

REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

KAKAMEGA COUNTY EDUCATION FUND

**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
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COMMITTEE	
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**COUNTY GOVERNMENT OF KAKAMEGA
KAKAMEGA COUNTY EDUCATION FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

Kakamega County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms and Definition of Key Terms

a) Acronyms

CT	County Treasury
CIDP	County Integrated Development Plan
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KSHS	Kenya Shillings
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TNT	The National Treasury
TVETs	Technical and Vocational Educational Training Institutions

b) Definition of Terms

1. Fiduciary Management - The key management personnel who had financial responsibility.

2. Key Entity Information and Management

a) Background information

The Kakamega County Education *Bursary and scholarship Fund* is established by and derives its authority and accountability from County Government of Kakamega through the Public Financial Management Act (Kakamega County Education- Bursary Fund) Regulations, 2018. The Fund/Scheme is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide financial support to needy students in Secondary Schools and County Polytechnics to enable them access education. The beneficiaries must be inhabitants of the County Government of Kakamega. The bursaries are ward based.

c) Board of Trustees/Fund Administration Committee

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

Ref	Name	Position
1	Ms Vivien Ayuma	CO, Dept. of Education Science & Technology.
2	Mr Victor Matakaya	Ag. Director Education Support Services
3	CPA Geoffrey Babu Ochande	Principal Accountant

(Input names of all the members who held office during the FY)

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

Ref	Name	Position
1	Ms Vivien Ayuma	Chief Officer, Department of Education Science and Technology.
2	Mr Victor Matakaya	Ag. Director Education Support Services
3	CPA Geoffrey Babu Ochande	Principal Accountant

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	County Assembly	Assembly Committees
2	Auditor General	Office of Auditor general
3	National Treasury	Directorate of Accounting Services
4	Controller of budget	Office of COB

f) Registered Offices

Kakamega County Headquarters
P.O. Box 36-50100, 056 31850/31852/31853
County Headquarters
Kisumu/Kitale Highway
Kakamega, KENYA

g) Fund Contacts

Telephone: 056 31850/31852/31853
E-mail: info@kakamega.go.ke
Website: kakamega.go.ke

h) Fund Bankers

1. Co-operative Bank of Kenya
Co-operative House
Haile Selassie Avenue
P.O. Box 48231 - 00100,
Nairobi, Kenya

i) Independent Auditor

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

Key Entity and Management (Continued)


j) Principal Legal Adviser

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




k) County Attorney

The Office of the County Attorney
County Government of Kakamega
Po Box 36-50100
Kakamega, Kenya

3. Trustees/ Fund Administration Committee Profiles

Name	Details of qualifications and experience
 <p>Ms. Vivien Ayuma- Fund administrator/ Secretary to the Board</p>	<p>She holds Master of Science Degree in project planning and management, BA in design, Diploma in Community Health Development and a Certificate in strategic Management. She currently serves as Chief Officer at the Department of Education, Science and Technology</p>

4. Key Management Team

Name	Details of qualifications and experience
<p>1.</p>  <p>Ms. Vivien Ayuma</p>	<p>She holds Master of Science Degree in project planning and management, BA in design, Diploma in Community Health Development and a Certificate in strategic Management. She currently serves as Chief Officer at the Department of Education, Science and Technology</p>
<p>2.</p>  <p>Mr. Victor Matakaya</p>	<p>He has over 14 Years relevant experience in administrative positions having served in various organisation.</p> <p>He holds Master’s Degree in project planning and Management, PGD in applied statistics, B.Ed. science and certification in Monitoring & Evaluation. He currently serves as Ag. Director Education Support at the Department of Education, Science and Technology.</p>
<p>3.</p>  <p>CPA Geoffrey Babu Ochande</p>	<p>He has experience spanning over 16 years having worked as an Accountant and senior Accountant (Nzoia Water Services Company), Finance Manager (Busia Water Company) and currently he serves as the Principal Accountant at the Department of Education, Science and Technology.</p> <p>He holds an MBA Finance option (University of Nairobi), A Bachelor of Commerce Finance Option (University of Nairobi), A C.P.A.(K) and a member of ICPAK in good standing</p>



