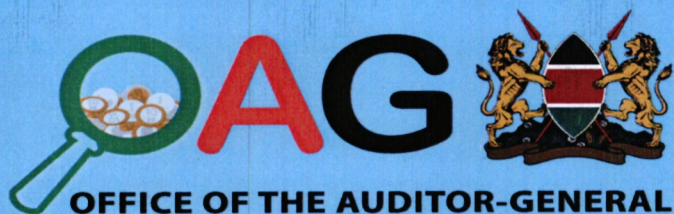


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REPORT
OF
THE AUDITOR-GENERAL
ON
KISII COUNTY BURSARIES FUND
FOR THE YEAR
ENDED 30 JUNE, 2022



KISII COUNTY BURSARIES FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2022

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

KISII COUNTY BURSARIES FUND
Annual Report and Financial Statements for the year ended 30 June 2022

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KISII COUNTY BURSARIESFUND
Annual Report and Financial Statements for the year ended 30 June 2022

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Kisii County Bursaries Fund is established by and derives its authority and accountability from Kisii County Bursaries Act of 5th March, 2014. The Fund is wholly owned by the County Government of Kisii and is domiciled in Kenya.

The fund's objective is to provide bursary to needy and vulnerable students in Kisii County

The Fund's principal activity is to provide bursaries to financially disadvantaged or needy students in the County, including those with disabilities who deserve support to pursue their education at recognised schools and educational institutions

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide financial support in terms of bursaries to needy and bright students from disadvantaged backgrounds in the County, including those with disabilities to pursue their education at recognised educational institutions.

c) Fund Administration Committee

Ref	Name	Position
1	Chairman of the Board	John. D. King'oina
2	Secretary	John Onkoba
3	Member	Peter Omache
4	Member	Reuben Choi Moreka
5	Member	Naomi Ayiera

d) Key Management

Ref	Name	Position
1	CEC- Finance, Chairman	Moses Onderi
2	Chief Officer Education, Secretary	Dr. Doris Nyokang'i (PhD)
3	Chief Officer Finance & Accounting Service, Member	Wilfred Auma
4	Deputy Chief Finance Officer, Member	CPA. John Nyandanyi

KISII COUNTY BURSARIESFUND
Annual Report and Financial Statements for the year ended 30 June 2022

e) Registered Offices

Kisii Municipality Building

P.O. Box 4550-40200

Kisii, KENYA

f) Fund Contacts

Telephone: (254) 020-8029160

E-mail: education@kisii.go.ke

Website: www.kisii.go.ke

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank Limited
Kisii Branch
Account Number: 1180225465

h) Independent Auditors

Auditor General

Office of the AuditorGeneral

Anniversary Towers, University Way

P.O.Box 30084

GPO 00100

Nairobi, Kenya

i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

KISII COUNTY BURSARIESFUND

Annual Report and Financial Statements for the year ended 30 June 2022

2. FUND ADMINISTRATION COMMITTEE.

Name	Details of qualifications and experience
 Mr. Damascus Onyiego King'oina	MrKing'oina was born in the year 1950. He holds a Bachelor of Arts degree in Peace and Conflict studies. He is a S 1 grade teacher, professional mediator, Organizing Secretary for Abagusii Council of Elders and District Peace Committee Chairman. He worked as a teacher between 1974 – 2005. He is a Court Annex Mediator in the Judiciary since 2018 to date. He is the County Bursary Board Chairman from 2014 to date.
 Mr. Peter Omache Momanyi	Mr. Momanyi was born in the year 1947. He went to Mosando primary school, Homabay secondary school and later to Kamagambo Teachers Training College. He is a qualified A.T I. He worked for 35 years as TSC teacher and ministry of Education as Education Officer I. He has been a secretary to the County Bursary Board since the year 2014 to date.
 Mr. John Onkoba Marando	MrMarando was born in 1951. He is a qualified P1 teacher from Kaimosi Teachers Training College. He has worked as a teacher from 1977- 1984, then as head teacher 1985 -1994. He also worked as a tutor from 1995-1997, ZQASO 1998-2004 and as AEO Sameta Division 2004-2007. He is a member of the County Bursary Board from the year 2019 to date.

