

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**



**OF**

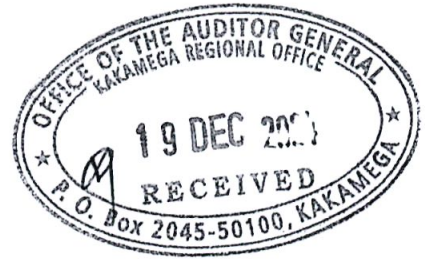
**THE AUDITOR-GENERAL**

**ON**

**BUNGOMA COUNTY EDUCATION  
SUPPORT SCHEME**

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

PAPERS LAID	
DATE	26.02.2025
TABLED BY	MAJORITY LEADER
COMMITTEE	
CLERK AT THE TABLE	BELINDA



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**Bungoma County Education support Scheme**

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

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

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## **1. Acronyms and Definition of Key Terms**

### **a) Acronyms**

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

### **b) Definition of Terms**

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

## 2. Key Entity Information and Management

### a) Background information

Bungoma County Education support scheme is established by and derives its authority and accountability from the Public Finance Management Act No.18 of 2012 (Bungoma County Education Support Scheme regulations, 2019) on 10<sup>th</sup> April, 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.

### b) Principal Activities

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

*(Under this section, you may include the fund's vision, mission, and core objectives)*

### c) Board of Trustees/Fund Administration Committee

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

Ref	Name	Position
1	Nicholas J.T Kiboi	Chairperson
2	Moris Kiboi	Committee Member
3	Fred Kikete	Committee Member
4	Bukhuni Makhanu	Committee Member
5	Wambiya Katoyi	Committee Member
6	Godfrey W. Watulo	Committee Member
7	Bishop Lirhu Wafula	Committee Member
8	Selina Nyongesa	Fund Administrator/Secretary

### d) Fiduciary Management

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

*Bungoma County Education support Scheme*

**Annual Report and Financial Statements for the year ended June 30, 2024**

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Ref	Name	Position
1	Dr. David Wamamili	CECM- Education and VTC.
2	Mr. Nicholas Kiboi	Chief Officer Education and VTC.
3	Selina Nyongesa	Fund Administrator,
4	Julius Wafula	Fund Accountant.
5	Eunice Imbwenya	Director.
6	Gilbert Cheshari	Finance officer.
7	Wycliffe Matumbai	Economist.

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**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

The internal audit department oversees the fund operations. The key management personnel who held office during the financial year ended 30<sup>th</sup> June, 2024 and who had direct fiduciary responsibility are shown in the table below.

SN	Position	Name
1	Directorate of Internal Audit	CPA Brian Makokha and team.
2	County Assembly Education Committee	Committee members

**f) Registered Offices**

P.O. Box 437,  
Black house  
Building, Moi  
Avenue  
Bungoma,  
KENYA

**g) Fund Contacts**

Telephone: (254) 701758007  
E-mail:  
Website:

**h) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
Moi avenue  
P. O. Box 4108380-50200  
Bungoma, Kenya.

**Key Entity and Management (Continued)**

**i) Independent Auditor**

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





**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**





P.O. Box 437  
50200  
Bungoma, Kenya

**3. Trustees/ Fund Administration Committee Profiles**

Name	Details of qualifications and experience
<p>Mr. Nicholas Kiboi</p> 	<p>Mr. Nicholas Kiboi was born on 1<sup>st</sup> September 1968 in Bungoma County. He graduated with a bachelors' degree in Education Science. He has a work experience of over 31 years.</p>
<p>Bishop Lirhu Wafula.</p> 	<p>Born on 1<sup>st</sup> January 1966 in Bungoma County. Holds a bachelors degree in Education and has a working experience of 32 years.</p>
<p>Mr. Mourice Kiboi</p> 	<p>Born on 5<sup>th</sup> October 1957. Holds a diploma in Education and has a work experience of over 33 years.</p>
<p>Mr. Wambiya Kutoyi</p> 	<p>Born on 15<sup>th</sup> October 1958. Holds a bachelors degree in Education and has a working experience of 35 years.</p>

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<p>Mr. Makhanu Patrick</p> 	<p>Born on 26<sup>th</sup> December 1961. Holds a technical certificate II (Approved graduate) and has a working experience of 37 years.</p>
<p>Mrs. Alice Nabachenja</p> 	<p>Born on 2<sup>nd</sup> December 1961. Holds a diploma in Public administration and has a work experience of 25 years.</p>
<p>Mr. Nyongesa Watulo</p> 	<p>Watulo Nyongesa was born on 30<sup>th</sup> June 1970. He holds a degree in Theology and has a working experience of over 27 years.</p>
<p>Mrs. Selina Nyongesa</p> 	<p>Mrs. Selina Nyongesa was born on 30<sup>th</sup> December 1987 in Bungoma County. She graduated with a diploma in Human Resource Management and has a working experience of over ten years.</p>




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**Annual Report and Financial Statements for the year ended June 30, 2024**

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**4. Key Management Team**

Name	Details of qualifications and experience
<p>1. <i>Dr. David Wamamili Wanyonyi</i></p> 	<p><i>Provide a concise description of each officer, academic and professional qualifications, and work experience.</i></p> <p><i>Also, indicate the main area of responsibility – without details</i></p>
<p>2. <i>Mr. Nicholas Kiboi</i></p> 	<p><i>Mr. Nicholas Kiboi was born on 1<sup>st</sup> September 1968 in Bungoma County. He graduated with a bachelors' degree in Education Science. He has a work experience of over 31 years.</i></p> <p><i>Mr. Nicholas Kiboi is the accounting officer of the fund.</i></p>
<p>3. <i>Mrs. Eunice Imbwenya</i></p> 	<p><i>Eunice Imbwenya was born on 10<sup>th</sup> of October 1971 in Trans Nzoia county. She has a Master's Degree in Education Administration and a Bachelor's Degree in Education Arts.</i></p> <p><i>She has a work experience of 24 years and serving as the acting Director of Education and VTC.</i></p>
<p>4. <i>Selina Nyongesa</i></p> 	<p><i>Mrs. Selina Nyongesa was born on 30<sup>th</sup> December 1987 in Bungoma County. She graduated with a diploma in Human Resource Management and has a working experience of over ten years.</i></p> <p><i>Mrs. Selina Nyongesa is the Fund Administrator.</i></p>

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<p>5. Julius Wafula</p> 	<p>Julius Wafula was born on 12<sup>th</sup> March 1978. Holds a Diploma in Accountancy with a working experience of over 8 years. He is the fund Accountant.</p>
<p>6. Mr. Gilbert Juma Cheshari</p> 	<p>Mr. Gilbert Cheshari was born on 1<sup>st</sup> November 1990. He has a Masters degree in Business Administration-Accounting option. Bachelors degree in Business and Management-Accounting option and, CPA II Certification. He is the Departments' Finance Officer.</p>
<p>7. Mr. Wycliffe Matumbai.</p> 	<p>Wycliffe Matumbai was Born on 15<sup>th</sup> August 1974. He holds a Bachelor's degree in Science Management with an experience of over 20 years. He is the Departments' Economist.</p>

## **5. Chairman'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 Governments.

During the financial year 2022/23, the scheme was unable to utilize all the received funds to the tune of **ksh.138,327,309**. However the funds, together with the final disbursement of **ksh.60,000,000** received in July 2023 were utilized during the 1<sup>st</sup> quarter of the current financial year under review.