Foreword note by the CECM Finance, Economic Planning and ICT

The bursary fund has faced several key issues this year. Firstly, the increasing number of applications has exceeded the fund's capacity to provide financial support, prompting us to implement a prioritized selection process based on need and performance while seeking additional funding sources through partnerships and grants. Secondly, regional disparities in fund distribution have created challenges, leading us to develop a targeted outreach strategy to address these imbalances and adjust allocation formulas. Budget constraints have also limited the extent of support we can offer, so we are focusing on improving budget management and exploring cost-saving measures, alongside seeking additional sponsorships and fundraising opportunities. Additionally, unforeseen administrative expenses have occasionally strained our budget, leading us to enhance financial planning and introduce contingency measures.

Looking ahead, we plan to expand our support programs to serve more students and diversify the types of educational assistance provided, including potential new initiatives for vocational training and higher education scholarships. We will focus on building financial stability through diversified funding sources and strategic partnerships, aiming to enhance sustainability and reduce reliance on any single income source. Efforts will also be made to improve equity and access by refining our strategies to ensure equitable fund distribution and addressing regional disparities. We will continue to enhance transparency and accountability through robust monitoring and evaluation frameworks, ensuring effective use of funds and keeping stakeholders informed.

Effective stakeholder engagement remains crucial, so we are enhancing our strategy to include regular consultations and feedback mechanisms to align the fund's activities with community needs. Additionally, we are investing in technological solutions to streamline application processes, improve data management, and facilitate better communication with stakeholders. We are conducting a comprehensive review of fund policies and procedures to ensure they remain relevant and effective, including updating selection criteria and operational guidelines. Furthermore, we are focusing on capacity building through ongoing training and development for staff and committee members to enhance their skills and knowledge in fund management and governance.

CPA Livingstone Imbayi
CECM Finance, Economic Planning and ICT
County Government of Kakamega

5. Report of The Fund Administrator

The bursary fund has successfully expanded its reach this year, providing financial support to over 59,200 students, a 29% increase from the previous year. This expansion has enhanced access to education for students across various regions within the county. We have also improved operational efficiency by streamlining application and disbursement processes, which has reduced processing time by 20% and facilitated timely support for students. Additionally, effective partnerships with local educational institutions and non-profits have ensured that the bursary funds are utilized effectively for educational improvement and community development.

However, the growing number of applicants has exceeded the fund's capacity, leading to difficulties in meeting all financial support requests. This increase in demand highlights the need for additional funding and better resource allocation. Moreover, ensuring equitable distribution of funds across different regions has been challenging, with some areas experiencing higher demand than others.

Financial management practices have been strengthened this year, resulting in a 10% increase in operational efficiency. Regular audits and financial reviews have enhanced transparency and accountability in fund utilization.

Despite these successes, the fund faces budget constraints that limit the extent of support provided. Balancing financial constraints with the growing needs remains a significant challenge. Additionally, unforeseen expenses related to administrative costs and program implementation have occasionally strained the budget, underscoring the need for more flexible financial planning and contingency measures.

Overall, while the bursary fund has achieved notable successes in expanding support and improving efficiency, challenges such as increased demand and budget constraints need ongoing attention. Addressing these challenges will be crucial for the continued impact and growth of the fund in supporting educational advancement in Kakamega County.


.....
Fund Administrator

6. Statement of Performance Against Predetermined Objectives for FY 2023/2024

Section 164 (2) (f) of the Public Finance Management Act, 2012, requires that, at the end of each financial year, the Accounting officer includes a statement of performance against predetermined objectives when preparing financial statements.

The key development objectives of the Fund as per the County Integrated Development Plan (CIDP) for 2022 to 2027 are to:

- a) Increase access to education
- b) Promote equity in education
- c) Enhance retention and completion rates
- d) Support skills development and talent nurturing
- e) Encourage Inclusive education
- f) Foster community development through education
- g) Strengthen educational Institutions
- h) Align with County Development Goals

