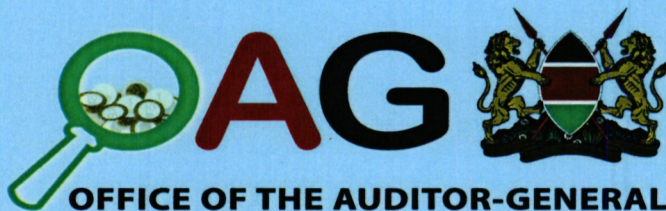


REPUBLIC OF KENYA

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**BUNGOMA COUNTY EDUCATION  
SUPPORT SCHEME**

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

PAPERS LAID	
DATE	08.03.2022
TABLED BY	Sen. Dullo
COMMITTEE	CRAIC
CLERK AT THE TABLE	I. Mbaye



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**BUNGOMA COUNTY EDUCATION SUPPORT SCHEME**

**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)



## TABLE OF CONTENTS

1. KEY ENTITY INFORMATION AND MANAGEMENT .....	2
2. THE BOARD OF TRUSTEES.....	4
3. MANAGEMENT TEAM .....	5
4. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES.....	6
5. FUND CHAIRPERSON'S REPORT .....	7
6. REPORT OF THE FUND ADMINISTRATOR .....	8
7. REPORT OF THE TRUSTEES .....	9
8. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES .....	10
9. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2020.....	11
10. STATEMENT OF FINANCIAL POSITION AS AT 30 <sup>TH</sup> JUNE 2020 .....	12
11. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 <sup>TH</sup> JUNE 2020.....	13
12. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2020 .....	14
13. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 <sup>TH</sup> JUNE 2020 .....	15
14. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	16
15. NOTES TO THE FINANCIAL STATEMENTS .....	17
16. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	20



**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**1. KEY BURSARY FUND INFORMATION AND MANAGEMENT**

**a) Background information**

Bursary Fund is established by and derives its authority and accountability from The Bungoma Bursary Fund Regulations, 2015 of Kenya (revised in 2019) on December, 2019. The Fund is wholly owned by the County Government of Bungoma and is domiciled in Kenya.

The fund's objective is to support needy students proceeding with secondary, tertiary and technical studies.

The Fund's principal activity is to disburse funds to schools and tertiary institutions for the support of needy students.

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to support needy students and increase accessibility to secondary schools and tertiary institutions.

**c) Fund Administrator**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Cyrus Wanyonyi	Fund administrator

**d) Key Management**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Betty Mayeku	CECM Education and Vocational Training
2	Rose Situma	Chief officer
3	Cyrus Wanyonyi	Director
4	Vickie Chesori	Finance officer
5	Mark Domian	Accountant



**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**e) Registered Offices**

P.O. Box 437  
Blackhouse Building/House/Plaza  
Moi Avenue/Road/Highway  
Bungoma, KENYA

**f) Fund Contacts**

**g) Fund Bankers**

Kenya Commercial Bank

Bungoma

Moi Avenue 50200  
Bungoma, Kenya

**h) Independent Auditors**

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

**i) Principal Legal Adviser**

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



**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

**2. COUNTY EDUCATION SUPPORT COMMITTEE**

<b>Name</b>	<b>Details of qualifications and experience</b>
1. Rose Situma	Masters with 30 years experience
2. Cyrus Wanyonyi	Masters with 20 years of experience
3. Rev. Michael Masambu	Degree with over 30 years experience
4. Laura Magomere	Degree with over 20 years experience
5. Walter Boit	Degree with over 20 years experience
6. Caleb Omondi	Degree with over 20 years experience
7. Moses Simiyu	Degree with over 20 years experience
8. Bishop Lihru Wafula	PHD with over 33 years experience
9. Rosemary Naswa Wanaswa	Masters with over 35 years of experience