In the financial year 2023/2024, the fund was allocated **ksh 275,000,000** for both bursary (ksh.140,000,000) and scholarship (ksh.135,000,000). However, the scheme received additional allocation of ksh.45,000,000 and ksh.1,700,000 towards bursary in the approved 1<sup>st</sup> and 2<sup>nd</sup> supplementary budgets 2023/2024 respectively. Hence making the total allocation for the scheme to be **ksh.321,700,000**; Scholarship being **ksh.140,000,000** and Bursary being **ksh.181,700,000**.

During the 1<sup>st</sup> quarter of the financial year under review, the scheme received the last and final disbursement of **ksh.60,000,000** belonging to financial year 2022/2023.

During the 3<sup>rd</sup> and 4<sup>th</sup> quarters of the financial year under review, the fund received the 1<sup>st</sup> and 2<sup>nd</sup> disbursements of **ksh.60,000,000** and **ksh.45,000,000** towards Scholarship and Bursary respectively. As at 30<sup>th</sup> June of the financial year 2023/2024, the scheme had not received a balance of **ksh.80,000,000** scholarship funds and **ksh.136,700,000** Bursary funds.

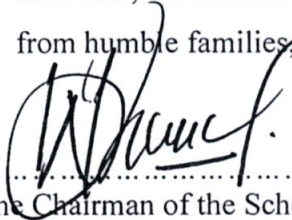
The scheme has however faced some challenges, which can be summarised into; inadequacy of budgetary allocation, late disbursements of funds from National Treasury, lack of an ICT system to manage scheme beneficiaries on timely basis,

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and delays in receiving acknowledgement receipts from benefiting learning institutions.

However, the scheme is doing great in supporting the needy and bright students from humble families, who would however not afford the basic education needs.



.....  
The Chairman of the Scheme Committee

## **6. Report of The Fund Administrator**

Bungoma County Education Support Scheme is established by and derives its authority and accountability from The Bungoma County Education Support Scheme Regulations, 2015 of Kenya (revised in 2019). The Fund is fully 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 while the fund's principal activity is to disburse funds to schools and tertiary institutions for the support of needy students. The scheme has a two level governance structure, namely county education support management and ward bursary management committees. Currently the county scholarship committee is comprised of seven members appointed by county executive committee members with representation from various interest groups, such as youth, women, professional and faith based groups. The chief officer in charge of education chairs the committee while the fund administrator is the secretary. The fund administrator, appointed by the County Executive Committee Member in charge of Finance and Economic planning is responsible for the day-to-day operation of the fund. The function of the committee is to receive and consider applications for scholarships, mobilise resources in support for the scheme, advice on scholarship and bursaries allocations among other functions. In the last financial year, the committee held eight meetings to consider applications for scholarships from across the county. During the meetings, the committee usually review the performance of the previous awards and suggest to the fund administrator mechanisms of improving performance. At the ward level, the ward management committee is responsible for receiving and vetting applications for ward bursaries. The committee is comprised of five members elected from within the community with due consideration to regional balance and marginalized groups. Members elect the committee chairperson on its first sitting and the ward administrator is the secretary. In the year under preview, the ward committees had several sitting ranging from four to six seattings depending on the volume of applications received. Members of county and ward committees serve for a period of 3 years and are eligible for re-election. A member may be removed from the committee based on chronic absenteeism, breach of chapter six on integrity, death among others.

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**Annual Report and Financial Statements for the year ended June 30, 2024**

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In order to ensure transparency, the county and ward committees publish all names of successful applicant on public notice boards. An annual performance report on performance of the fund is prepared by the fund administrator and forwarded to the county Treasury as required in law.

The funds allocated to the funds are subject to audit by internal and external auditors. The previous financial year external audit returned a qualified opinion on its financial performance. In addition, to ensure prudence in financial management, the fund management strive to maintain proper financial records and tracks the utilization of the same to ensure that the funds reach the right beneficiaries. To ensure accountability and transparency, the fund management is developing a code of conduct for all its officials. The code will spell the do and don'ts of each official serving in the committee including issues of conflict of interest.

During the financial year 2022/23, the fund was unable to utilize all the allocated and received funds to the tune of **ksh.138,327,309**.

Detailed expenditures of the funds brought forward was highlighted in quarter one expenditure report.

During the financial year 2023/2024, the scheme was allocated ksh 140,000,000.00 and ksh.181,700,000 for scholarship and bursary respectively. However, the scheme received only ksh.60,000,000 and ksh.45,000,000 towards Scholarship and Bursary beneficiaries respectively. This led to many beneficiaries missing out on funding and consequently being sent home from their institutions of learning.

The expenditure report is well captured in the later sections of this report.

The scheme has had a fair share of challenges such as inadequate budgetary allocation, delays in disbursement of funds from the National Treasury, delays in submission of bursary beneficiaries from the wards and delays in submission of acknowledgement receipts from benefiting learning institutions.