KISII COUNTY BURSARIESFUND

Annual Report and Financial Statements for the year ended 30 June 2022



Naom Ayiera

Madam NaomAyiera was born in the year 1970. She is a form 4 school leaver with a Division 4 in 1987. In 1992 she was employed as an ECDE teacher in Egetuki primary school up to 1999 and then Buyonge up to 2010. She is currently a member of the County Bursary Fund since 2014.



Mr. Reuben Moreka Choi

MrMoreka was born in the year 1966. He has A level and a Diploma in County Governance. He worked as a BOM teacher at Kiabigoria Secondary School. Then KPTC in 1992-1994, Telcom Kenya 1995-2011 and was a member of County Assembly for Bogetenga ward in 2013 – 2017. He is currently a member of the County Bursary Board.

KISII COUNTY BURSARIESFUND

Annual Report and Financial Statements for the year ended 30 June 2022

3. MANAGEMENT TEAM

Name	Details of qualifications and experience
 Mr. Moses Onderi	Mr. Onderi holds a master of Education from University of Baroda, Bachelor of Education from Karnatak University, professional certificate in participatory monitoring, Evaluation and Impact Assessment from University of Wales Swansea and Higher Diploma in Human Resource Management. He has worked with CARE international in as Human Resource Coordinator and as CEC in lands and urban planning and currently is the CEC Finance and Economic Planning
 Dr. Doris Nyokang'i(PhD)	Dr. Doris Nyokang'i was born on 28th November, 1961. She holds a PhD in Education from University of South Africa (UNISA). Masters' in Education from University of London (UK). She has been a lecturer at Egerton University. She has a vast experience in public sector where she has served in senior positions. She is currently the Chief Officer Education Labour and Manpower Development.
 Mr. Wilfred Auma	Mr Wilfred Auma heads the Finance and Accounting services as a chief officer. Prior to his appointment, he headed the department of Planning and Economic Development. He holds a Master's Degree in Business Administration (Finance) from Kisii University, Bachelor of Commerce in Statistics, Accounting, Income Tax, Business Management and Auditing from Devi AlhilyaVishwavidValaya, Indore and a higher National Diploma in Finance analysis from Indian Management Training and research Institute. Until his appointment, he was working with WakenyaPamoja Sacco Society Ltd as a manager in Business growth development

KISII COUNTY BURSARIESFUND

Annual Report and Financial Statements for the year ended 30 June 2022



John Nyalaji Nyandanyi

Mr. Nyandanyi was born on 10th November, 1974. He holds a Bachelor of Commerce degree in Finance. Further, he is a holder of CPA (K) and CPS (K). He has over 25 years working experience in Treasury Accounts department. He is currently the Deputy Chief Finance Officer.

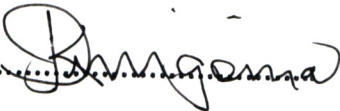
KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2022

4. BOARD/FUND CHAIRPERSON'S REPORT

The Bursaries fund was established through the Kisii County Bursary Fund Act, 2014 with the sole purpose of providing bursaries to needy and bright students from disadvantaged backgrounds in the County. During the financial year 2021/2022 we had budgeted a total of Kshs. 135 Million to beneficiaries in various institutions. The fund has positively impacted the learning process of students by ensuring that they maintain at school. These goes a long way in the overall improvement of retention and completion rates of students.

Going forward, I wish to appeal to County Assembly Members to consider allocating more financial resources to the fund. This will cater for ever increasing number of needy and deserving cases. In order to create a more resounding impact I could wish to see the fund fully support the identified needy and bright students throughout their learning cycle i.e cover all fees through secondary school, college or university education. In the same vein, more consideration should be given to students in technical and vocational education during the award of bursaries which is part of our core mandate.

.....

