to the Act of Homa Bay County Assembly of 2015. Section 167 of the Public Finance Management (PFM) Act 2012 provides for the regulations and reporting of the fund. Its mandate is to provide Bursary to needy students across the County. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. The operations of the fund are governed by a fund administrator and the fund committee.

# REPUBLIC OF KENYA

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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 HOMA BAY COUNTY EDUCATION BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Homa Bay County Education Bursary Fund set out on pages 6 to 21, which comprise the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows, and the 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 the Homabay County Education Bursary Fund as at 30 June, 2020, 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 Homa Bay County Education Bursary Act, 2015 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Cash and Cash Equivalent

The statement of financial position as at 30 June, 2020 reflects cash and cash equivalents amounting to Kshs.26,315. The amount was in respect of amounts held at the Fund's bank account as per Note 4 to the financial statements. However, the balance was not supported by a confirmation of balances certificate from the bank.

Consequently, the accuracy, and completeness of cash and cash equivalents amounting to Kshs.26,315 as at 30 June, 2020 could not be ascertained.

##### 2. Difference between Financial Statements and Explanatory Notes

The statement of financial performance reflects expenditure of Kshs.361,040 under fund administrative expenses. However, Note 2 to the financial statement reflects nil expenditure on the item resulting in a difference of Kshs.361,040 between the statement and the note.

Consequently, the accuracy and completeness of the financial statements could not be confirmed.

### **3. Material Uncertainty Relating to Sustainability of Service**

The statement of comparison of budget and actual amounts and Note 1 to the financial statements indicates that the County Assembly of Homa Bay did not appropriate any funds to the Homa Bay County Education Bursary Fund for the year ended 30 June, 2020 as provided for in Section 6 (1) of the Homa Bay County Education Bursary Fund Act, 2015 which states that the fund shall consist of monies appropriated by the County Assembly; monies received as contributions, gifts, or grants from any lawful sources; monies earned arising from any investment of the Fund; and, any money that may be payable or vested for the Fund.

The condition indicates existence of a material uncertainty, which may cast significant doubt on the Fund's ability to sustain its services or discharge its mandate. Further, the Management did not disclose the uncertainties in the financial statements as required in Paragraph 38 of the International Public Sector Accounting Standards (IPSAS) 1

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those charged with Governance**

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

09 February, 2022


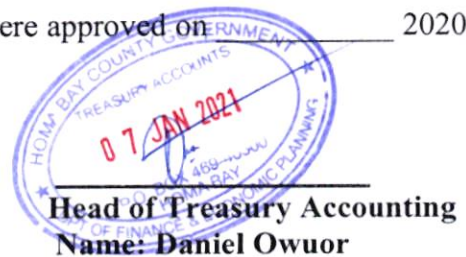
**HOMA BAY COUNTY EDUCATION BURSARY FUND****Reports and Financial Statements****For the year ended June 30, 2020****3. FINANCIAL STATEMENTS****3.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020**

	Note	FY2019/2020	FY 2018/2019
		KShs	
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	1	0	103,000,000
<b>Total revenue</b>		<b>0</b>	<b>103,000,000</b>
<b>Expenses</b>			
Fund administration expenses	2	361,040	2,612,645
Payment to Beneficiaries	3	0	100,000,000
<b>Total expenses</b>		<b>0</b>	<b>102,612,645</b>
<b>Surplus/( deficit) for the period</b>		<b>(361,040)</b>	<b>387,355</b>

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 \_\_\_\_\_ 2020 and signed by:




**Administrator of the Fund**  
Name: Wilfred Awuor


**Head of Treasury Accounting**  
Name: Daniel Owuor

**HOMA BAY COUNTY EDUCATION BURSARY FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**


**3.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	FY2019/2020	FY2018/2019
		<b>KShs</b>	
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	26,315	387,355
Accounts Receivables	5	0	0.00
<b>Non-current assets</b>			0
<b>Total assets</b>		<b>26,315</b>	<b>387,355</b>
<b>Liabilities</b>		<b>0</b>	<b>0</b>
Accounts payables	6	0	0
<b>Total liabilities</b>		<b>0</b>	<b>0</b>
<b>Net assets</b>		<b>26,315</b>	<b>387,355</b>
Surplus/(Deficit) for the year		(361,040)	387,355
Accumulated Surplus Brought forward		387,355	0
<b>Total equity</b>		<b>26,315</b>	<b>387,355</b>

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 \_\_\_\_\_ 2020 and signed by:



**Administrator of the Fund**  
**Name: Wilfred Awuor**



**Head of Treasury Accounting**  
**Name: Daniel Owuor**


**HOMA BAY COUNTY EDUCATION BURSARY FUND**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

**3.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020**

	Revolving Fund	Accumulated surplus	Total
		KShs	KShs
<b>Balance as at 1 July 2019</b>			
Surplus/(deficit) for the period	0	-	0
Funds received during the year	0	-	0
<b>Balance as at 30 June 2020</b>	<b>0</b>	<b>-</b>	<b>0</b>
<b>Balance as at 1 July 2020</b>			
Surplus/(deficit) for the period	0	-	0
Funds received during the year	0	-	0
<b>Balance as at 30 June 2020</b>	<b>0</b>	<b>-</b>	<b>0</b>



**Administrator of the fund**  
Name: Wilfred Awuor



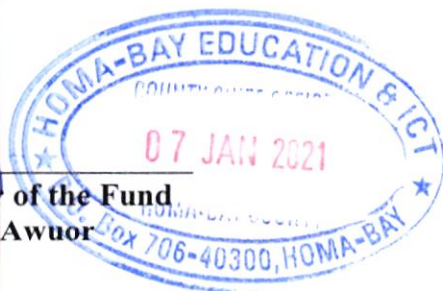
**Head of Treasury Accounting**  
Name: Daniel Owuor