  
.....  
The Fund Administrator

## **7. 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 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 2022-2023 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 the attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Output</b>	<b>Performance Indicator</b>	<b>Performance</b>
Disbursement of scholarship and bursary funds	To provide Scholarship and Bursaries to bright, needy and vulnerable students from the county	Increased transition levels from secondary to higher institutions of learning and to the job market.	<i>No of beneficiaries.</i>	<i>45,647 beneficiaries in FY 2023/2024</i>

## **8. Statement of Corporate Governance**

The Bungoma county scholarship and bursaries scheme was established in 2018 through a regulation of the county assembly with the purpose being to provide financial support to needy students pursuing their education and training in secondary and post-secondary institutions. The scheme is governed through the Bungoma county scholarship and bursaries regulation of 2019. The scheme has a two level governance structure, namely county education support management and ward bursary management committees. Currently the county scholarship committee is comprised of seven members appointed by county executive committee members with representation from various interest groups, such as youth, women, professional and faith based groups. The committee is chaired by the chief officer in charge of education while the fund administrator is the secretary. The fund administrator, appointed by the County Executive Committee Member in charge of Finance and Economic planning is responsible for the day-to-day operation of the fund. The function of the committee is to receive and consider applications for scholarships, mobilise resources in support for the scheme, advice on scholarship and bursaries allocations among other functions. In the last financial year, the committee held a total of eight meeting to consider applications for scholarships from across the county. During the meetings the committee usually review the performance of the previous awards and suggest to the fund administrator mechanisms of improving performance.

At the ward level, the ward management committee is responsible for receiving and vetting applications for ward bursaries. The committee is comprised of 5 members elected from within the community with due consideration to regional balance and marginalized groups. The committee chairperson is elected by members on its first sitting and the ward administrator is the secretary. In the year under preview, the ward committees had several sitting ranging from 4 sitting to 6 sitting depending on the volume of applications received. Members of county and ward committees serve for a period of 3 years and are eligible for re-election. A member may be removed from the committee on the basis of chronic absenteeism, breach of chapter six on integrity, death among others. In the year under review, some ward committees lost their members due to natural attrition. In order to ensure transparency, the county and ward committees publish all names of successful applicant on public notice boards. An annual performance report on performance of the fund is normally prepared by the fund administrator and forwarded to the county Treasury as required in law.

*Bungoma County Education support Scheme*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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The funds allocated to the funds are subject to audit by internal and external auditors. The previous financial year external audit returned a qualified opinion on its financial performance. In addition, to ensure prudence in financial management, the fund management strive to maintain proper financial records and tracks the utilization of the same to ensure that the funds reach the right beneficiaries. To ensure accountability and transparency, the fund management is developing a code of conduct for all its officials. The code will spell the do and don'ts of each official serving in the committee including issues of conflict of interest. The fund is also in the process of developing a Fund Information Management System (FMIS) to manage data both at county and ward level. The system will also enable applicants to apply online. The fund management has also put in place a robust training programme for all its officials. It is envisioned that all committee members will be trained. The fund management is also in the process of developing a monitoring and evaluation framework. This will enable the fund to undertake periodic monitoring and evaluation of its activities. Consequently, recommendations from the monitoring and evaluation will be incorporated in future operations of the fund.

**Bungoma County Education support Scheme**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**9. Management Discussion and Analysis**

The scheme has continued to expand and support more students since its inception in 2019. The county government continues to put more emphasis on the education of the children of Bungoma County. Consequently, it continues to allocate funds on its budget for the very purpose.

The table below shows the funds allocated by the county government towards the scheme since 2018/2019 financial year to date.

**Table 1: Amount of Funds Budgeted against Funds Released**

<b>Financial Year</b>	<b>Amount budgeted</b>	<b>Actual amount released</b>
2023/2024	321,700,000	105,000,000
2022/2023	524,000,000	524,000,000
2021/2022	550,000,000	550,000,000
2020/2021	110,000,000	110,000,000
2019/2020	240,000,000	170,000,000
2018/2019	190,000,000	190,000,000

Table 1.0 shows that in financial year 2023/24, the county allocated kshs.321,700,000 for the scheme, however only ksh.60,000,000 and ksh.45,000,000 for Scholarship and Bursary respectively was released by the National Treasury as at 30<sup>th</sup> June 2024. The allocation has always been insufficient considering the high enrolment of beneficiaries. To mitigate this, the department, in consultation with major stakeholders resolved to reduce the enrolment numbers of the current form ones to 647.

Table 2.0 shows the number of scholarship beneficiaries since 2019.

**Table 2.0: Number of Scholarship beneficiaries since 2018/2019**

<b>Financial Year</b>	<b>Number of scholarship beneficiaries</b>
2023/24	650
2022/23	845
2021/22	1,890
2020/21	2,192
2019/20	550
2018/19	456

Table 2.0 shows that the number of beneficiaries between 2018/19 and 2023/24.

The number of beneficiaries under scholarship programme increased from 456 in 2018/19 to 6,583 in 2023/24.

***Bungoma County Education support Scheme***  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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It is important to note that the beneficiary numbers tend to change due to natural attrition through deaths and non-traceability.

Table 3 below shows the distribution of bursary allocation from 2018/19 to 2023/24 financial years.

**Table 3: number of bursary beneficiaries since 2018/19 financial year.**

<b>Financial Year</b>	<b>Number of bursary beneficiaries</b>
2023/2024	45,000
2022/2023	40,000
2021/2022	20,000
2020/21	9,000
2019/20	12,680
2018/19	22,367

In the performance of its mandate, the fund management strictly adhered to the provisions of the constitution of Kenya, article 43(1) which advocates for the right of the children including right to education, Article 53(1) (b) which states every child has the right to free and compulsory basic education. In schedule 4 of the constitution, the county government is also assigned the function of managing the education sector. The public finance management act (2012) provides for the establishment and management of funds. Under the act, section 116 provides that the county executive committee member or finance may establish other public funds with approval of the county executive committee and county assembly. The county government act (2012) and the Bungoma county scholarship and bursaries regulations (2019) provides for the establishment and operationalization of the scheme.

Despite its performance, the scheme is faced with a number of risks and uncertainties. For instance, changes of government policy is likely to affect its continuity of the scheme. The scheme is also faced with issues of untimely release of funds which leads to delay in processing of payments to schools. The scheme may also suffer from disasters and pandemics which may force government to change its priorities. During the COVID 19 pandemic, the government did not release all the funds allocated to the scheme since most resources were reallocated towards fighting the pandemic.

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**Annual Report and Financial Statements for the year ended June 30, 2024**

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## **10. Environmental and Sustainability Reporting**

### **1. Sustainability strategy and profile**

Management will focus on this aspect during the next financial year.

### **2. Environmental performance**

Management will focus on this aspect during the next financial year.

### **3. Employee welfare**

Management will focus on this aspect during the next financial year.

### **4. Market place practices-**

Management will focus on this aspect during the next financial year.

### **5. Corporate Social Responsibility / Community Engagements**

The fund did not engage itself in corporate social responsibility during the year under review.

**11. 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 activity/mission/ mandate of the Fund is to support needy, vulnerable but bright students and increase accessibility to secondary schools and tertiary institutions.