Name: John D. King'oina

Chairperson

KISII COUNTY BURSARIESFUND

Annual Report and Financial Statements for the year ended 30 June 2022

5. REPORT OF THE FUND ADMINISTRATOR

We have always made and maintained adequate financial management arrangements for the Bursaries Fund. This has been made possible by keeping proper accounting records together with internal controls using appropriate accounting policies in accordance with International Public Sector Accounting Standards. We always ensure that the Fund has complied with applicable Government policies and are used for the eligible purposes.

In the financial year 2021/2022, the Kisii County Government budgeted Ksh.135 Million for bursaries. There is an overwhelming demand from the increasing numbers of the target group for bursary support. The financial resources have never been able to meet these demands. The Ward Bursary Committees have done extra work in identifying the beneficiaries from the huge numbers of applicants. It is for this reason that we could wish to appeal for more allocation to the fund so as to meet some of these demands from very vulnerable students. With the increase in the fund, the allocation will make an impact and will scale up our education in terms of quality.


.....

Name: Dr. Doris Nyokang'i(PhD)

Fund Administrator

KISII COUNTY BURSARIESFUND**Annual Report and Financial Statements for the year ended 30 June 2022****6. STATEMENT OF PERFORMANCE AGAINST THE COUNTY FUND'S PREDETERMINED OBJECTIVES****Introduction**

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

The key development objective of the Kisii County Bursaries Fund for the F/Y 2021/2022 plan is to provide bursary for needy students.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Bursary/ Education	To support bright and needy students to access quality education	Increased number of students accessing education in the County	% of students retained in school / transitioned to next level institutions	

KISII COUNTY BURSARIESFUND

Annual Report and Financial Statements for the year ended 30 June 2022

7. CORPORATE GOVERNANCE STATEMENT

In the course of the financial year, the Board managed holds five (5) sittings which were all attended by members of the board of trustees. As a best practice and in line with the law relating to meetings, they were all presided by the chairman. In cases of his or her absence the members elect one of their members to preside over the meeting.

The Fund is a semi-autonomous entity being managed by the Fund Administrator. The management intends to develop Board Service Charter. The process of appointment and removal of trustees, roles and functions of the Board and their remuneration are clearly stated in the Kisii County Bursary Fund Act 2014.

The members of the board recommended that a programme be developed on induction and training members on their roles to enable them offer better services to the public and a budgetary provision to be made in the forward budget.

KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2022

8. MANAGEMENT DISCUSSION AND ANALYSIS

The Kisii County Bursaries is specifically for financially disadvantaged or needy students including persons with disabilities from Kisii County admitted at various recognised educational institutions. The management of the Fund shall be vested in a management Board consisting of

- 1) Chairperson appointed by the Governor
- 2) One officer representing the County department for the time being responsible.
- 3) Two members representing the community and civil society.

The Ward Bursary Committees are charged with the responsibility of vetting applicants and identifying beneficiaries using a set out criteria. The committee shall consider all applicants submitted in accordance with the criteria set and may accordingly accept or reject any application for the bursary. Where it accepts the application, the committee shall recommend to the County Bursaries Fund Board, the grant of a bursary to the relevant qualified student. The secretary of ward bursary committee who is also the ward administrator has the responsibility of disbursing of cheques to the schools where the beneficiaries are schooling. The bursary award mainly covers part of tuition or boarding fees.

The strategic objectives of the Bursaries Fund are set out in Kisii County Bursary Fund Act, 2014. The main objective of the fund among others is to provide bursaries to financially disadvantaged or needy students in the county who deserve support to pursue their education.

A student wishing to receive a bursary from the fund shall make an application to the relevant committee in a prescribed form.

The criteria for granting a bursary from the Fund shall be in accordance with the regulations set out in the Act.

9. CORPORATESOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The members appreciated their role in the board and took time to commend the county for taking a bold step in establishing and operationalizing the bursary fund which they believe has touched the hearts of more so the needy groups in the community hence improving the literacy levels especially to families that have bright students but face financial challenges.

