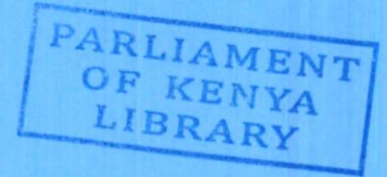
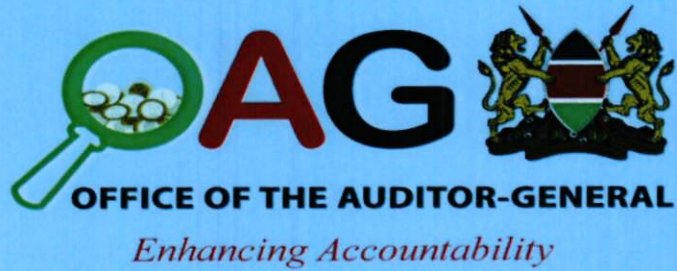


REPUBLIC OF KENYA

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REPORT

OF

THE AUDITOR-GENERAL

ON

**SIAYA 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	CHANIA





SIAYA COUNTY EDUCATION BURSARY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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, 2020

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Siaya County Education Bursary Fund is established by the County Government of Siaya and derives its authority and accountability from the Siaya County Education Bursary Act 2016 and its amendment of 2018. The Fund is wholly owned by the County Government of Siaya and is domiciled in Kenya.

The fund's objective as derived from the Siaya County Bursary Act, 2016 is to enhance access to education for the residents of the county, promote and increase enrolment, retention, completion and transition rates in school as well as improve education standards and literacy levels which will in turn reduce poverty and inequality.

The Fund's principal activity is to provide bursary to the needy and vulnerable students to enable them continue with their education and uplift the transition rate in the exchange of different levels of institutions of learning and thereafter give the beneficiaries a chance to give back to the society in a sustainable manner.

b) Principal Activities

The principal mandate of the Fund is to enhance access to education for the residents of Siaya County.

COUNTY BURSARY FUND COMMITTEE MEMBERS

S/N	Photo	Name	Responsibility	
1		Mr. Elly Osiemo	Chairperson	
2.		Mr. Henry Ouma	Secretary	
3.		Mr. Moses Agogo	Member	
4.		Mrs. Anastasia Omondi	Member	
5.		Mr. Kenneth Wachanga	Member	
6.		Mrs. Alice Owade	Member	
7.		Mr. Christopher Juma	Member	
8.		Mr. Carilus Umija	Member	
9.		Mrs. Dorothy Otieno	Member	
10.		Mrs .Margaret Oketch	Member	

c)

d) Key Management

No.	Designation	Name
1.	Fund Administrator	Mr. Henry Ouma
2.	Director of Finance	Mr. Michael Ogola
3.	Accountant	Mr. Erick Awandu

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

Key information

a) Location.

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

b) Contacts

Telephone: (254)-723411095
E-mail: ouma_onyango@yahoo.com
Website: www.siaya.go.ke

c) Banker

Kenya Commercial Bank,
Siaya, Kenya

d) Independent Auditors

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

e) Principal Legal Adviser

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

2. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES

The Siaya County Education Bursary Fund had a budgetary allocation Kshs 80,000,000.00 in FY2019/2020. The Secretariat generated a work plan for the disbursement and it was adopted and passed by the Executive committee in September 2019.

The process began in September 2019 by application and the vetting process took place in February 2020. The requisition of the funds was made in March 2020 with a projection of disbursement in May 2020. The process was hampered by the unexpected outbreak of COVID-19 and subsequently the closure of the institutions of learning.

The funds were received after the closure of the financial year and will be disbursed to the beneficiaries in the FY2020/2021 after the re-opening of the institutions. (This is because it is only when the institutions are on session that the monies can be monitored and feedback on acknowledgement be received to confirm the receipting of the beneficiary)

Since inception, the fund has been able to finance an average of 10,000 students in each financial year which is projected to rise with the proposal of a top up in total allocation. The main target is to fund at least 15000 students with 5000 students being fully funded to pursue the skills and artistry in the vocational training centres as in line with the Vision 2030.