**Results**

The results of the Fund for the year ended June 30, 2024 are set out on page 1 to 10

**Trustees**

The Trustees who served during the year are shown on page iv

**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 Administration Committee**

Date: *18/12/2024*

## **12. 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 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* Education support Scheme is responsible for the preparation and presentation of the Fund/Scheme’s financial statements, which give a true and fair view of the state of affairs of the Fund/Scheme 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 *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 (*quote the applicable legislation establishing the County Bursary Fund/Scheme*). The Administrator of the Fund/Scheme 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, 2024, and of the Fund/Scheme’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund/Scheme, 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 Bungoma Education support Scheme has assessed the Fund/Scheme’s ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Administrator to indicate that the Fund/Scheme will not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the financial statements**

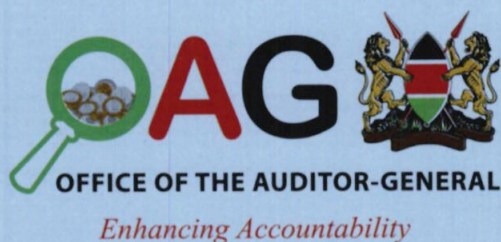
The Scheme’s financial statements were approved by the Committee on August 23, 2024 and signed on its behalf by:

  
.....

**Administrator of the Bungoma Education support scheme**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: 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, 2024

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### PREAMBLE

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

- A. Report on 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 Lawfulness and Effectiveness in the 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 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 Bungoma County Education Support Scheme set out on pages 26 to 58, which comprise the statement of financial

position as 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 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 Bungoma County Education Support Scheme 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 Bungoma County Education Support Scheme Regulations, 2019.

### **Basis for Qualified Opinion**

#### **1. Inaccuracy of the Comparative Balances**

Review of the financial statements for the financial year ended 30 June, 2024 revealed comparative amounts which were at variance in comparison to those reported in the audited financial statements for the previous financial year ended 30 June, 2023 as follows: -

<b>No.</b>	<b>Details</b>	<b>Comparative Balances; Financial Statements 2023/2024 Kshs.</b>	<b>Audited Financial Statements 2022/2023 Kshs.</b>	<b>Variance Kshs.</b>
1	Scholarship and Other Educational Benefits	308,520,078	314,678,578	6,158,500
2	Surplus for the year	199,664,298	193,505,798	6,158,500
3	Cash and Cash Equivalents	144,485,809	138,327,309	6,158,500
4	Accumulated Fund	0	198,327,309	198,327,309

The variances have not been explained or reconciled.

In the circumstances, the accuracy and completeness of the respective financial statements' comparative balances could not be confirmed.

#### **2. Unsupported Transfers from County Government**

The statement of financial performance reflects an amount of Kshs.321,700,000 in respect to transfers from County Government and as disclosed in Note 6 to the financial statements. However, Note 6 to the financial statements reflects an amount of Kshs.165,000,000 resulting to unexplained and unreconciled variance of Kshs.156,700,000. Further, the general ledger and bank statements supporting the amount were not provided for audit verification. In addition, the County Executive of Bungoma financial statements reflects a corresponding transfer to the Scheme of

Kshs.195,000,000 resulting in an unreconciled and unexplained variance of Kshs.126,700,000.

In the circumstances, the accuracy, completeness of transfers from the County Government amounting to Kshs.321,700,000 could not be confirmed.

### **3. Unsupported Scholarship and Other Educational Benefits Expenditure**

The statement of financial performance and as disclosed in Note 10 and 11 to the financial statements reflects bursary transfers and scholarship grants amounts of Kshs.166,173,038 and Kshs.120,016,729 respectively. However, the general ledgers supporting the expenditure indicating the names of beneficiary students, class, learning institutions, dates of payment, cheque reference numbers, and payment amounts were not provided for audit review. Further, the acknowledgement receipts for payments were also not provided for audit review.

In the circumstances, the accuracy and completeness of bursary transfers and scholarship grants amounts of Kshs.166,173,038 and Kshs.120,016,729 respectively could not be confirmed.

### **4. Accuracy of Use of Goods and Services Expenses**

The statement of financial performance reflects use of goods and services amounting to Kshs.18,196,422 and as disclosed in Note 12 to the financial statements. However, the detailed general ledgers supporting the expenses indicating the dates, payees, purpose of payments and payment reference numbers were not provided for audit review. Further, payment vouchers and supporting documents including supplier invoices, attendance registers to meetings, procurement documents for goods and services procured were not provided for audit review.

In the circumstances, the accuracy, completeness and propriety of use of goods and services expenditure amounting to Kshs.18,196,422 could not be confirmed.

### **5. Unsupported Trade and Other Receivables from Exchange Transactions**

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.216,700,000 and as disclosed in Note 14 to the financial statements, which in turn refers to transfers from National treasury. However, the supporting documentation confirming the validity and recoverability of the receivables from non-exchange transactions was not provided for audit verification.

In the circumstances, the accuracy, completeness and recoverability of receivables from non-exchange transactions balance of Kshs.216,700,000 could not be confirmed.

### **6. Unsupported Trade and Other Payables**

The statement of financial position reflects Nil balance for trade and other payables, which differs with Kshs.216,700,000 disclosed in Note 16 to the financial statements. Further, the general ledger and invoices supporting the amount were not provided for audit verification.

In the circumstances, the accuracy, completeness of Nil trade and other payables balance could not be confirmed.

## **7. Anomalies in Presentation and Disclosure of Annual Report and Financial Statements**

Review of the annual report and financial statements revealed the following anomalies:

- i. Management discussion and analysis indicates, in table 2 the number of scholarship beneficiaries from the year 2018/2019. However, the number of scholarship beneficiaries for the financial years 2020/2021, 2021/2022 and 2022/2023 do not tally with the number of scholarships shown in the prior year certified financial statements for the same period thereby raising doubt on the accuracy of the data.
- ii. Report of the Trustees does not specify the correct pages on which the results of the Fund are set out and the pages where the Trustees of the Fund are shown.
- iii. Related party balances disclosure information was not included in the financial statements.
- iv. The presentation of the financial statements starts from page 26 instead of starting from page 1 as required by the reporting template.

In the circumstances, the annual report and financial statements does not comply with the prescribed reporting template issued by the Public Sector Accounting Standards Board.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Bungoma County Education Support Scheme 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**

#### **Budget Control and Performance**

The statement of comparison of budget and actual amounts reflects revenue budget and actual on comparable basis amounts of Kshs.526,185,809 and Kshs.321,700,000 respectively, resulting to under-funding of Kshs.204,485,809 or 39% of the budget.