Progress on the attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Output	Performance Indicator	Performance
County Government of Kakamega Bursary fund	To improve access to education	Increased transition rate to tertiary institutions	No of beneficiaries.	59,200 beneficiaries in FY 2023/2024
	To promote equity in education	Greater educational equity across socio-economic groups	Proportion of bursaries awarded to students from low-income families or marginalized communities	Proportion of bursaries awarded to students from low-income families or marginalized communities in FY 2023/2024
	To enhance retention and completion rates	Increased student retention rate	Percentage of bursary recipients who continue with their education	100% of bursary recipients continued with their education in FY 2023/2024
	To support skills development and talent nurturing	Increased enrolment and successful completion of vocational	-Percentage of students supported in vocational and technical trainings programs	-80% of vocational and technical training students who applied for bursary were in FY 2023/2024

Kakamega County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2024

		and tertiary education programs that align with local economic needs.	-Percentage of bursary recipients completing vocational or higher education programs	- 45% of bursary recipients completed vocational training in FY 2023/2024
	To encourage inclusive education	Increased enrolment and support for students with disabilities and special needs	-Percentage of students with disabilities or special needs received bursary support. -Percentage of enrolment and retention of students with special needs	-100% of students with disabilities or special needs who applied received bursary support in FY 2023/2024. - 80% students with special needs enrolled and retained in FY 2023/2024.
County Government of Kakamega Bursary fund	To Foster community development through education	Enhanced community development as a result of educated individuals contributing to local economic and social growth	- percentage of bursary recipients who actively contribute to local community projects or leadership roles.	60% of bursary recipients actively contribute to local community projects or leadership roles in FY 2023/2024

7. Statement of Corporate Governance

The ward based committee of the bursary fund is headed by the sub-county administrator and ward administrator being members representing the 60 wards within the electoral areas of the County Government of Kakamega and one ex-official member from that ward. They are responsible for overseeing the strategic direction, financial management, and overall governance of the fund. Their roles include approving funding decisions, ensuring compliance with regulations, and monitoring the fund's impact.

We have a formal Committee Charter that outlines the roles, responsibilities, and authority of the members, guiding all governance practices and expectations.

Members to the Committee are appointed through a structured process involving nominations by existing members, a review of qualifications, and approval by the Committee. Removal of a member, if necessary, follows a formal procedure, ensuring due process is observed.

Over the past year, the Committee held six meetings, with an average attendance of 90% by members, ensuring active participation and effective decision-making.

We have a succession plan in place to ensure continuity, which includes identifying potential committee member candidates, providing them with training, and ensuring a smooth transition if a committee member departs.

New committee members undergo an induction program to familiarize themselves with the fund's operations and governance practices, and ongoing training is provided to keep all members informed of best practices and regulatory changes.

The performance of the Committee is regularly evaluated through self-assessments and feedback, helping to identify areas for improvement and ensuring effective fulfilment of their roles.

We manage and disclose conflicts of interest through strict policies that require members to declare any potential conflicts and recuse themselves from relevant discussions and decisions, ensuring impartiality.

Committee members serve on a voluntary basis and do not receive remuneration. Any expenses incurred while performing their duties are reimbursed according to our expense policy.

The Committee adhere to a code of ethics and conduct that promotes integrity, transparency, and accountability in all operations and decision-making processes.

An annual governance audit is conducted to assess the effectiveness of our governance practices, ensuring compliance with regulations and identifying opportunities for improvement.

8. Management Discussion and Analysis

Dear Stakeholders,

I am pleased to present the Management Discussion and Analysis (MD&A) for the Kakamega County Bursary Fund for the fiscal year ending 30th June 2024. This report offers a comprehensive overview of our operational and financial performance, key initiatives, compliance with statutory requirements, risk management efforts, and other pertinent information.

Throughout the fiscal year, the Kakamega County Bursary Fund effectively managed a budget of Ksh.240 million, allocating Ksh. 232,644,000 towards bursary and special programs across the 60 wards within Kakamega County, with each ward receiving Ksh. 3,877,400 and the balance of Ksh. 7,356,000 being utilised as administration costs. These allocations reflect our dedication to fostering educational excellence and accessibility within our community.

We have successfully implemented several key projects aimed at enhancing our impact and operational efficiency. These include expanded outreach programs, the integration of ward based bursary vetting committee comprising of the ward administrators under the leadership of the Sub- County Administrators to improve transparency and equity in allocation across the 60 wards, and strengthened partnerships to leverage resources and extend our reach.