**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**3. MANAGEMENT TEAM**

<b>Name</b>	<b>Details of qualifications and experience</b>
1. DR. Betty Mayeku	PHD with 18 years experience
2. Rose Situma	Masters with 30 years experience
3. Cyrus Wanyonyi	Masters with 20 years experience
4. Vickie Chesori	Degree with 6 years experience
5. Mark Domian	Degree with 10 years experience

*Note: The Fund Administrator will feature under both the 'Board' and 'Management'.*



**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

**4. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S  
PREDETERMINED OBJECTIVES**

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity 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 Bungoma County Government Entity's 2019-2020 plans are to:

- a) Provide for the establishment, administration, management and winding up of the Bungoma County Education Support Scheme.
- b) Make provision for the granting of scholarships and bursaries to eligible students from the County
- c) The principles for the establishment of the scheme are to-
  - increase access to quality education and training
  - support needy students proceeding to secondary, vocational, tertiary and higher education
  - promote an integrated strategic approach in addressing education, training and skills development
  - fulfil the department's social responsibility through funding of education institutions within the county
  - reduce disparities and inequalities in provision of education and training within the County
  - model an alternative framework in funding education and training programs

**Progress on attainment of Strategic development objectives (Adopted from Bungoma County)**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Disbursement of scholarship and bursary funds	To provide for scholarships and bursaries to students from the county	Increased transition levels from secondary to higher institutions of learning	% of students transiting to institutions of higher learning	<b>In FY 19/20 fund did not achieve its intended target due to the Covid-19 pandemic</b>



### **5. FUND CHIEF OFFICER'S REPORT**

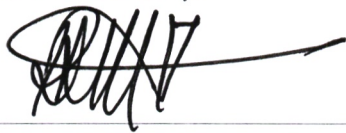
The ministry of Education plays an integral role in overseeing educational activities in the county. This is because by providing bursaries to many beneficiaries in their secondary school, literacy levels are achieved which sparks economic development. The number of students who remain in schools for periods of three and four years has significantly improved since the establishment of the bursary scheme at the inception of the county.

In the financial year 2019/2020, the fund received a total of ksh 170,000,000.00 out of which ksh. 70,000,000.00 were received during the second quarter and ksh. 100,000,000.00 were received during the fourth quarter. An approximate of 35,000 beneficiaries have been supported from this kitty.

The bursary has however faced a lot of challenges which can be summarised into inadequacy of funds disbursed to the wards against the needy students leading to low allocation of the funds per student.

However, the bursary is doing great in uplifting the socio-economic livelihoods of the needy and bright students in the county.

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



Name: Rose Situma

Chief officer: Education and Vocational Training



05 FEB 2051

**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**6. REPORT OF THE FUND ADMINISTRATOR**

The ministry of Education plays an integral role in overseeing educational activities in the county. This is because by providing bursaries to many beneficiaries in their secondary school, literacy levels are achieved which sparks economic development. The number of students who remain in schools for periods of three and four years has significantly improved since the establishment of the bursary scheme at the inception of the county.

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However, the bursary is doing great in uplifting the socio-economic livelihoods of the needy and bright students in the county.

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

Cyrus Wanyonyi



**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**7. 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 continue to be the support of needy students

**Results**

The results of the Fund for the year ended June 30, 2020 are set out on page 10.

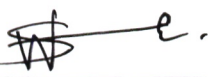
**Trustees**

The members of the Board of Trustees who served during the year are shown on page iii.

**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.

The report of the trustees was signed on its behalf by the Fund Administrator

Signed:  -



**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**8. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *the Bungoma County Education Support Scheme Regulations, 2015 of Kenya (Revised in 2019)*, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

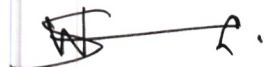
The Administrator of *Bungoma County Education Support Scheme* is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2020. This responsibility 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 *Bungoma County Education Support Scheme* 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 Bungoma Bursary Fund Regulations, 2015 of Kenya (Revised in 2018)*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 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 *Bungoma County Education Support Scheme* has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Fund's financial statements were approved by the committee on **02 FEB, 2021** and signed on its behalf by:



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Fund administrator of the Fund



# REPUBLIC OF KENYA



*Enhancing Accountability*

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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 BUNGOMA COUNTY EDUCATION SUPPORT SCHEME 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 Bungoma County Education Support Scheme set out on pages 11 to 25, which comprise of the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement asset, 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 Bungoma County Education Support Scheme 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 Bungoma County Education Support Scheme Regulations, 2019.