The under-funding 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 matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

## **Other Matter**

### **Unresolved Prior Year Matters**

As disclosed under the progress on follow up of auditor's recommendations section of the financial statements, the prior year audit issues remained unresolved as at 30 June, 2024 and Management has not provided satisfactory reasons for the delay in resolving the issues.

## **Other Information**

Management is responsible for the other information set out on page iii to xxiv which comprise of Key Entity Information and Management, Fund Administration Committee, Key Management Team, Report of the Chairperson, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting, Statement of Corporate Governance, Management Discussion and Analysis, Report of the Committee 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 Scheme'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 THE USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 3000 and ISSAI 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 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 governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 the 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 controls, risk management and 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 applicable basis of accounting unless Management is aware of the intention to terminate the Scheme or to cease its 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 comply 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 Scheme'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 also 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/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

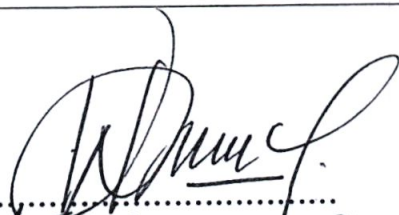
**Nairobi**

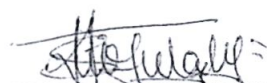
**24 December, 2024**

*Bungoma County Education support Scheme*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2024**

Description	Note	2023/24	Revised 2022/23
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Transfers From the County Government	6	321,700,000	524,000,000
Public Contributions and Donations	7	0.00	0.00
		<b>321,700,000</b>	<b>524,000,000</b>
<b>Revenue From Exchange Transactions</b>			
Finance Income	8	0.00	0.00
Other income	9	0.00	0.00
<b>Total Revenue</b>		<b>321,700,000</b>	<b>524,000,000</b>
<b>Expenses</b>			
Bursary transfers	10	166,173,038	29,884,000
Scholarship grants	11	120,016,729	278,636,078
Use of Goods and Services	12	18,196,421.50	15,815,624
<b>Total Expenses</b>		<b>304,386,188.50</b>	<b>324,335,702</b>
<b>Surplus/(Deficit) for the Period</b>		<b>17,313,811.5</b>	<b>199,664,298</b>

  
 Name: *Mahut Sam*  
 Administrator/Accounting Officer

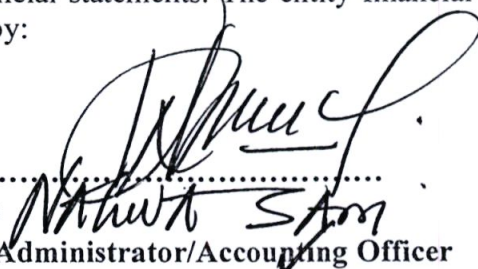
  
 Name: JULIUS WAKULA  
 Fund Accountant  
 ICPAK Member Number:

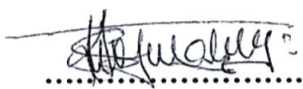
*Bungoma County Education support Scheme*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**15. Statement of Financial Position as at 30 June 2024**

Description	Note	2023/24	Revised 2022/23
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	13	5,099,620.50	144,485,809
Non-exchange receivables	14	216,700,000	60,000,000
Exchange Receivables		0.00	0.00
<b>Total current assets</b>		<b>221,799,620.50</b>	<b>204,485,809</b>
<b>Total Assets (A)</b>		<b>221,799,620.50</b>	<b>204,485,809</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	16	0.00	0.00
<b>Total current liabilities</b>		<b>0.00</b>	<b>0.00</b>
<b>Total Liabilities (B)</b>		<b>0.00</b>	<b>0.00</b>
<b>Net Asset (A-B)</b>		<b>221,799,620</b>	<b>204,485,809</b>
<b>Represented By:</b>			
Accumulated Surplus		221,799,620	0.00
<b>Net Assets</b>		<b>221,799,620</b>	<b>204,485,809</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on August 23, 2024 and signed by:

.....  
  
Name: *Walter Sam*  
Fund Administrator/Accounting Officer

.....  
  
Name:  
Fund Accountant  
ICPAK Member Number:

*Bungoma County Education support Scheme*

**Annual Report and Financial Statements for the year ended June 30, 2024**

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**16. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2024**

Description	Accumulated surplus	Total
	Kshs.	Kshs.
<b>Balance as at 1 July 2022</b>	4,821,511	4,821,511
Surplus/(Deficit) For the Year	199,664,298	199,664,298
<b>Balance As At 30 June 2023</b>	<b>204,485,809</b>	<b>204,485,809</b>
<b>Balance As At 1 July 2023</b>	<b>204,485,809</b>	<b>204,485,809</b>
Surplus/(Deficit) For the Year	17,313,811.50	17,313,811.50
<b>Balance As At 30 June 2024</b>	<b>221,799,620.50</b>	<b>221,799,620.50</b>

221,799,621

*Bungoma County Education support Scheme*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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

Description	Note	2023/2024	Revised 2022/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers From the County Government		165,000,000	464,000,000
Public Contributions and Donations		0.00	0.00
Finance Income		0.00	0.00
Other receipts		0.00	0.00
<b>Total receipts</b>		<b>165,000,000</b>	<b>464,000,000</b>
<b>Payments</b>			
Bursary Transfers		(166,173,038)	(29,884,000)
Scholarship grants		(120,016,729)	(278,636,078)
Use of goods and Services		(18,196,421.50)	(15,815,624)
<b>Net cash flows from operating activities</b>	17	<b>(139,386,188.50)</b>	<b>139,664,298</b>
<b>Cash flows from investing activities</b>			
		0.00	0.00
<b>Net cash flows used in investing activities</b>		<b>0.00</b>	<b>0.00</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>0.00</b>	<b>0.00</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>(139,386,188.50)</b>	<b>139,664,298</b>
Cash and cash equivalents at 1 July 2023	13	144,485,809	4,821,511
<b>Cash and cash equivalents at 30 June 2024</b>	13	<b>5,099,620.50</b>	<b>144,485,809</b>