In terms of compliance, the Kakamega County Bursary Fund has upheld all statutory requirements applicable to non-profit organizations. We have met reporting deadlines, maintained governance standards, and adhered to regulatory obligations throughout the year.

Despite our proactive risk management efforts, the fund faces inherent risks such as market fluctuations affecting investment returns, operational disruptions, and potential regulatory changes. We continue to monitor and mitigate these risks to ensure the fund's sustainability and effectiveness.

Financially, we have met all obligations including statutory filings, tax payments, and contractual commitments without any material arrears that could impact our operations or stakeholder confidence.

In conclusion, the Kakamega County Bursary Fund has achieved significant milestones in advancing educational opportunities and supporting talented individuals. We appreciate the ongoing support of our stakeholders, which enables us to make a meaningful impact in Kakamega County. Moving forward, we remain committed to innovation, transparency, and responsible resource management to deliver sustainable value for future generations.

Sincerely,



Ms. Vivien Ayuma
Chief Officer Education Science and Technology
Kakamega County Bursary Fund

9. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

Our bursary fund is committed to sustainability by integrating environmental, economic, and social considerations into our operations. We support educational initiatives that prioritize sustainability, such as those focusing on renewable energy and waste reduction, and we follow international best practices by transitioning to paperless operations to minimize our carbon footprint.

We are also responsive to global political and macroeconomic trends, including increasing emphasis on climate action and social equity. Changes in environmental regulations and economic conditions influence our funding strategy, ensuring it remains relevant and impactful.

Among our key achievements, we have successfully funded projects that advance sustainable practices in education and have transitioned to digital processes, significantly reducing our environmental impact. However, we acknowledge that not all partner institutions have fully aligned with our sustainability goals, and economic uncertainties have sometimes affected our ability to provide consistent long-term support.

By continuously adapting to political and economic shifts and learning from both our successes and challenges, our bursary fund aims to enhance educational excellence and contribute to a more sustainable future.

2. Environmental performance

Our environmental policy for the bursary fund emphasizes reducing our ecological footprint and integrating sustainability into our operations and funding practices.

We support projects that focus on biodiversity, such as habitat restoration and conservation efforts, leading to successful improvements in local ecosystems. However, we recognize that our impact on biodiversity could be more comprehensive and that further efforts are needed to enhance these outcomes.

In waste management, we have transitioned to a paperless system, significantly cutting down on paper waste and reducing our overall environmental footprint. Despite these achievements, we still face challenges in achieving zero waste, particularly in areas where external waste management practices are less controlled.

To reduce the environmental impact of our funded projects, we prioritize those that use eco-friendly materials and implement energy-efficient technologies. While these initiatives have successfully lowered their carbon footprints, ensuring that all funded projects adhere to high sustainability standards remains an ongoing challenge.

Overall, our policy guides us in minimizing our environmental impact through targeted efforts in biodiversity, waste management, and sustainable product practices. We are committed to continuously improving our practices and addressing any shortcomings to better achieve our environmental goals.

3. Employee welfare

Our hiring process policies are designed to ensure fairness, diversity, and inclusivity. We actively consider gender balance in our recruitment efforts to promote a diverse workforce and are committed to engaging with stakeholders to refine and enhance our hiring practices. Our policies are reviewed and updated regularly to incorporate feedback and align with best practices in recruitment and employment.

We emphasize the continuous development of skills and career management for our employees. Training programs and professional development opportunities are provided to help employees advance their careers and enhance their skills. We also have a structured appraisal and reward system that recognizes and incentivizes performance, ensuring that employee contributions are acknowledged and rewarded.

Regarding safety, the fund adheres strictly to the Occupational Safety and Health Act of 2007 (OSHA). We have implemented comprehensive safety policies and procedures to ensure a safe working environment, conduct regular safety audits, and provide ongoing training to comply with OSHA regulations and maintain workplace safety.

4. Marketplace practices-

Our bursary fund upholds responsible competition practices by maintaining transparency and integrity in our selection processes and funding decisions. We ensure that our operations are free from corruption and do not unduly influence or interfere with the competitive landscape of educational institutions. We respect other funding organizations and adhere to fair practices, avoiding any actions that could be considered anti-competitive.