#### Basis for Qualified Opinion

##### 1. Inaccuracies in Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.20,226,634. However, this balance is as per the bank statement instead of the cash book balance of Kshs.5,716,710 resulting to a variance of Kshs.14,509,924.

Further, bank balance as per cashbook figure of Kshs.5,745,460 reflected in the reconciliation statement differs with the corresponding balance of Kshs.5,716,710 indicated in the cashbook resulting to un-reconciled variance of Kshs.28,750.

In view of the foregoing, the accuracy of the cash and cash equivalents balance of Kshs.20,226,634 as at 30 June, 2020 could not be confirmed.

##### 2. Unsupported Award of Bursaries / Scholarships

Included in the scholarship and other educational benefits figure of Kshs.150,861,337 reflected in the statement of financial performance, is an amount of Kshs.6,995,364

spent on bursaries/scholarships. However, acknowledgement receipts from the relevant institutions and approval from the County Education Support Scheme Committee were not provided for audit.

Further, the scholarship and other educational benefits includes bursaries totaling to Kshs.8,579,000 which were awarded to students in Vocational Training Colleges (VTC). However, these bursary awards were not supported with the relevant application forms approved by both the Ward Education Support Scheme Management Committee and the County Education Support Scheme Committee. authenticity and validity of the awards.

In view of the foregoing, it was not possible to confirm the authenticity and validity of the awards amounting to Kshs.15,574,364 for scholarships and bursaries.

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

### **Key Audit Matters**

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

### **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts for the year under review reflects a total budget of Kshs.243,726,800 against total actual receipts of Kshs.170,000,000 resulting to budget underfunding of Kshs.73,726,800 or 30%. Similarly, the Fund expended Kshs.155,961,337 against the approved budget of Kshs.243,726,800 resulting to budget under expenditure of Kshs.87,765,463 or 36% of the budget.

The underfunding and under expenditure may have affected the planned activities and may have impacted on the issuance of bursaries and scholarships to the needy students in the 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 matters described in the Basis for Conclusion on Lawfulness

and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Non-Compliance with the Public Sector Accounting Standards Board Reporting Template**

The National Treasury requires all County Government entities to prepare financial statements for all the funds and schemes that they operate using IPSAS Accrual Reporting Template for 2019-2020, issued by the Public Sector Accounting Standards Board (PSASB). However, the following anomalies were noted:

- a) The statement of performance against the Scheme's predetermined objectives included in the annual reports and financial statements is incomplete as it does not include progress on the attainment of stated objectives as required by the template.
- b) The County Education Support Scheme Committee schedule does not include passport size photos, dates of birth and key academic and professional qualifications of the Committee members.
- c) Similarly, the Management Team schedule does not include passport size photos, dates of birth and professional qualifications of each manager.

In the circumstances, the reports and financial statements of the Scheme for the year ended 30 June 2020 may not be complete and in compliance with the reporting format prescribed by the Public Sector Accounting Standards Board.

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

effective processes and systems of internal control, risk management, and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and 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 controls, risk management, and overall governance.