The members indicated that since the promulgation of the new constitution which gave birth to devolved system of governance, services have been brought closure to the people and they are feeling the impact of county governments since resource allocation to the community at both levels i.e the sub-counties and even at ward levels have improved and even the public participation in identifying the needy cases from the grass root has been improved and appreciated by many.

The members through the chairman requested for more allocation since the needy cases are on the rise.

KISII COUNTY BURSARIES FUND
Annual Report and Financial Statements for the year ended 30 June 2022

10. REPORT OF THE FUND ADMINISTRATION COMMITTEE

The Trustees submit their report together with the audited financial statements for the year ended 30 June 2022 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund is to provide bursary to needy and vulnerable students in Kisii County

Results

The results of the Fund for the year ended 30 June 2022 are set out on page 1 to page 22

Trustees

The members of the Fund Administration Committee 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.

By Order of the Board

.....*D. Kang'i*.....

Dr. Doris Nyokang'i (PhD)

Chair of the Board/Fund Administration Committee

Date: *08/11/2022*

KISII COUNTY BURSARIES FUND

Annual Report and Financial Statements for the year ended 30 June 2022

11. 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 Kisii County Bursaries Fund established by the Kisii County Bursary Act 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on 30 June 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Kisii County Bursary Act 2014. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended 30 June, 2022, and of the Fund's financial position as at that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

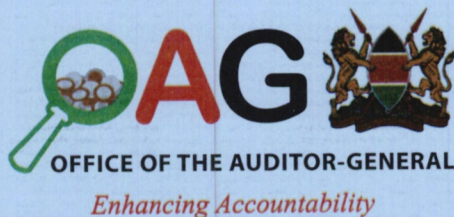
The Fund's financial statements were approved by the Board on 08/11 2022 and signed on its behalf by:

.....


CECM- Finance and Economic Planning

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KISII COUNTY BURSARIES FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

Opinion

I have audited the accompanying financial statements of Kisii County Bursaries Fund set out on pages 1 to 21, which comprise the statement of financial position as at

Report of the Auditor-General on Kisii County Bursaries Fund for the year ended 30 June, 2022

30 June, 2022, 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, the financial statements present fairly, in all material respects, the financial position of Kisii County Bursaries Fund as at 30 June, 2022, 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 Kisii County Bursary Fund Act, 2014.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison budget and actual amounts for the year ended 30 June, 2022 reflects final revenue budget and actual on comparable basis of Kshs.11,000,000 and Kshs.5,340,920 respectively, resulting to an under-funding of Kshs.5,659,080 (or 51%) of the budget. Similarly, the Fund spent an amount of Kshs.520,000 out of the approved expenditure budget of Kshs.11,000,000, resulting to under expenditure of Kshs.10,480,000 (or 95%) of the budget.

In the circumstances, the underfunding and under absorption of funds is likely to affect service delivery to the public.

2. Unresolved Prior Year Matters

The audit report for the previous year included audit issues which remained unresolved as at 30 June, 2022. As indicated in the implementation status of Auditor-General's

Recommendations section of the financial statements, the Management did not provide satisfactory reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Transfers of Funds to County Treasury

The statement of financial position reflects loan receivable balance of Kshs.4,855,000 which relate to cash withdrawals for Kisii County Executive operations. The amount was to be repaid to the Fund once the County Executive received its funding from the National Government. However, the amount was still outstanding as at 19 October, 2022. Further, the cash withdrawals were not approved by the Fund Administration Committee.

In the circumstances, the transfer of funds amounting to Kshs.4,855,000 was irregular.

2. Non-Allocation of Funds to the Bursaries Fund

According to the statement of comparison of budget and actual amounts, the original budget for bursary disbursements was Kshs.135,000,000. However, the amount was removed in subsequent budget reviews. As a result, no bursaries were disbursed to needy students by the Fund during the year under review. This was contrary to Section 4 of the Kisii County Bursaries Fund Act, 2014, which states that the objective of the Fund is to provide bursaries to financially disadvantaged or needy students in the County, including persons with disabilities, who deserve support to pursue education at recognized schools and educational institutions.