We maintain responsible supply chain practices by honouring agreements with our service providers and suppliers. We ensure timely and fair payments, and we respect all contractual obligations. Our relationships with suppliers are built on transparency and ethical conduct, ensuring that our business practices support and align with responsible and fair treatment.

In our marketing and advertisement efforts, we adhere to ethical practices by accurately representing our bursary fund's programs and impact. We avoid misleading information and ensure that our promotional materials are truthful and reflect the true nature of our funding opportunities. We follow industry standards to maintain integrity in how we present our fund to potential applicants and stakeholders.

We are dedicated to responsible stewardship of our bursary fund by ensuring that our funding is used effectively and transparently to benefit the intended recipients. We provide clear information about the application process and funding criteria, and we address any concerns or issues raised by applicants or stakeholders promptly. We strive to maintain high standards of transparency and accountability in managing and disbursing our funds.

5. Corporate Social Responsibility / Community Engagements

Over the past year, our fund has actively participated in various CSR activities that have significantly impacted the community.



We have made charitable contributions totalling Ksh115,668,184 to local educational programs, supporting underprivileged students, and provided essential materials such as books and computers

Our employee engagement in community service included organizing educational workshops for youth and participating in local environmental clean-up efforts. We also partnered with non-profit organizations to support food banks and shelters, contributing both time and resources.

The impact of these CSR activities has been considerable. Our educational contributions have helped over 1,000 students gain better learning resources.

Overall, our CSR activities demonstrate our commitment to positively affecting society through charitable giving, corporate social investment, and active community involvement. We are dedicated to continuing and expanding these efforts in the future.

10. Report of The Committee

The Committee submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Fund's affairs.

Principal activities

The principal activities of the fund is to provide financial support to needy students in Secondary Schools and County Polytechnics to enable them access education

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1 to 5

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.

.....


Chair of the Board/Fund Administration Committee

Date: 14th August 2024

11. Statement of Management's Responsibilities

Section 168 of the Public Finance Management Act, 2012 requires that, at the end of each quarter, the Administrator of a County Public Fund established by the Public Financial Management Act (Kakamega County Education- Bursary Fund) Regulations, 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, 2024. 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 (Kakamega County Education- Bursary Fund) Regulations, 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 Period ended June 30, 2024, 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

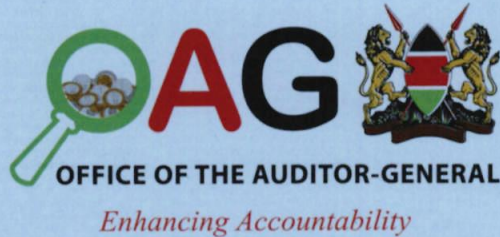
The Fund's financial statements were approved by the Board on 14th August 2024 and signed on its behalf by:



.....
Administrator of the *County Public Fund*

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KAKAMEGA COUNTY EDUCATION FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on the Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kakamega County Education Fund set out on pages 1 to 22, which comprise of the statement of financial position as

Report of the Auditor-General on Kakamega County Education Fund for the year ended 30 June, 2024

at 30 June, 2024, and 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kakamega County Education Fund as at 30 June, 2024, 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 Public Finance Management Act, 2012 and the Public Finance Management (Kakamega County Education Fund) Regulations, 2015.

Basis for Qualified Opinion

Unsupported Bursary Transfers

The statement of financial performance reflects bursary transfers amounting to Kshs.233,244,000, which as disclosed in Note 7 to the financial statements includes bursary transfers to TVETs, Colleges and Secondary schools amounting to Kshs.115,673,563. However, Management provided acknowledgement receipts for bursaries totaling Kshs.104,278,300 leaving a balance of Kshs.11,395,263 unsupported. Further, analysis of the beneficiaries list provided for audit review revealed that 2,244 beneficiaries did not have admission numbers.

In addition, Note 7 to the financial statements reflects a balance of Kshs.117,570,437 in respect to bursaries not yet disbursed. However, supporting schedules in form of vetted list of applicants was not provided for audit review.