In preparing the financial statements, Management is responsible for assessing the Scheme's ability 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 liquidate the Scheme or 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 Scheme 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 time 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 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

16 February, 2022

**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

**9. FINANCIAL STATEMENTS**

**a. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2020**

	Note	FY2019/2020	FY2018/2019
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	1	170,000,000	190,000,000
<b>Total revenue</b>		<b>170,000,000</b>	<b>190,000,000</b>
<b>Expenses</b>			
Scholarships and other educational benefits	2	150,861,337	178,112,129
Administrative expenses	3	5,100,000	4,887,030
<b>Total expenses</b>		<b>155,961,337</b>	<b>182,999,159</b>
<b>Surplus/(Deficit)for the year</b>		<b>14,038,663</b>	<b>7,000,841</b>



Bungoma County Education Support Scheme  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**b. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

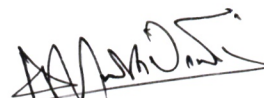
			<b>Restated</b>
	<b>Note</b>	<b>FY2019/2020</b>	<b>FY2018/2019</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	20,226,634	6,187,871
<b>Total assets</b>		<b>20,226,634</b>	<b>6,187,871</b>
<b>Liabilities</b>			
Trade and other payables	5	-	-
<b>Total Liabilities</b>			
<b>Net assets</b>			
Accumulated surplus/(deficit)		20,226,634	6,187,971
<b>Total net assets and liabilities</b>		<b>20,226,634</b>	<b>6,187,871</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund's financial statements were approved on **02 FEB, 2021** and signed by:



Administrator of the Fund

Name: CYRUS WANYONYI



Fund Accountant

Name: CPA MARK DOMENI



**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

**c. STATEMENT OF CHANGES IN NET ASSETS AS AT 30THJUNE 2020**

	<b>Accumulated surplus</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Balance as at 1 July2018</b>	<b>(812,870)</b>	<b>(812,870)</b>
Surplus/(deficit) for the period	7,000,841	7,000,841
<b>Balance as at 30 June 2019</b>	<b>6,187,971</b>	<b>6,187,971</b>
<b>Balance as at 1 July 2019</b>	<b>6,187,971</b>	<b>6,187,971</b>
Surplus/(deficit) for the period	14,038,663	14,038,663
<b>Balance as at 30 June 2020</b>	<b>20,226,634</b>	<b>20,226,634</b>



Bungoma County Education Support Scheme  
 Reports and Financial Statements  
 For the year ended June 30, 2020

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

	Note	FY2019/2020	FY2018/2019
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	1	170,000,000	190,000,000
<b>Total receipts</b>		<b>170,000,000</b>	<b>190,000,000</b>
<b>Payments</b>			
Scholarships and other educational benefits	2	(150,861,337)	(178,112,129)
Administrative expenses	3	(5,100,000)	(4,887,030)
<b>Total payments</b>		<b>(155,961,337)</b>	<b>(182,999,159)</b>
<b>Adjustment for:</b>			
Decrease in trade and other payables	5		(213,023,157)
<b>Total adjustments</b>			<b>(213,023,157)</b>
<b>Net cash flows from operating activities</b>		<b>14,038,663</b>	<b>(206,022,316)</b>
<b>Net increase in cash and cash equivalents</b>		<b>14,038,663</b>	<b>(206,022,316)</b>
Cash and cash equivalents at 1 July		6,187,871	212,210,187
<b>Cash and cash equivalents at 30 June</b>	<b>4</b>	<b>20,226,634</b>	<b>6,187,871</b>

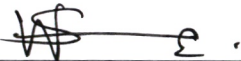


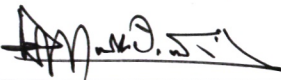
e. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Transfers from County Government	240,000,000	3,726,800	243,726,800	170,000,000	73,726,800	70%
<b>Total revenue</b>	<b>240,000,000</b>	<b>3,726,800</b>	<b>243,726,800</b>	<b>170,000,000</b>	<b>73,726,800</b>	<b>70%</b>
Expenses						
General expenses	240,000,000	3,726,800	243,726,800	155,961,337	87,765,463	64%
<b>Totalexpenses</b>	<b>240,000,000</b>	<b>3,726,800</b>	<b>243,726,800</b>	<b>155,961,337</b>	<b>87,765,463</b>	<b>64%</b>
<b>Surplus/(deficit)fortheperiod</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,038,663</b>	<b>(14,038,663)</b>	

Note

- The adjustments of ksh. 3,726,800.00 from the original budget of ksh. 240,000,000 to the final budget of ksh 243,726,800 are due to supplementary estimates.
- General expense of ksh. 155,961,337 is represented by Scholarship and Other Educational Benefits of ksh. 150,861,337 and administrative expenses of ksh 5,100,000.00
- The budget was under utilized in the financial year due to closure of schools occasioned by the outbreak of COVID-19 pandemic.