Introduction

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

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

- a) To increase the transition rates of the students from the different levels of learning.
- b) Enhance the literacy levels to enhance the development standards in the county
- c) To rekindle the dreams of the students who dropped out due to various reasons by encouraging and funding them to pursue courses in the vocational Training Centres
- d) To reduce poverty and inequality by enhancing access to funding for school

SIAYA COUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

For the year ended June 30, 2020

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Siaya County Education Bursary Fund	To disburse bursary to needy and vulnerable students in the county	Increased transition rates in the different levels of institutions as well create a more sustainable society.	There was an increased beneficiaries list due to increase in allocation and hence increased retention rates as well as completion rate of the students on the beneficiary list.	In FY 19/20 we increased the number of beneficiaries to students who will benefit from the disbursement upon reopening of the institutions of learning
Program 2	Objective	Outcome	Indicator	Performance

3. MANAGEMENT TEAM

S/N	Name	Designation	Responsibility
1	Henry Ouma	Chief Officer- Education	Signatory
2	Erick Awandu	Accountant	Signatory
3	Dorothy Otieno	Director- Education	Signatory

4. CHAIRMAN'S REPORT

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 and later on amended by an act 2018. 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 Executive Bursary Committee consisting of 10(ten) members is charged with the responsibility oversight of the management of the fund.

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/Religious leaders


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.
5. Delay in submission of the merit list by the ward bursary committee
6. Delay in disbursement of the funds by the national government.

In the fiscal year ending June 30, 2020, the fund had a balance brought forward of Kshs.5, 516,224.50 (Five million five hundred and sixteen thousand two hundred and twenty four 50/100cents Only) out of which Ksh.4, 921,705.00 was distributed to Schools and Institutions while Kshs 1,692,550.00 was spent on administration of the fund with Kshs.36, 969.00 spent on bank charges. The main disbursement of the budgeted Kshs 80,000,000 for the FY 2019/2020 was in the later stages of the process but was hampered by the late transfer of the funds to the bursary account and eventually the unforeseen covid-19 break that led to closure of the institutions of learning. We had prepared all the final merit lists and lists of the financial institutions to be serviced the fund. The committee has been of great assistance in streamlining the process as well verifying and oversight of the fund. The fund vetting should add an extra day from the previous set up to ensure even more accurate and conclusive list if beneficiaries.

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

Chairperson – Fund committee

Signed: 

Mr. Elly Osiemo

5. REPORT OF THE FUND ADMINISTRATOR

Introduction

The Siaya County Bursary Fund is established under the Siaya County Education Bursary Fund Act., 2016 and amendment Act, 2018.

Process

The process for the bursary started in September 2019 where the forms were distributed to all the wards. The students were given a 3-week period to fill and submit the form to their respective wards for vetting.

Vetting

Vetting was done in two levels as per the requirements of the Act. The ward bursary committees collected, vetted all the Form As received and came up with a list of beneficiaries for their respective wards. The lists were then forwarded to the secretariat for compilation.

The County Executive Committee then vetted the ward lists through sampling method to ascertain the eligibility of the beneficiaries list from the wards. The verification went successfully and the county list generated by March 2020 which paved way for the requisition of the funds for the disbursement.

Disbursement

Due to the closure of institutions of learning the disbursement was not done within the financial year. The funds reflected in the account on 13th July 2020.

Challenges Encountered are as follows;

- a. Released forms not reaching some of the needy students;
- b. Inaccuracy in filling of Bursary application forms;
- c. Delay by School heads in acknowledging receipt of funds/money;
- d. Failure by School heads to display beneficiary list in notice boards.

The bursary is a public fund which the beneficiaries' have to be publicly notified.

Signed: _____



Henry Ouma

6. CORPORATE GOVERNANCE STATEMENT

The Siaya County Education Bursary Fund known as the Bursary is composed of a Chairman appointed by the members, Chief Officer Education who is the secretary, County Director of Education who is a member and seven (7) persons appointed by CEC member for education having a member representing women, youth and persons living with disability. The above members are entitled at least four sittings in a year with a remuneration stipulated in the SRC circular.

The functions of the Fund Committee;

1. To oversight the process of bursary awarding right from public awareness or civic education, application by the beneficiaries
2. Verification of the application forms, the committee MUST verify beneficiaries at school level to rule out the chances of awarding ghost beneficiaries before identifying eligible vulnerable students
3. 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.
4. Determining the amount of education grant, bursary as case may be , to be awarded to each approved applicant
5. Creating awareness among the residents of the ward about the fund
6. Preparing and submitting to the County Executive Member the annual report

Appointment into the committee

The committee members are constituted under the provisions of the Bursary Act section 2(d), (e), (f), (g) and (h).