**HOMA BAY COUNTY EDUCATION BURSARY FUND****Reports and Financial Statements****For the year ended June 30, 2020****3.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

	Note	FY2019/2020	FY2018/2019
Cashflows from operating activities		KShs	KShs
<b>Receipts</b>			
Transfers from the County Government	1	0	103,000,000
<b>Total Receipts</b>		<b>0</b>	<b>103,000,000</b>
<b>Payments</b>			
Fund administration expenses	2	361,040	2,612,645
Payments to Beneficiaries/Disbursements	3	0	100,000,000
<b>Total Payments</b>		<b>361,040</b>	<b>102,612,645</b>
Net cash flows from operating activities		0	0
Cash flows from investing activities		0	0
Net cash flows used in investing activities		0	0
Cash flows from financing activities		0	0
Net cash flows used in financing activities		0	0
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(361,040)</b>	<b>387,355</b>
Cash and cash equivalents at 1 JULY 2019	4	387,355	0
<b>Cash and cash equivalents as at 30 JUNE 2020</b>		<b>263,15</b>	<b>387,355</b>


  
 Administrator of the Fund

Name: Alfred Awuor




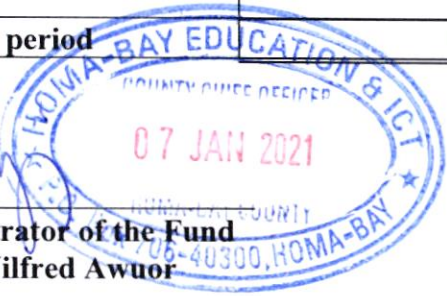
  
 Head of Treasury Accounting


Name: Daniel Owuor



**3.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2020	2020	2020	2020	2020	2020
Revenue	KShs	KShs	KShs	KShs	KShs	
Transfers from County Govt.	0	0	0	0	0	0%
<b>Total income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Expenses</b>						
Fund administration expenses	0	0	0	0	0	0%
Disbursement to the Beneficiaries	0	0	0	0	0	0%
<b>Total expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Surplus for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

  
  
**Administrator of the Fund**  
 Name: Wilfred Awuor

  
**Head of Treasury Accounting**  
 Name: Daniel Owuor

**HOMA BAY COUNTY EDUCATION BURSARY FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**3.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. 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.

**2. Adoption of new and revised standards**

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2018**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2018</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2018:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

**c) Early adoption of standards**

The Fund did not early – adopt any new or amended standards in year 2018.

**HOMA BAY COUNTY EDUCATION BURSARY FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. 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 appliesthis yield to the principal outstanding to determine interest income each period.

**4. Budget information**

The Homa Bay County 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.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented in page 12 of these financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. 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.

**6. 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.

**7. 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 Fund 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.

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**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 Fund 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 fund 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 cashflows 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 Fund 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.

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#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

##### 8. 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 Fund.

##### 9. Provisions

Provisions are recognized when the fund 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 fund 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 fund 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.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Contingent assets***

The Homa Bay Bursary fund 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 Fund 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.

**10. Nature and purpose of reserves**

The Fund creates and maintains reserves in terms of specific requirements.

**11. 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.

**12. Employee benefits– Retirement benefit plans**

The Homa Bay County fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Fund 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.

**13. 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)**

**14. 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.

**15. Related parties**

The Homa Bay Bursary Fund regards a related party as a person or Fund with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the Fund Administrator and the Fund Accountant.

**16. 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.

**17. Comparative figures**

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

**18. Events after the reporting period**

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

**19. Ultimate and Holding Entity**

The Homa Bay County Bursary fund is a County Public Fund established by Section 167 of the Public Finance Management (PFM) Act 2012. Its ultimate parent is the Homa Bay County Government.

**20. Currency**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)**

**21. Significant judgments and sources of estimation uncertainty**

The preparation of the Homa Bay Bursary Fund 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.

**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 Fund 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.

**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 Fund
- 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

**Provisions**

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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)**

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

**a) 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 Fund short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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**3.7 NOTES TO THE FINANCIAL STATEMENTS**

**1. Transfers from County Government**

These refer to donations received from domestic and foreign donors. The funds include donations received directly by the County Government and those that are received by the National Government first and disbursed to the County.

<b>Description</b>	<b>FY2019/2020</b>	<b>FY2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Transfers from County Government	0	103,000,000
	0	
<b>Total</b>	<b>0</b>	<b>103,000</b>

**2. Fund administration expenses**

<b>Description</b>	<b>FY2019/2020</b>	<b>FY2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Allowances	0	1,200,000
Fuel and Lubricants	0	200,000
Printing and Stationary	0	200,000
Communications	0	50,000
Hospitality	0	962,645
<b>Total</b>	<b>0</b>	<b>2,612,645</b>

**3. Payments to Beneficiaries**

<b>Description</b>	<b>FY2019/2020</b>	<b>FY2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Beneficiaries	0	100,000,000
<b>Total</b>	<b>0</b>	<b>100,000,000</b>

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**4. Cash and cash equivalents**

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Current account- Equity Bank- Homabay	26,315.00	387,355
Accounts receivables	0	0
<b>Total cash and cash equivalents</b>	<b>26,315.00</b>	<b>387,355</b>

**NOTE:**

*The difference between bank account balances of Kshs. 387,355.00 and Kshs. 26,315.00 is as a result of Cheques Clearances.*

**5. Accounts receivables**

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Accounts receivables	0	0
<b>Total cash and cash equivalents</b>	<b>0</b>	<b>0</b>

**6. Accounts Payables**

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Beneficiaries	0	0
<b>Total</b>	<b>0</b>	<b>0</b>