In the circumstances, Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash 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 ability of the Fund to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the County Government is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Fund to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 February, 2023

KISII COUNTY BURSARIESFUND**Annual Report and Financial Statements for the year ended 30 June 2022****13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
RevenueFromNon-ExchangeTransactions			
Transfers From the County Government	1	5,340,920	3,396,000
Total Revenue		5,340,920	3,396,000
Expenses		-	-
Use of Goods and Services	2	520,000	3,398,337
Bursary Disbursement		-	-
Total expenses		520,000	3,398,337
Surplus/(deficit)for the period		4,820,920	(2,337)

.....
Dr. Doris Nyokang'i

Name: Dr. Doris Nyokang'i(PhD)

Administrator of the Fund

.....
John Nyandanyi

Name: John Nyandanyi

Fund Accountant

ICPAK Member Number:13373

KISHI COUNTY BURSARIESFUND
Annual Report and Financial Statements for the year ended 30 June 2022

14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	3	14,743	48,823
Current portion of long- term receivables from non-exchange transactions	4	4,855,000	-
Total Current Assets		4,869,743	48,823
Total Assets		4,869,743	48,823
Net Assets			
Revolving Fund		-	15,577,085
Accumulated Surplus	5	4,869,743	-15,528,262
Total Net Assets and Liabilities		4,869,743	48,823

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 08/11/ 2022 and signed by:

.....


Name: Dr. Doris Nyokang'i(PhD)

Administrator of the Fund

.....


Name: CPA John Nyandanyi.

Fund Accountant

ICPAK Member Number:13373

KISII COUNTY BURSARIESFUND**Annual Report and Financial Statements for the year ended 30 June 2022****15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2022**

	Revolving Fund	Accumulated surplus	Total
		KShs	KShs
Balance as at 1 July 2020	15,577,085	-15,525,925	51,160
Surplus/(deficit) for the period	-	-2,337	-2,337
Balance as at 30 June 2021	15,577,085	-15,528,262	48,823
Balance as at 1 July 2021	15,577,085	-15,528,262	48,823
Transfer revolving fund to accumulated surplus	(15,577,085)	15,577,085	-
Surplus/(deficit) for the period	-	4,820,920	4,820,920
Balance as at 30 June 2022	-	4,869,743	4,869,743

.....*Dr Doris Nyokang'i*.....

Name: Dr. Doris Nyokang'i(PhD)

Administrator of the Fund

.....*John Nyandanyi*.....

Name: John Nyandanyi

Fund Accountant

ICPAK Member Number: 13373

KISII COUNTY BURSARIES FUND**Annual Report and Financial Statements for the year ended 30 June 2022****16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	5,340,920	3,396,000
Total receipts		5,340,920	3,396,000
Payments			
Use of Goods and Services	2	520,000	3,398,337
Total Payments		520,000	3,398,337
Net cash flows from operating activities		4,820,920	(2,337)
Cash from financing activities			
Loan advanced to County Treasury	4	(4,855,000)	-
Net cash flow used in financing activities		(4,855,000)	-
Net increase/(decrease) in cash & cash Equivalents		(34,080)	(2,337)
Cash and cash equivalents at 1 July 2021	3	48,823	51,160
Cash and cash equivalents at 30 June 2022	3	14,743	48,823

.....


Name: Dr. Doris Nyokang'i (PhD)

Administrator of the Fund

.....


Name: John Nyandanyi

Fund Accountant

ICPAK Member Number: 13373

KISII COUNTY BURSARIESFUND**Annual Report and Financial Statements for the year ended 30 June 2022****17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers From County Govt.	150,000,000	(139,000,000)	11,000,000	5,340,920	5,659,080	48.6%
Total Income	150,000,000	(139,000,000)	11,000,000	5,340,920	5,659,080	48.6%
Expenses						
Use of Goods and Services	15,000,000	(4,000,000)	11,000,000	520,000	10,480,000	4.7%
Bursary Disbursement	135,000,000	(135,000,000)	-	-	-	-
Total Expenditure	150,000,000	(139,000,000)	11,000,000	520,000	10,480,000	4.7%
SurplusForThe Period	-	-	-	4,820,920	(4,820,920)	-

Budget notes

1. The difference between the actual and budgeted amounts was caused by delay in releasing of funds from The National Treasury.
2. Changes between the original and final amount was occasioned by removal of the bursary funds from the budget during the supplementary budget.