  
 Administrator of the Fund  
 Name: **CYRUS WANJONYI**

  
 Fund Accountant  
 Name: **CPA MARK DOMIANI**



**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

**f. 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 2019**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2019</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 2019**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2020:</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 entity did not early – adopt any new or amended standards in year 2020.



**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

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

**3. Budget information**

The original budget for FY 2019/2020 was approved by the County Assembly on May, 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 recorded additional appropriations of ksh 3,726,800.00 on the 2019-2020 budget following the governing body's approval. Thus, the final budget was ksh. 243,726,800.00

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 in the financial statements.



**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

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

**4. 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.

**5. 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.

**6. Comparative figures**

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

**7. Events after the reporting period**

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

**8. Ultimate and Holding Entity**

The entity is a County Public Fund established by The Bungoma Bursary Fund Regulation, 2015 of Kenya (Revised in 2018) under the Ministry of Education and Vocational Training. Its ultimate parent is the County Government of Bungoma.

**9. Currency**

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



**Bungoma County Education Support Scheme  
Reports and Financial Statements  
For the year ended June 30, 2020**

**g. NOTES TO THE FINANCIAL STATEMENTS**

**1 Transfers from County Government**

<b>Description</b>	<b>FY2019/2020</b>	<b>FY2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers from County Govt. – operations	170,000,000	190,000,000
<b>Total</b>	<b>170,000,000</b>	<b>190,000,000</b>

**2 Scholarships and Other Educational Benefits**

<b>Description</b>	<b>FY2019/2020</b>	<b>FY2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Other grants and transfers		
Secondary schools	83,985,800	95,292,985
National schools	36,825,537	30,173,558
Vocational Training Centres	8,579,000	31,192,000
Special Institutions	240,000	421,000
Colleges	10,272,500	10,829,000
Universities	10,958,500	10,203,586
<b>Total</b>	<b>150,861,337</b>	<b>178,112,129</b>

**3 Administrative Expenses**

<b>Description</b>	<b>FY2019/2020</b>	<b>FY2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Administrative expenses		
Printing and stationery expenses	2,312,794	2,485,871
Travel costs	900,000	900,000
Hospitality	1,653,840	1,360,871
Bank Charges	233,366	140,289
<b>Total</b>	<b>5,100,000</b>	<b>4,887,031</b>

**4 Cash and Cash Equivalents**

<b>Description</b>	<b>FY2019/2020</b>	<b>FY2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Current account	20,226,634	6,187,871
<b>Total cash and cash equivalents</b>	<b>20,226,634</b>	<b>6,187,871</b>

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

<b>Financial institution</b>	<b>Account number</b>	<b>FY2019/2020</b>	<b>FY2018/2019</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Current account</b>			
Kenya Commercial Bank	1188244041	20,226,634	6,187,871
<b>Total</b>		<b>20,226,634</b>	<b>6,187,871</b>

**5 Trade and other payables**

<b>Description</b>	<b>FY2019/2020</b>	<b>FY2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>



**Bungoma County Education Support Scheme**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**6 PROGRESS ON FOLLOW UP OF AUDITOR 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
<b>REPORT ON THE FINANCIAL STATEMENTS</b>					
<b>Basis for Disclaimer</b>					
	<p><b>Accuracy and Completeness of Financial Statements</b></p> <p>Included in the general expenditure of Kshs.169,872,691 under note 3 are scholarship and other educational benefits and other expenditures totaling Kshs.158,503,114 and Kshs.11,369,577 respectively. The management of the Fund did not provide the payment schedules, expenditure returns and a trial balance for audit verification. Further, there were Instances where payments were made without preparing payment vouchers and availing for audit</p>	<p>The scholarship was awarded under the provisions of the Bungoma County Bursary Regulations 2016 and is reviewed annually. The department has since developed the education scholarship and bursary policy to cater for both award of bursary and scholarship (revised 2018)</p>	<p>CECM, Chief Officer and Director</p>	<p>Resolved</p>	