The current committee meets the minimum requirements for appointment.

Trainings

The fund committee had undergone induction and training since its inauguration in December 2019. During the induction, the fund committee was reminded on issues of integrity and conduct of business as per the stipulations of the Act and their mandate on the following scopes:

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, 2020

4. The distribution of the bursary fund as per the aspiration and regulations of the Act
5. The vulnerability threshold for award of the bursary.

Committee meetings

During the FY 2019/2020 the County Executive Committee had 5 meetings that culminated to the approval of disbursement of the fund.

7. MANAGEMENT DISCUSSION AND ANALYSIS

From the budgetary allocation in the FY 2019/2020 the bursary was Kshs 80,000,000.00.

The process of bursary disbursement for the financial year under review was unique as 70% of the stages was done within the financial year but the main disbursement postponed due to COVID-19 pandemic.

Allocation for the administrative expenses

The act provides for administrative expenses of not more than 3% of the total monies consisting of the fund. From the allocation as per the budget of Kshs 80,000,000 the allocation for administrative expenses is Kshs 2,400,000.

Receipt

The fund had a balance brought forward of Kshs 5,516,224.50 that was bursary allocation of the 2018/2019 financial year.

The Kshs 555,550 was a direct withdrawal from the account which was used as administrative expenses of the FY 2018/2019 bursary.

The department requested the county treasury a sum total of Kshs 1,748,000 for the administrative expenses on the bursary disbursement of the 2019/2020 financial year.

Kshs 2,000 was a donation to the account.

Kshs 78,252,000 formed part of the bursary budgetary allocation of Kshs 80,000,000 of the 2019/2020 financial year but was received after the closure of the financial year.

8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

9. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are *(continue to be)*

Results

The results of the Fund for the year ended June 30, 2020 are set out on page

Trustees

The members of the Board of Trustees who served during the year are shown onThe changes in the Board during the financial year are as shown below:

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 Board

Member of the Board

Date: 

10. 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 the Siaya County Education Bursary Fund established by the Siaya County Education Bursary Act, 2016 and an amendment Act, 2018 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, 2020. 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 Siaya County Education Bursary Fund Act, 2016. 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, 2020, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

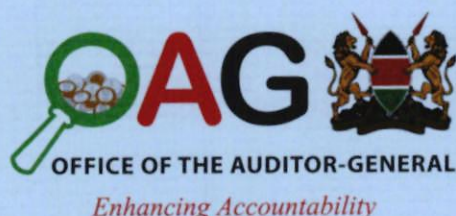
The Fund's financial statements were approved by the Board on September 20, 2020 and signed on its behalf by:



Administrator of the 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 SIAYA COUNTY EDUCATION BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENT

Qualified Opinion

I have audited the accompanying financial statements of Siaya County Education Bursary Fund set out on pages 17 to 53, which comprise of the statement of financial position as at 30 June, 2020, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Siaya 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 the Siaya County Education Bursary Fund Act Amended, 2018, the Public Finance Management Act, 2012 and the County Government Act, 2012.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Prepayments

The statement of financial position reflects total prepayments of Kshs.611,000 as disclosed in Note 12 to the financial statements. However, the prepayments were not supported with the necessary ledgers and documentation.

In the circumstance, the accuracy and completeness of the prepayments figure of Kshs.611,000 in the statement of financial position as at 30 June, 2020 could not be confirmed.

1.2 Overdrawn Bank Balance

The statement of financial position as at 30 June, 2020 reflects a balance of Kshs.2,000 in respect of cash and cash equivalents as detailed in Note 11 to the financial statements. However, the bank reconciliation statement for the month of June, 2020 reflected a negative bank balance of Kshs.2,274,000 resulting in an unreconciled difference of Kshs.2,276,000. In addition, no approval by the County Treasury was provided for audit review to support the overdrawn cash book balance of Kshs.2,274,000. This is contrary to Regulation 82(7) of the Public Finance Management (County Governments) Regulations, 2015 which states that no official county government bank account shall be overdrawn, nor shall any advance or loan be obtained from a bank account for official purposes beyond the limit authorized by the County Treasury in line with Section 119(4) of the Public Finance Management (County Governments) Act, 2012.

Further, review of the Bursary Fund bank statement revealed unpaid cheques amounting to Kshs.330,000 which had not been disclosed in the bank reconciliation statements and had not been reversed in the cashbook.