In the circumstances, the accuracy and completeness of bursary transfers amounting to Kshs.233,244,000 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects approved revenue budget and actual on comparable basis totaling to Kshs.240,000,000 and Kshs.180,000,000 respectively, resulting to under-funding of Kshs.60,000,000 or 25% of the budget. Similarly, the Fund incurred actual expenditure of Kshs.119,723,974 against

Report of the Auditor-General on Kakamega County Education Fund for the year ended 30 June, 2024

approved expenditure budget of Kshs.240,000,000 resulting to under-expenditure of Kshs.120,276,026 or 50% of the budget.

The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit of the previous year, several issues were reported under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given reasons for the delay in resolving the issues.

Other Information

Management is responsible for the other information set out on page iii to xxviii which comprise of Key Entity Information and Management, Governance Statement, Report of the Fund Administrator, Statement of Performance Against County Predetermined Objectives, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of Trustees and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to 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 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 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 December, 2024

13. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	6	240,000,000	120,000,000
Public Contributions and Donations		-	-
		240,000,000	120,000,000
Revenue From Exchange Transactions			
Finance Income		-	-
Other income		-	-
Total Revenue		-	-
Expenses			
Bursary transfers	7	233,244,000	117,240,350
Scholarship grants		-	-
Use of Goods and Services	8	7,501,911	3,014,420
Total Expenses		240,745,911	120,254,770
Surplus/(Deficit) for the Period		(745,911)	(254,770)

(The notes set out on pages 34 to 36 form an integral part of these Financial Statements)

Ayuma

.....
Name: MS Vivien Ayuma
Administrator/Accounting Officer

Babus

.....
Name: CPA Geoffrey Babu Ochande
Fund Accountant
ICPAK Member Number:17817

Kakamega County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement of Financial Position as at 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	9	60,293,968	17,942
Due from County Treasury	6	60,000,000	-
Exchange Receivables		-	-
Total current assets		120,293,968	17,942
Total Assets (A)		120,293,968	17,942
Liabilities			
Current Liabilities			
Trade and Other Payables	10	121,021,937	17,942
Total current liabilities		121,021,937	17,942
Total Liabilities (B)		121,021,937	17,942
Net Asset (A-B)		(727,969)	17,942
Represented By:			
Reserves		-	272,712
Accumulated Surplus		(727,969)	(254,770)
Net Assets		(727,969)	17,942

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 14th August 2024 and signed by:

Ayuma

.....
Name: MS Vivien Ayuma
Fund Administrator/Accounting Officer

Babu

.....
Name: CPA Geoffrey Babu Ochande
Fund Accountant
ICPAK Member Number: 17817



15. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Accumulated surplus	Total
	Kshs	Kshs
Balance as at 1 July 2022	272,712	272,712
Surplus/(Deficit) For the Year	(254,770)	(254,770)
Balance As At 30 June 2023	17,942	17,942
(Deficit) For the Year	(745,911)	(745,911)
Balance As At 30 June 2024	(727,969)	(727,969)

16. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers From the County Government		180,000,000	120,000,000
Public Contributions and Donations		-	-
Finance Income		-	-
Other receipts		-	-
Total receipts		180,000,000	120,000,000
Payments			
Bursary Transfers		(115,673,563)	(117,240,350)
Scholarship grants		-	-
Use of goods and Services	8	(4,050,411)	(3,014,420)
Net cash flows from operating activities	11	60,276,026	(254,770)
Cash flows from investing activities			
		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		60,276,026	(254,770)
Cash and cash equivalents at 1 July 2023		17,942	272,712
Cash and cash equivalents at 30 June 2024		60,293,968	17,942

17. Statement of Comparison of Budget & Actual Amounts for Year Ended 30th June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers From the County Government	240,000,000	-	240,000,000	180,000,000	60,000,000	75
Public Contributions and Donations	-	-	-	-	-	-
Finance Income	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total Income	240,000,000	-	240,000,000	180,000,000	60,000,000	75
Expenses						
Bursary Transfers	233,244,000	-	233,244,000	115,673,563	117,570,437	50
Scholarship grants	-	-	-	-	-	-
Use of goods & Services	6,756,000	-	6,756,000	4,050,411	2,705,589	60
Total Expenditure	240,000,000	-	240,000,000	119,723,974	120,276,026	50
Surplus For the Period	-	-	-	60,276,026		

Budget notes

1. The significant underutilization (below 100% of utilization) has been occasioned by late remittance of funds from the treasury.
2. There were no changes between original and final budget (IPSAS 24.29).
3. The total of actual on comparable basis does not tie to the statement of financial performance totals. A reconciliation statement has been provided in Note 12.



18. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kakamega County Education -Bursary Fund is established by and derives its authority from the Public Financial Management Act (Kakamega County Education- BursaryFund) Regulations, 2018. The entity is wholly owned by the County Government of Kakamega and is domiciled in Kenya. Kakamega County Education -Bursary Fund/Scheme’s principal activity is to provide financial support to needy students in Secondary Schools and County Polytechnics to enable them access education

2. Statement of compliance and basis of preparation

Kakamega County Education -Bursary Fund/Scheme’s financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Bursary Fund/Scheme. 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 financial statements are prepared on accrual basis of accounting. The statement of cash flows is prepared using the direct method.

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There were no new and amended standards issued in the financial year.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43 Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.

Kakamega County Education -Bursary Fund
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Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

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Standard	Effective date and impact:
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue transfers

Revenues from non-exchange transactions are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

The original budget for FY 2023/24 was approved by the County Assembly on 21st June, 2023. 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 Kakamega County Education -Bursary Fund upon receiving the respective approvals in order to conclude the final budget. Kakamega County Education -Bursary Fund recorded additional appropriations of Kshs.60 Million on the FY 2023/24 budget following the governing body's approval.

Kakamega County Education -Bursary Fund/Scheme'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 plans 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 these financial statements.

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

(i) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

(ii) Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

(iii) Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is

recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(iv) Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

(v) Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

(vi) Trade and other receivables

Trade and other receivables are recognized at fair values, less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

(vii) Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Notes*.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

d) Provisions

Provisions are recognized when Kakamega County Education -Bursary Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where Kakamega County Education -Bursary Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

e) Contingent liabilities

Kakamega County Education -Bursary Fund does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is probable.

f) Contingent assets

Kakamega County Education -Bursary Fund does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Kakamega County Education -Bursary Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

g) Nature and purpose of reserves

Kakamega County Education -Bursary Fund creates and maintains reserves in terms of specific requirements.

h) Changes in accounting policies and estimates

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

i) 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.

j) Related parties

Kakamega County Education -Bursary Fund 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 Kakamega County Education -Bursary Fund/Scheme, or vice versa. Members of key management are regarded as related parties and comprise of Board of Trustees, the Fund/Scheme administrator and senior managers.

k) 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.

l) Comparative figures

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

5. Significant judgments and sources of estimation uncertainty

The preparation of Kakamega County Education -Bursary Fund'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 judgments, estimates, and assumptions made e.g.

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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

Notes to the Financial Statements

6. Transfers from the County Government

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers From Treasury Department	180,000,000	120,000,000
Due from Treasury Department	60,000,000	-
Total	240,000,000	120,000,000

(The budgeted amount was Ksh.240M but only Ksh.180M had been received by closure of the financial year)

7. Bursary Transfers

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
TVETs, Colleges & Secondary schools	115,673,563	117,240,350
Bursaries not yet disbursed	117,570,437	-
Total	233,244,000	117,240,350

8. Use of Goods and Services

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Committee Allowances	5,310,000	2,774,000
Fund administration costs	1,684,400	-
Bank charges	72,511	25,320
Cheque book costs	123,000	147,700
General office supplies-Stationery	312,000	67,400
Total	7,501,911	3,014,420

Notes to the Financial Statements (Continued)

9. Cash and cash equivalents

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Current Account	60,293,968	17,942
Total Cash and Cash Equivalents	60,293,968	17,942

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

Financial Institution	Account number	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
a) Current Account			
Co-operative Bank	01141632678400	60,293,968	17,942
Sub- Total		60,293,968	17,942
b) Others			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		60,293,968	17,942

10. Trade and other payables

Description	FY 2023/2024		FY 2022/2023	
	Kshs		Kshs	
Committee allowances Accrued	3,451,500		-	
Bursaries not yet disbursed	117,570,437		-	
Total Trade and Other Payables	121,021,937		-	
Ageing analysis (Trade and other payables)	FY 2023/2024	% of the Total	FY 2022/2023	% of the Total
Under one year	118,990,058	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	118,990,058		-	