*Bungoma County Education support Scheme*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**18. Statement of Comparison of Budget & Actual Amounts for Year Ended 30<sup>th</sup> 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
<b>Revenue</b>						
Transfers From the County Government	275,000,000	251,185,809	526,185,809	321,700,000	204,485,809	61
Public Contributions and Donations	0.00	0.00	0.00	0.00	0.00	
Finance Income	0.00	0.00	0.00	0.00	0.00	
Other receipts	0.00	0.00	0.00	0.00	0.00	
<b>Total Income</b>	<b>275,000,000</b>	<b>251,185,809</b>	<b>526,185,809</b>	<b>321,700,000</b>	204,485,809	<b>61</b>
<b>Expenses</b>						
Bursary Transfers	174,600,000	119,869,052	294,469,052	166,173,038	128,296,014	56.40
Scholarship grants	92,150,000	123,781,183	215,931,183	120,016,729	95,914,454	55.60
Use of goods & Services	8,250,000	7,535,574	15,785,574	18,196,421.50	-2,410,847	115.30
<b>Total Expenditure</b>	<b>275,000,000</b>	<b>251,185,809</b>	<b>526,185,809</b>	<b>(304,386,188.5)</b>	<b>(221,799,621)</b>	<b>57.80</b>
<b>Surplus For the Period</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>17,313,811.50</b>	<b>(17,313,811.5)</b>	<b>0.00</b>

**Budget notes**

1. During the financial year under review, the fund received exchequer disbursement of ksh.60,000,000 on 1<sup>st</sup> July 2023 being balance for the previous financial year brought forward. The funds were fully utilized during the 1<sup>st</sup> and 2<sup>nd</sup> quarter.

***Bungoma County Education support Scheme***  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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The 1<sup>st</sup> disbursement for the financial year under review of ksh.60,000,000 was received on 12<sup>th</sup> February 2024, while the 2<sup>nd</sup> and last disbursement of ksh.45,000,000 meant for Bursary beneficiaries was received on 12<sup>th</sup> June 2024. The balance of Ksh.216,700,000 had not been received as at June 30, 2024, hence the resulting under absorption noted.

2. The approved budget for both scholarship and Bursary for the current financial year was ksh. 275,000,000, however the scheme received an addition of ksh.249,485,809 and ksh.1,700,00 during the 1<sup>st</sup> and 2<sup>nd</sup> supplementary budgets respectively. The additional funding of ksh.204,485,809 was as a result of balances brought forward from previous financial year. While ksh.46,700,000 was an addition towards bursary allocation for the financial year under review.

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Bungoma County Education support Scheme is established by and derives its authority from The Bungoma County Education Support Scheme Regulations of 2015, (revised in December 2019). The entity is wholly owned by the Bungoma County Government and is domiciled in Kenya. Bungoma County Education support Scheme’s principal activity is to support needy and bright students access education.

**2. Statement of compliance and basis of preparation**

Bungoma County Education support 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	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>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.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

**Bungoma County Education support Scheme**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

Standard	Effective date and impact:
	The standard is not relevant to the scheme.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,            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:            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> <p>The standard is not relevant to the scheme.</p>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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> <p>The standard is not relevant to the scheme.</p>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The standard will bring more clarity to the financial statements.</p>

**Bungoma County Education support Scheme**

**Annual Report and Financial Statements for the year ended June 30, 2024**

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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> <p>The standard will bring more clarity to the financial statements.</p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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> <p>The standard will bring more clarity to the financial statements.</p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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> <p>The standard is not relevant to the scheme.</p>

***(iii) Early adoption of standards***

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

### **3. 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 2023/2024 was approved by the County Assembly on 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 the Bungoma County Education support Scheme upon receiving the respective approvals in order to conclude the final budget. The Bungoma County Education support Scheme recorded additional appropriations of Kshs. 46,700,000 on the FY 2023/2024 budget following the governing body's approval.

Bungoma County Education support 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 under section xxx of 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 cashflows 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.

**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 the Bungoma County Education support Scheme has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the xxx Bursary Fund/Scheme 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**

Bungoma County Education support Scheme 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**

Bungoma County Education support Scheme does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bungoma County Education support Scheme 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**

The Bungoma County Education support Scheme creates and maintains reserves in terms of specific requirements.

**h) Changes in accounting policies and estimates**

The Bungoma County Education support Scheme 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**

The Bungoma County Education support Scheme 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 Bungoma County Education support Scheme, or vice versa. Members of key management are regarded as related parties and comprise of Board of Trustees, the 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 the Bungoma County Education support Scheme'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.

### **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.

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.

**6. Transfers from the County Government**

Description	2023/2024	2022/2023
	Kshs	Kshs
Transfers From County Treasury	165,000,000	464,000,000
Others ( <i>Specify</i> )	0.00	0.00
<b>Total</b>	<b>165,000,000</b>	<b>464,000,000</b>

The Scheme received above transfers from the National Treasury in line with the approved budget for the financial year under review.

**7. Public Contributions and Donations**

Description	2023/2024	2022/2023
	Kshs	Kshs
Donation From Development Partners	0.00	0.00
Contributions From the Public	0.00	0.00
Others ( <i>Specify</i> )	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

The scheme did not receive donations of any kind during the financial year under review.

**8. Finance income**

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest Income on Bank Deposits	0.00	0.00
Others ( <i>Specify</i> )	0.00	0.00
<b>Total finance Income</b>	<b>0.00</b>	<b>0.00</b>

*The scheme did not receive interest income during the financial year under review.*

**9. Other income**

Description	2023/2024	2022/2023
	Kshs	Kshs
Cheque write backs	0.00	0.00
Others ( <i>Specify</i> )	0.00	0.00
<b>Total Other Income</b>	<b>0.00</b>	<b>0.00</b>

The scheme did not receive other income during the financial year under review.

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**10. Bursary Transfers**

Description	2023/2024	Revised 2022/2023
	Kshs	Kshs
Secondary schools	139,819,538	-
National Schools	2,453,000	-
Special Institutions	474,000	-
TVETs and Colleges	10,839,000	-
Vocational Training Centres	768,000	-
Universities	11,819,500	-
<b>Total</b>	<b>166,173,038</b>	<b>29,884,000</b>

**11. Scholarship Transfers**

Description	2023/2024	Revised 2022/2023
	Kshs	Kshs
Secondary schools	94,844,000	-
National Schools	24,942,729	-
Special Institutions	230,000	-
<b>Total</b>	<b>120,016,729</b>	<b>278,636,078</b>

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**12. Use of Goods and Services**