In the circumstance, the accuracy and completeness of the cash and cash equivalents in the statement of financial position as at 30 June, 2020 could not be confirmed.

1.3 Errors in the Statement of Comparison of Budget and Actual Amounts

Statement of comparison of budget and actual amounts reflects actual income on a comparable basis totalling to Kshs.1,748,000. However, summation of the amounts indicate a total of Kshs.1,750,000 resulting to a difference of Kshs.2,000. In addition, the total budgeted expenditure amounting to Kshs.80,000,000 did not take into consideration an adjustment to the budgeted income amounting to Kshs.5,516,225 thereby resulting to a budgeted surplus by the same amount.

In the circumstance, the accuracy and completeness of the statement of comparison of budget and actual amounts for the year ended 30 June, 2020 could not be confirmed

2.0 Misstatement of Bursary Expenses

The statement of financial performance for the year ended 30 June, 2020 reflects fund administration expenses of Kshs.6,616,255 as disclosed in Note 6 to the financial statements. Included in this expenditure is an amount of Kshs.4,921,705 in respect of bursary to students. However, supporting schedule provided for audit reflected a total of Kshs.3,135,000 resulting to an unreconciled and unexplained difference amounting to Kshs.1,786,705.

In the circumstance, the accuracy of the administration expenses figure of Kshs.4,921,705 reflected in the financial statements for the year ended 30 June, 2020 could not be confirmed.

3.0 Inaccuracies in the Statement of Changes in Net Assets

The statement of changes in net assets reported accumulated surplus of Kshs.899,517 as per the certified financial statement for the year ended 30 June, 2019. However, this balance was not included as a comparative figure for the year ended 30 June, 2020. Further, the surplus balance of Kshs.73,348,776 for the year under review was not reported in the column for accumulated surplus as prescribed in the Public Sector Accounting Standards Board financial reporting template June, 2020.

In the circumstance, the accuracy and completeness of the statement of changes in net assets for the year ended 30 June, 2020 could not be confirmed.

4.0 Un-surrendered Imprest

The statement of financial position as at 30 June, 2020 reflects receivables figure of Kshs.78,252,000, which excludes an outstanding imprest amount of Kshs.568,500. This imprest was issued on 2 December, 2019 to facilitate bursary processing expenses but had not been surrendered as at the end of the financial year.

In addition, the imprest had remained outstanding for over six months and the Fund Management had not taken any action to have the imprest recovered. This contravened Regulation 93(6) Public Finance National Government Regulations, 2015 which requires that in the event the imprest holder fails to account for and surrender the imprest on the due dates, the Accounting Officer shall act to recover the amount fully from the salary of the defaulting officer with an interest at the prevailing CBK rates.

In the circumstances, the accuracy of the receivables balance of Kshs.78,252,000 could not be confirmed and the Management was in breach of the law.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Siaya 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 of the current year. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual for the year under review reflects total budgeted revenue of Kshs.85,516,225 and actual revenue of Kshs.1,750,000

respectively resulting to a budget underfunding of Kshs.83,766,225 (98%). Similarly, the statement reflects approved budget of Kshs.80,000,000 and actual expenditure of Kshs.6,653,224 resulting to under expenditure of Kshs.73,346,776 or (92%).

The underperformance may have negatively impacted on the issuance of bursary to the needy students of Siaya County.

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, except for the matter described in the Basis for Conclusion of 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.

Basis for Conclusion

Late Submission of Financial Statements

The Fund Management submitted its financial statements to the Auditor-General on 23 October, 2020 after the statutory deadline of 30 September, 2020. This is contrary to Section 47(1) Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

Consequently, Management is in breach of the law.

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 INTERNAL CONTROLS EFFECTIVENESS, 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 effective 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 Accrual Basis and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance, 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 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 Fund's financial reporting process, reviewing the effectiveness of how the 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 the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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

11 February, 2022

12. FINANCIAL STATEMENTS

**12.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
 JUNE 30, 2020**

	Note	2019/2020	2018/2019
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	2,000.00	
Transfers from the County Government	2	80,000,000.00	148,895,780.00
Fines, penalties and other levies	3		
Revenue from exchange transactions		80,002,000.00	148,895,780.00
Interest income	4	-	-
Other income	5	-	-
		-	-
Total revenue		80,002,000.00	148,895,780.00
Expenses			
Fund administration expenses	6	6,616,255.00	148,060,446.00
General expenses	7	-	
Finance costs	8	36,969.00	13,426.00
Total expenses		6,653,224.00	148,073,872.00
Other gains/losses			
Gain/loss on disposal of assets	9	-	
Surplus/(deficit) for the period		73,348,776.00	821,908.00