Bungoma County Education Support Scheme  
 Reports and Financial Statements  
 For the year ended June 30, 2020

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)
	<p>verification hence irregular.</p> <p>In the circumstances, it was not possible to make audit opinion on the reported expenditure incurred during the year under review.</p>				
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES					
<b>Basis for Conclusion</b>					
	<p><b>Budgetary Control and Performance</b></p> <p>During the year under review, the Fund spent Kshs.169, 872,691 against a budgeted amount of Kshs.378, 985,893 resulting in under-absorption of Kshs.209, 113,202 representing 55% .</p> <p>Consequently, the Fund did not provide all needy students with bursaries as budgeted for despite the funds being available during the year.</p>	<p>The fund is expected to spend according to its line budget and ensure that it does not exceed its budgetary allocation. Furthermore, Funds should be utilized as per the budget allocation and any re-allocation should be authorized by the accounting officer. However, in the financial year 2018/2019 the disbursement of the</p>	Chief Officer and Fund Administrator	Resolved	



Bungoma County Education Support Scheme  
 Reports and Financial Statements  
 For the year ended June 30, 2020

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)
		<p>fund did not take place on time, we received the funds towards the end of the financial year: The fund received ksh. 158,985,893 in the third quarter of the financial year. A further, ksh. 220,000,000.00 was received by the fund in the fourth quarter of the financial year under review. Due to the bulkiness of activities and the nature of operations, the fund did not utilize all the money within a period of two months taking into account the time at which this money was received. Therefore, the balance was carried forward to the next financial year and effectively utilized</p>			



**Bungoma County Education Support Scheme**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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)
		during that period.			
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>					
<b>Basis for Conclusion</b>					
1	<p><b>Bank Reconciliations</b></p> <p>The management of the Fund did not provide for audit verification bank reconciliations for the year under review.</p> <p>Consequently, none preparation and approval of bank reconciliation highlights a major weakness in accounting of the bursary funds.</p>	<p>According to the PFM Act 2015 Section 90. (1)</p> <p>Requires that the Accounting Officer should prepare a bank reconciliation of the account held in the bank and cash book. The bank reconciliation for the 2018/2019 financial year under review were</p>	Chief Officer, Fund administrator and fund accountant	Resolved	



**Bungoma County Education Support Scheme**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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)
		now prepared.			
2	<p><b>Submission of Financial Statements</b></p> <p>It was noted that the Fund failed to submit its financial statements to the Auditor-General for audit as required under Section 47(1) of the Public Audit Act, 2015 for a period of one year, 2016/2018. Further, for the year under review, the Fund submitted its financial statements to the Auditor-General on 5 December 2019, which is more than two months beyond the statutory deadline. This contravened Section 47(1) of the Public Audit Act, 2015 which stipulates the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation to be submitted to the Auditor-General within three (3) months after the end of fiscal year to</p>	<p>According to the PFM Act 2012 Section 81 (4a) the department submitted the financial statements of every fund to the auditor general. The Act, requires that financial statements are submitted by 30<sup>th</sup> September of every financial year. This is</p>	Fund administrator	Resolved	



**Bungoma County Education Support Scheme**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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)
	<p>which the accounts relate.                      In the circumstances, the Fund operated in breach of the law.</p>	<p>evidenced as per receipt no.                      G4SWB4105159679026                      on 28<sup>th</sup> September, 2019                      to Office of the Auditor General, Anniversary Towers-Nairobi. A copy is available for verification.</p>	-		