KISII COUNTY BURSARIESFUND

Annual Report and Financial Statements for the year ended 30 June 2022

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kisii County Bursaries Fund is established by and derives its authority and accountability from Kisii County Bursaries Act. The entity is wholly owned by the Kisii County Government and is domiciled in Kenya. The entity's principal activity is to provide bursary to needy and vulnerable students in Kisii County.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is

KISII COUNTY BURSARIESFUND**Annual Report and Financial Statements for the year ended 30 June 2022**

Standard	Effective date and impact:
	applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

KISII COUNTY BURSARIESFUND

Annual Report and Financial Statements for the year ended 30 June 2022

Standard	Effective date and impact:
	Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<i>Applicable 1st January 2023</i> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<i>Applicable 1st January 2025</i> 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 cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> 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.

KISII COUNTY BURSARIESFUND
Annual Report and Financial Statements for the year ended 30 June 2022

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on 30th June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations on the FY 2021-2022 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

KISII COUNTY BURSARIESFUND
Annual Report and Financial Statements for the year ended 30 June 2022

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

a) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

KISII COUNTY BURSARIESFUND
Annual Report and Financial Statements for the year ended 30 June 2022

Summary of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

KISII COUNTY BURSARIESFUND
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Summary of Significant Accounting Policies (Continued)

b) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

c) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

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Annual Report and Financial Statements for the year ended 30 June 2022

Summary of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

f) Employee benefits– Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

g) 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.

KISII COUNTY BURSARIES FUND
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Summary of Significant Accounting Policies (Continued)

h) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

i) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The entity is a County Public Fund established by Kisii County Bursaries Act under the Ministry of Education Labour and Manpower Development. Its ultimate parent is the County Government of Kisii.

n) Currency

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

KISII COUNTY BURSARIESFUND
Annual Report and Financial Statements for the year ended 30 June 2022

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made e.g.

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.

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1. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Government	5,340,920	3,396,000
Total	5,340,920	3,396,000

2. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
Administration Fees	511,459	3,396,000
Bank Charges	8,541	2,337
Total	520,000	3,398,337

Bank charges were previously categorized under finance costs but are now reported under use of goods and services in the current reporting framework.

3. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	14,743	48,823
Total Cash And Cash Equivalents	14,743	48,823

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

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1180225465	14,743	48,823
Sub- Total		14,743	48,823

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4. Current portion of long term receivables from non-exchange transactions

Description	2021-2022	2020-2021
	Ksh	Kshs
Borrowed by Finance and Accounting Services	4,855,000	-
Total	4,855,000	-

4. Accumulated Surplus

In the Statement of Financial Position for 2020/2021, it reflects erroneously a revolving fund balance of Kshs. 15,577,085. The Kisii County Bursaries fund receives funds from the Kisii County Treasury and pays out as bursaries to needy students as grants. Therefore, we have corrected the error by transferring the revolving fund balance to accumulated surplus.

Other Disclosures

5. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc

b) Related party transactions

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	5,340,920	3,396,000
Total	5,340,920	3,396,000

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Annual Report and Financial Statements for the year ended 30 June 2022

Other Disclosures Continued

6. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performin g Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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

KISII COUNTY BURSARIESFUND**Annual Report and Financial Statements for the year ended 30 June 2022**

the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has no significant concentration of credit risk on amounts due

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

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

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

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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19. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
REF: KSI/KSI BURSARY/2020/2021(26)	Irregular transfer of funds to County Treasury	We have sent letters to County Executive to have the borrowed money immediately refunded to the Fund.	Not Resolved	October,2021



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