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For the year ended June 30, 2020

12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2019/2020	2018/2019
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	2,000.00	5,516,224
Current portion of long- term receivables from exchange transactions	10		
Prepayments	12	611,000.00	
Receivables	13	78,252,000.00	
TOTALS		78,865,000.00	5,516,224
Non-current assets			
Property, plant and equipment	14	-	
Intangible assets	15	-	
Long term receivables from exchange transactions	10	-	
TOTALS		-	
Total assets		78,865,000.00	5,516,224
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	-	4,694,316
Provisions	17	-	
Current portion of borrowings	18	-	
Employee benefit obligations	19	-	
TOTALS		0.00	4,694,316
Non-current liabilities			
Non-current employee benefit obligation	19	-	
Long term portion of borrowings	18		

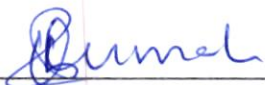
SIAYA COUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

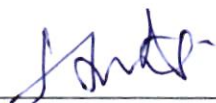
For the year ended June 30, 2020

		-	
Total liabilities			4,694,316
		-	
Net assets			
		78,865,000.00	821,908.00
Revolving Fund		78,865,000.00	
Reserves			821,908.00
Accumulated surplus			
Total net assets and liabilities		78,865,000.00	5,516,224

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: HENRY O. OUMA



 Fund Accountant
 Name:
 ICPAK Member Number:

Reports and Financial Statements
For the year ended June 30, 2020

12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2018				
Surplus/(deficit) for the period	805,926.50			805,926.50
Funds received during the year				-
Revaluation gain				-
Balance as at 30 June 2019	805,926.50			805,926.50
Balance as at 1 July 2019				
Surplus/(deficit) for the period	73,348,776.00		-	73,348,776.00
Funds received during the year				-
(Cash and Cash Equivalent as at 1st July 2019)	5,516,224.00			5,516,224.00
Revaluation gain				
Balance as at 30 June 2020	78,865,000.00		-	78,865,000.00

12.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2019/2020	2018/2019
		Kshs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	2,000.00	
Transfers from the County Government	2	80,000,000.00	148,895,780.00
Interest received			
Receipts from other operating activities			
Total Receipts		80,002,000.00	148,895,780.00
Payments			
Fund administration expenses	6	6,616,255.00	144,648,746.00
General Administration expenses			3,411,700.00
Finance cost	8	36,969.00	13,426.00
Total payments		6,653,224.00	148,073,872.00
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	21	(611,000.00)	-
Decrease/(Increase) in Accounts receivable: (Transfer from County Govt.)		(78,252,000.00)	
Increase/(Decrease) in Accounts Payable: (deposits and retention)	22	-	-
Total Increase from Accounts Receivables		(78,863,000.00)	-

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For the year ended June 30, 2020

			148,073,872.00
Net cash flows from operating activities		(5,514,224.00)	821,908.00
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and 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 and cash equivalents		(5,514,224.00)	821,908.00
Cash and cash equivalents at July 1, 2019	11	5,516,224.00	
Cash and cash equivalents at June 30, 2020		2,000.00	5,516,224.50

- Cash and Cash Equivalents as at June 30, 2020 Bank balance Kshs 2,000.00

12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED JUNE 30, 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2020	2020	2020	2020	2020	2020
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	2,000.00	- 2,000.00	-
Transfers from County Govt.	80,000,000.00	5,516,224.50	85,516,224.50	1,748,000.00	83,768,224.50	0.02
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total Income	80,000,000.00	5,516,224.50	85,516,224.50	1,748,000.00	83,768,224.50	0.02
Expenses						
Bursary to Students	77,600,000.00	-	77,600,000.00	4,921,705.00	72,678,295.00	0.06
Fund administration expenses	2,400,000.00	-	2,400,000.00	1,694,550.00	705,450.00	0.71
General expenses	-	-	-	-	-	-
Finance cost	-	-	-	36,969.00	- 36,969.00	-
Total expenditure	80,000,000.00	-	80,000,000.00	6,653,224.00	73,346,776.00	0.08
Surplus for the period	-	-	5,516,224.50	- 4,905,224.00	10,421,448.50	- 0.06

Budget notes

- The budgeted amounts were received after the closure of the financial year.
- The amounts appropriated within the financial were balances from the 2018/2019 financial year brought forward.
- The budgeted amounts will be disbursed in the next financial year upon re-opening if the institutions.