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Committee Allowances	194,000	351,000
Bank charges	740,311.50	182,474
Hospitality expenses	0.00	850,000
Travel and accommodation expenses	932,870	3,905,979
Mentorship program for Scholarship beneficiaries	1,906,365	0.00
Other expenses (receivables)	7,715,300	0.00
Scholarship Launch for 2024 form 1 beneficiaries	3,177,875	0.00
Facilitation to appear before the Senate standing committee at KICC in Nairobi,	629,700	0.00
Preparation of Financial reports in response to auditor general and senate remarks and recommendations.	1,700,000	0.00
Facilitation to 45 wards and headquarter secretariat during vetting and collation of vetted beneficiary lists.	1,200,000	10,027,971
Printing and Stationery expenses	0.00	498,200

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**13. Cash and cash equivalents**

Description	2023/2024	Revised 2022/2023
	Kshs	Kshs
Current Account	1,412,196	144,485,809
Special purpose account	3,687,425	0
<b>Total Cash and Cash Equivalents</b>	<b>5,099,620.50</b>	<b>144,485,809</b>

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

Financial Institution	Account number	2023/2024	Revised 2022/2023
		Kshs	Kshs
<b>a) Current Account</b>			
KCB Bank	1182244 041	1,412,196	144,485,809
Central Bank (Scheme Special purpose account)	1000715 022	3,687,425	0
<b>Sub- Total</b>		<b>5,099,620.50</b>	<b>144,485,809</b>
<b>b) Others (Specify)</b>			
Cash In Transit		0.00	0.00
Cash In Hand		0.00	0.00
<b>Sub- Total</b>		<b>0.00</b>	<b>0.00</b>
<b>Grand Total</b>		<b>5,099,620.50</b>	<b>144,485,809</b>

**14. Non-Exchange Receivables**

Description	2023/2024	2022/2023
	Kshs	Kshs
Revenue receivable	216,700,000	60,000,000
Internal Borrowing	0.00	0.00
<b>Total non-exchange receivables</b>	<b>216,700,000</b>	<b>60,000,000</b>

**15. Exchange Receivables**

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest receivable	0.00	0.00
Others ( <i>Specify</i> )	0.00	0.00
<b>Total exchange receivables</b>	<b>0.00</b>	<b>0.00</b>

16. Trade and other payables

Description	2023/2024		Revised 2022/2023	
	Kshs		Kshs	
Trade Payables	216,700,000		204,485,809	
Other Payables ( <i>specify</i> )	0.00		0.00	
<b>Total Trade and Other Payables</b>	<b>216,700,000</b>		<b>204,485,809</b>	
<b>Ageing analysis (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	216,700,000	67.4%	204,485,809	39%
<b>Total (tie to above total)</b>	<b>216,700,000</b>		<b>204,485,809</b>	

17. Cash generated from operations.

Description	2023/2024	Revised 2022/2023
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year</b>	<b>17,313,811.50</b>	<b>199,664,298</b>
<b>Adjusted For:</b>		
<b>Working Capital Adjustments</b>		
Increase In Receivables	216,700,000	60,000,000
Increase In Payables	216,700,000	60,000,000
<b>Net Cash Flow from Operating Activities</b>	<b>221,799,620.5</b>	<b>199,664,298</b>

**18. 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) Related party transactions**

Description	2023/2024	2022/2023
	Kshs	Kshs
Transfers from related parties	0.00	0.00
Transfers to related parties	0.00	0.00

**c) Key management remuneration**

Description	2023/2024	2022/2023
	Kshs	Kshs
Board of Trustees	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**d) Due from related parties**

Description	2023/2024	2022/2023
	Kshs	Kshs
Due From County Government	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**Other Disclosures Continued**

**e) Due to related parties**

Description	2023/2024	2022/2023
	Kshs	Kshs
Due to County Government		
Due to Key Management Personnel		
<b>Total</b>		

**19. Contingent assets and contingent liabilities**

Contingent Liabilities	2023/2024	2022/2023
	Kshs	Kshs
Court Case xx Against the Fund/Scheme		
Bank Guarantees		
<b>Total</b>		

*Not applicable to fund.*

**20. 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) Credit risk**

The Fund/Scheme has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June (Current Year)</b>				
Receivables From Non-Exchange Transactions				
Receivables From Exchange Transactions				
Bank Balances				
<b>Total</b>				
<b>As at 30<sup>th</sup> June (Previous Year)</b>				
Receivables From Non-Exchange Transactions				
Receivables From Exchange Transactions				
Bank Balances				
<b>Total</b>				

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of trustees sets the Fund/Scheme's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

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

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June (Current FY)</b>				
Trade Payables				
Current Portion of Borrowings				
Provisions				
<b>Total</b>				
<b>As at 30 June (Previous FY)</b>				
Trade Payables				
Current Portion of Borrowings				
Provisions				
Employee Benefit Obligation				
<b>Total</b>				

**c) 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.

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. Foreign currency risk**

The Fund/Scheme has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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The carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June (Current FY)</b>			
Cash			
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables			
<b>Net Foreign Currency Asset/(Liability)</b>			

*The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.*

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund/Scheme's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the two main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
		Kshs	Kshs
<b>(Current FY)</b>			
Euro			
USD			
Other (Specify)			
<b>(Comparative FY)</b>			
Euro			
USD			
Other (Specify)			

**ii. Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund/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 favorable 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. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20xx: Kshs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx-1 – Kshs xxx).

**d) 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	2023/2024	2022/2023
	Kshs	Kshs
Accumulated surplus		
<b>Total funds</b>		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
<b>Gearing</b>		

**21. Events after the reporting period**

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

**22. Currency**

The financial statements are presented in Kenya Shillings (Kshs

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**20. 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)
2022/2023	<p style="text-align: center;"><b><u>Cash and Cash equivalents</u></b></p> <p>The statement of financial position reflects cash and cash equivalents balance of ksh.138,327,309 as disclosed in note 4 to the financial statements. However, the bank reconciliation statement for the month of June 2023 reflects payment in cash book not in bank statement totaling to ksh.52,080,800 whose subsequent clearance dates were not provided for audit</p>	<p>The management agrees with the audit finding and wishes to clarify as follows;</p> <p>As at 30<sup>th</sup> June 2023, unrepresented cheques stood at ksh.52,080,800 as per bank reconciliation statement, out of which cheques totalling ksh. 6,158,500 were not cleared. Below is the breakdown of uncleared cheques;</p> <ol style="list-style-type: none"> <li>1. Cheques over casted in the cash book stood at ksh.1,306,000.</li> <li>2. Cheques totalling ksh.122,000 bounced due to wrong account details.</li> </ol>	Pending	30 <sup>th</sup> June 2024