Notes to the Financial statements (Continued)

11. Cash generated from operations.

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year	(745,911)	-
Adjusted For:		
Working Capital Adjustments		
Increase In Receivables	61,021,937	-
Increase In Payables	-	-
Net Cash Flow from Operating Activities	60,276,026	-

12. Budget to Actual Reconciliation Statement

For the Period Ended 30th June 2024

Description	Amount Cash Basis (Kshs.)	Adjustments -Cash to Accrual – (Kshs.)	Amount Accrual Basis (Kshs.)
Total Revenue	180,000,000	60,000,000	240,000,000
Total Expenditure	119,723,974	121,021,937	240,745,911
Surplus/Deficit	60,276,026	(61,021,937)	(745,911)

Explanation of Adjustments

a) Revenue Adjustments

- **Accrued Revenue:** KES 60,000,000 added to account for income earned but not yet received.

b) Expenditure Adjustments

- **Accrued Expenses:** KES 121,021,937 added to account for expenses incurred but not yet paid.

c) Net Impact on Surplus/Deficit

- The shift from cash to accrual basis resulted in a net adjustment of KES (61,021,937), leading to a deficit of KES (745,911) under accrual accounting.

13. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund/Scheme 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) Key management.
- c) Board of Trustees, etc.

b) Key management remuneration

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Board of Trustees-Committee Allowances	5,310,000	2,774,000
Total	5,310,000	2,774,000

c) Due from related parties

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Due From County Government	60,000,000	-
Total	60,000,000	-

d) Due to related parties

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Due to County Government	-	-
Due to Key Management Personnel	3,451,500	-
Total	3,451,500	-

Other Disclosures Continued

14. Financial risk management

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

a) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund/Scheme 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/Scheme 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.

Description	Between 1-3 months	Total
	Kshs	Kshs
At 30 June 2024		
Trade Payables	121,021,937	121,021,937
Current Portion of Borrowings	-	-
Provisions	-	-
Total	121,021,937	121,021,937

b) Market risk

The Fund/Scheme has put in place an internal audit function to assist it in assessing the risk faced by the Fund/Scheme 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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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The Fund/Scheme'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. 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/Scheme to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund/Scheme'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/Scheme 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.

c) Capital risk management.

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

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Accumulated surplus	1,866,519	(254,770)
Total funds	1,866,519	(254,770)
Less: cash and bank balances	(63,161,618)	(17,942)
Net debt/(excess cash and cash equivalents)	61,295,099	(272,712)
Gearing	%	%

15. Events after the reporting period

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

16. Currency

The financial statements are presented in Kenya Shillings (Kshs

19. Annexes

Annex I: 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/WRO/KK. CEBF/2022/2023/ (21)	Inaccuracy of the Financial Statements	The above issue has been noted and the management will ensure accuracy in the preparation of financial statements going forward.	Not resolved	30 th June 2025
OAG/WRO/KK. CEBF/2022/2023/ (21)	Failure to submit financial statements to the Auditor -General	The above issue has been noted and the management will prepare and submit financial statements to the respective constitutional offices as required by law on set deadlines	Not resolved	30 th June 2025

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Fund Administrator/Accounting Officer

Date: 30th June 2024

Annex II: Inter-Entity Confirmation Letter

Name of transferring entity: **Kakamega county Treasury**

Name of beneficiary entity: **Kakamega County Education Fund**

Confirmation of amounts received by County Government of Kakamega Bursary Fund as at 30th June 2024						
Reference Number	Date Disbursed	Amounts Disbursed by Kakamega County Department (Kshs) as at 30 th June 2024			Amount Received by Kakamega County Bursary Fund/Scheme] (Kshs) as at 30 th June 2024 (D)	Differences (KShs) (E)=(C-D)
		Recurrent (A)	Development (B)	Total (C)=(A+B)		
N/R	22/02/2024	120,000,000	-	120,000,000	120,000,000	-
N/R	26/06/2024	60,000,000	-	60,000,000	60,000,000	-
Total		<u>180,000,000</u>	-	<u>180,000,000</u>	<u>180,000,000</u>	-