12.6. 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 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 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 are covered purely under Public Sector combinations as amalgamations.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <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;

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</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; (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 2022:</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 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p>

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Standard	Effective date and impact:
	<p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>
	<p>IPSAS 40, Public Sector Combinations.</p> <p>Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

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 applies this yield to the principal outstanding to determine interest income each period.

4. Budget information

The original budget for FY 2019/2020 was approved by the County Assembly on June 30, 2019. 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. Accordingly, the Fund did not record additional appropriations of on the FY 2019/2020 budget following the governing body's approval.

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.

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 under section xxx 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 Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Entity.

9. 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.

10. Nature and purpose of reserves

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

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.

11. 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.

12. Foreign currency transactions

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. 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.

14. 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.

15. 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.

16. Comparative figures

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

17. Events after the reporting period

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

18. Ultimate and Holding Entity

The Siaya County Education Bursary Fund is a County Public Fund established by the Siaya County Education Bursary Fund Act, 2016 and an amendment Act, 2018 under the department Of Education, Youth Affairs Gender and Social Services. Its ultimate parent is the County Government of Siaya.

19. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

20. 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.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. 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 2019				
Receivables from exchange transactions				
Receivables from non-exchange transactions	611,000			
Bank balances	2000			
Total	613,000			
At 30 June 2018				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances	5,516,224.50			
Total	5,516,224.50			

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2019				
Trade payables				
Current portion of borrowings				
Provisions				
Employee benefit obligation				
Total				
At 30 June 2018				
Trade payables				
Current portion of borrowings				
Provisions				
Employee benefit obligation				
Total				

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 2019			
Financial assets			
Investments			
Cash			
Debtors/ receivables			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2020			
Euro	10%		
USD	10%		
2019			
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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	2019/2020	2018/2019
	KShs	KShs
Revaluation reserve		
Revolving fund	613,000	
Accumulated surplus		
Total funds	613,000	
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing		

12.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners	0	0
Contributions from the public	2,000	0
Total	2,000	0

2. This is a donation from a well-wisher

2. Transfers from County Government

Description	2019/2020	2018/2019
	Kshs	Kshs
Transfers from County Govt. – operations	78,252,000	148,895,780
Payments by County on behalf of the entity	1,748,000.00	
Total	80,000,000.00	148,895,780

3. Fines, penalties and other levies

Description	2019/2020	2018/2019
	Kshs	Kshs
Late payment penalties		
Fines		
Total		

4. Interest income

Description	2019/2020	2018/2019
	Kshs	Kshs
Interest income from Mortgage loans		
Interest income from car loans		
Interest income from investments		
Interest income on bank deposits		
Total interest income		

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5. Other income

Description	2019/2020	2018/2019
	Kshs	Kshs
Insurance recoveries		
Income from sale of tender documents		
Miscellaneous income		
Total other income		

6. Fund administration expenses

Description	2019/2020	2018/2019
	KShs	KShs
Staff costs (Note 7)	-	
Bursary to Students	4,921,705.00	144,648,746.00
Administration Costs	1,694,550.00	3,411,700.00
Loan processing costs	-	
Professional services costs	-	
Administration fees	-	
Total	6,616,255.00	148,060,446.00

7. Staff costs

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages		
Staff gratuity		
Staff training expenses		
Social security contribution		
Other staff costs		
Total		

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	2019/2020	2018/2019
	KShs	KShs
Consumables	0	
Electricity and water expenses	-	
Fuel and oil costs	-	
Insurance costs	-	
Postage	-	
Printing and stationery	-	
Rental costs	-	
Security costs	-	
Telecommunication	-	
Bank Charges	36,969.00	13,426.00
Hospitality	-	
Depreciation and amortization costs	-	
Other expenses	-	
Total	36,969.00	13,426.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	2019/2020	2018/2019
	KShs	KShs
Interest on Bank overdrafts		
Interest on loans from banks		
Total		

10. Gain/(loss) on disposal of assets

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment		
Intangible assets		
Total		

11. Cash and cash equivalents

Description	2019/2020	2018/2019
	KShs	KShs
Xxx Car loan account	-	
Xxx County mortgage account	-	
Fixed deposits account	-	
On – call deposits	-	
Current account	2,000.00	5,516,224.50
Others	-	
Total cash and cash equivalents	2,000.00	5,516,224.50