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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)
	verification. In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of ksh.138,327,309 could not be confirmed.	<p>3. Cheques totalling ksh.4,730,500 were cancelled following adjustments from wards.</p> <p>The above noted cheques were reversed in the cashbook in the month of July 2023. The cancelled cheques were reissued as per revised beneficiary lists, while cheques that bounced were reissued afresh.</p> <p>See attached extract of the cash book and bank reconciliation statement as at 31<sup>st</sup> July 2023.</p> <p><b>Appendix 01-( extract of the cash book as at 31<sup>st</sup> July 2023)</b></p>		

*Bungoma County Education support Scheme*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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)
2022/2023	<p><b><u>Unexplained variance on surplus</u></b></p> <p>The statement of financial performance reflects a surplus for the period balance of ksh.193,505,798, whereas the statement of changes in net assets reflects a surplus for the period balance of ksh.198,327,309 resulting to un explained and unreconciled variance of ksh.4,821,511 between the two statements. In the circumstances the accuracy and completeness of the surplus for the period of</p>	<p>The management is in agreement with the audit finding and clarifies as follows; The variance of ksh.4,821,511 was as a result of erroneous recording of surplus figure for the period as ksh.198,327,309 instead of the actual surplus figure of ksh.193,505,798 as evidenced by the statement of financial performance table. The error is further evidenced by the statement of changes in net asset's closing balance of ksh.138,327,309, which is made up of the balance brought forward of ksh.4,821,511 from the previous financial year, and the surplus figure of the financial year under review of ksh.193,505,798.</p>	Pending	30 <sup>th</sup> June 2024

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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)
	ksh.193,505,798 could not be confirmed.	The financial statement shall be amended in the subsequent reporting year to reflect the true surplus figure as clarified above.  Refer to financial year 2021/2022 Financial statement cash and cash equivalent comparative figure of ksh.4,821,511. (Appendix 002)		
2022/2023	<p><b><u>Unsupported scholarship and Bursary disbursements.</u></b></p> <p>The statement of financial performance reflects an amount of ksh.314,678,578 in respect of scholarships and other educational benefits which as</p>	<p>The management wishes to comment as follows;</p> <p>Most of the acknowledgement receipts had not been received from benefiting institutions at the time of Audit.</p> <p>All acknowledgement receipts received so far are well documented and available for verification.</p>	Pending	30 <sup>th</sup> June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>disclosed in note 2 to the financial statements, relates to the disbursement of educational aid to secondary schools, National schools, Vocational Training Centres, special institutions, Colleges and Universities. However, the amount was not supported by acknowledgement receipts from the recipient institutions.</p> <p>In the circumstances the propriety of the expenditure of ksh.314,678,578 disbursed to the various learning institutions could not be confirmed.</p>	<p><b>Appendix 003- Acknowledgement receipts samples from benefiting institutions.</b></p>		

*Bungoma County Education support Scheme*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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)
2022/2023	<p style="text-align: center;"><b><u>Budgetary control and performance.</u></b></p> <p>The statement of comparison of budget and actual amounts refelects actual expenditure of ksh.330,494,202 against an approved budget of ksh.524,000,000 resilting to underperformance of ksh.193,505,798 or 37% of the budget. The under performance affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>The management is in agreement with the audit finding in terms of absorption rates.</p> <p>Budgetary underutilization was occasioned by the delays in disbursement of funds from the national Treasury. The 1<sup>st</sup> disbursement of ksh. 200,000,000 was received on 28<sup>th</sup> September 2022 and was fully utilized by the end of February 2023. The 2<sup>nd</sup> disbursement totalling to ksh.70,000,000 was received on 12<sup>th</sup> April 2023, which was fully utilized by May 2023. The 3<sup>rd</sup> disbursement totalling to ksh. 194,000,000 was received on 14<sup>th</sup> and</p>	Pending	30 <sup>th</sup> June 2024

*Bungoma County Education support Scheme*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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)
		<p>29<sup>th</sup> June 2023, while the final tranche of ksh.60,000,000 was received on 5<sup>th</sup> July 2023. Hence the resulting under absorption of budgetary allocation.</p> <p>See <b>Appendix 004 (Extracts of bank statements indicating when funds were received)</b></p>		
2022/2023	<p><b><u>Unresolved prior year matters</u></b></p> <p>In the previous year audit, two (2) issues were raised under report on the financial statements. However, although management has indicated under the progress on follow-up of auditor's recommendations section that the issues have been resolved, no explanation and documentary evidence were provided to show how the issues have been resolved as required</p>	<p>The management provided responses and appropriate supporting documents for audit verification and clearance.</p> <p>The management is working around the clock to resolve all prior years' matters still pending.</p>	Pending	30 <sup>th</sup> June 2024

*Bungoma County Education support Scheme*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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)
	by the Public Sector Accounting Standards board templates.			



.....  
Fund Administrator/Accounting Officer

Date.....*18/12/2024*.....

**Bungoma County Education support Scheme  
Annual Report and Financial Statements for the year ended June 30, 2024**

**Annex II: Inter-Entity Confirmation Letter**

Name of transferring entity: The County Executive

Name of beneficiary entity: Bungoma County Education support Scheme.

Confirmation of amounts received by Bungoma County Education support Scheme as at 30 <sup>th</sup> June 2024						
Reference Number	Date Disbursed	Amounts Disbursed by the National Treasury (Kshs) as at 30 <sup>th</sup> June 2024			Amount Received by Bungoma County Education support Scheme (Kshs) as at 30 <sup>th</sup> June 2024 (D)	Differences (KShs) (E)=(C-D)
		Recurrent (A)	Development (B)	Total (C)=(A+B)		
FT2318611TM6	05/07/2023	60,000,000	0.00	60,000,000	60,000,000	0.00
FT24040MTW1Y	09/02/2024	60,000,000	0.00	60,000,000	60,000,000	0.00
FT24163BM181	11/06/2024	45,000,000	0.00	45,000,000	45,000,000	0.00
Total		<u>165,000,000</u>	<u>0.00</u>	<u>165,000,000</u>	165,000,000	0.00

**NOTE:**

1. The 1<sup>st</sup> tranche of ksh.60,000,000 received on 5<sup>th</sup> July 2023 was the receivable figure from the previous financial year.
2. During the financial year under review the disbursement of ksh.90,000,000 received on 1<sup>st</sup> July 2024 was not recognized as cash flow for the period but as part of the receivable of ksh.216,700,000 expected.

I confirm that the amounts shown above are correct as of the dates indicated.

**Head of Accounts Department - Disbursing Entity:**

Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**

Name *Mthwa Sam* ..... Sign *[Signature]* ..... Date *18/12/2024* .....

*Chief officer*