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial institution	Account number	2019/2020	2018/2019
		KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank			
Equity Bank, etc			
Sub- total			
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Current account			
Kenya Commercial bank		2,000.00	5,516,224.50
Bank B			
Sub- total			
d) Others(specify)			
Cash in transit			
Cash in hand			
M Pesa			
Sub- total			
Grand total		2,000.00	5,516.224.50

12. Receivables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Current Receivables		
Interest receivable	-	
Current loan repayments due	-	
Other exchange debtors	611,000.00	0

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Less: impairment allowance	-	
Total Current receivables	611,000.00	0
Non-Current receivables		
Long term loan repayments due	0	
Total Non- current receivables	0	
Total receivables from exchange transactions	611,000.00	0

Additional disclosure on interest receivable

Description	2019/2020	2018/2019
	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. Revenue from Non-Exchange transaction

Description	KShs	KShs
	2019/2020	2018/2019
	KShs	KShs
Transfer to County Executive	-	
Transfer to Bursary Fund	78,252,000.00	
Total receivables from non-exchange transactions	78,252,000.00	

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Prepayments

Description	2019/2020	2018/2019
	KShs	KShs
Prepaid rent		
Prepaid insurance		
Prepaid electricity costs		
Other prepayments(specify)		
Total		

15. Inventories

Description	2019/2020	2018/2019
	KShs	KShs
Consumable stores		
Spare parts and meters		
Catering		
Other inventories(specify)		
Total inventories at the lower of cost and net realizable value		

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. 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 2018					
Additions					
Disposals					
Transfers/adjustments					
At 30th June 2019					
At 1st July 2019					
Additions					
Disposals					
Transfer/adjustments					
At 30th June 2020					
Depreciation and impairment					
At 1st July 2018					
Depreciation					
Impairment					
At 30th June 2019					
At 1st July 2019					
Depreciation					
Disposals					
Impairment					
Transfer/adjustment					
At 30th June 2020					
Net book values					
At 30th June 2019					
At 30th June 2020					

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Intangible assets-software

Description	2019/2020	2018/2019
	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		

18. Trade and other payables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Trade payables	0	
Refundable deposits	0	
Accrued expenses	0	
Other payables	0	4,694,316.00
Total trade and other payables	0	4,694,316.00

19. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2018)				
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 (30.06.2019)				

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Borrowings

Description	2019/2020	2018/2019
	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:

	2019/2020	2018/2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'organisation'		
Sterling Pound denominated loan from 'organisation'		
Euro denominated loan from '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	2019/2020	2018/2019
	KShs	KShs
Short term borrowings(current portion)		
Long term borrowings		
Total		

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CHANGES IN RECEIVABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Account receivable as at 1 st July 2019 (A)	0	
Account receivable issued during the year (B)	1,748,000.00	
Account receivable settled during the Year (C)	1,137,000.00	
Net changes in account receivables D= A+B-C	611,000.00	

22. CHANGES IN ACCOUNTS PAYABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Accounts Payable as at 1 st July 2019 (A)		
Accounts Payable held during the year (B)	78,252,000.00	4,694,316.00
Accounts Payable paid during the Year (C)		
Net changes in account payables D= A+B-C	78,252,000.00	4,694,316.00

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation				
Non-current benefit obligation				
Total employee benefits obligation				

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Cash generated from operations

	2019/2020	2018/2019
	KShs	KShs
Surplus/ (deficit) for the year before tax	613,000	821,908
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	613,000	821,908

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

25. 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

SIAYA COUNTY EDUCATION BURSARY FUND**Reports and Financial Statements**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**b) Related party transactions**

	2019/2020	2018/2019
	KShs	KShs
Transfers from related parties'		
Transfers to related parties		

c) Key management remuneration

	2019/2020	2018/2019
	KShs	KShs
Board of Trustees		
Key Management Compensation		
Total		

d) Due from related parties

	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry		
Due from County Government		
Total		

e) Due to related parties

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry		
Due to County Government		
Due to Key management personnel		
Total		

26. Contingent assets and contingent liabilities

Contingent liabilities	2019/2020	2018/2019
	KShs	KShs
Court case against the Fund		
Bank guarantees		
Total		

(Give details)

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13. 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	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

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d) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.