

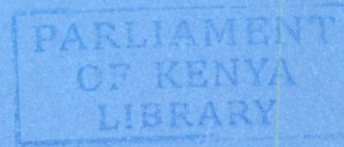
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

DATE	PAPERS LAID
TABLED BY	
COMMITTEE	
CLERK AT THE TABLE	



OF

THE AUDITOR-GENERAL

ON

MACHAKOS COUNTY BURSARY FUND

**FOR THE YEAR ENDED
30 JUNE, 2023**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.

05 DEC 2023

RECEIVED



COUNTY GOVERNMENT OF MACHAKOS
MACHAKOS COUNTY BURSARY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

Machakos County Bursary Fund

Annual Report and Financial Statements for the year ended June 30, 2023

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Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

2. Key Entity Information and Management

a) Background information

Machakos County Bursary Fund is established by and derives its authority and accountability from Public Financial Management Act, 2012 (*Section 116*). *The Machakos County (Bursary Fund) Regulations were made by The Machakos County Executive Committee Member for Finance and Revenue Collection while exercising the powers conferred by section 116 of the PFM Act 2012 as stipulated on Machakos County Gazette Supplement No. 7(31st August 2019).* The Fund is wholly owned by the County Government of Machakos and is domiciled in Kenya. The Bursary Fund administration shall be done by the Chief Officer in charge of Education who shall make sure proper books of account and other records related to the fund are kept.

The fund's objective is to ensure that the less fortunate students get an opportunity to go through school and learn like any other students.

The Fund's principal activity

The Principal activity /mission of the bursary fund scheme is to provide financial assistance in form of fees to the needy learners in Machakos County

b) Principal Activities

The principal activity /mission of the bursary fund scheme is to provide financial assistance in form of fees to the needy learners in Machakos County

c) Board of Trustees/Fund Administration Committee

Ref	Position	Name
1	Chairperson of the Committee	Sammy K Musau
2	Chief Officer	Charles Mutinda
3	Chief Officer finance	CPA Collins Adipo
4	Committee Members	Purity K Mulungye Daniel Kaveva Cynthia Makau Samuel K Muneene Dennies Musoia Salima Swalleh

Machakos County Bursary Fund**Annual Report and Financial Statements for the year ended June 30, 2023**

		Titus Mutua
		Mary Ndumi
5	Administrator	Oscar Mutie

d) Key Management team

Ref	Position	Name
1	Fund Chairperson	Sammy K Musau
2	Fund Administrator	Oscar Mutie
3	Fund Accountant	CPA Michael Musyoki
4	Member -Director	Elizabeth Muange
5	Member - Administration	Roselyne Mutua
6	ICT Officer	Boniface Muia

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	CPA Josephine Ngui

f) Registered Offices

P.O. Box 3565 -90100
Town Hall
Mwatu Wa Ngoma Road
Machakos, KENYA

g) Fund Contacts

Telephone: (254) 44-205575
E-mail: infor@machakosgovernment.co.ke
Website: www.machakos.go.ke

h) Fund Bankers

Kenya Commercial Bank
Machakos Branch

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Account No. 1166439682

Account No. 1251927483

i) Independent Auditors

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

j) Principal Legal Adviser




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

k) County Attorney

The County Attorney
Machakos County Law Office
Kangundo Road
P.O Box 1996 – 90100
Machakos Kenya




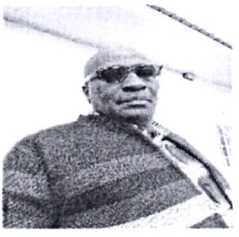
**Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

3. Fund Administration Committee

Name	Details of qualifications and experience
<p>1.Sammy K. Musau</p> 	<p>Date of Birth: 1959</p> <p>Holds Bachelor of arts</p> <p>Has 35 years working Experience as an Educationist</p> <p>Chairperson of the Fund</p>
<p>2.Daniel Kyalo Kaveva</p> 	<p>Date of Birth: 1968</p> <p>Holds a Diploma in Theology & Honorary doctorate in Public Service</p> <p>Has 21 years in Public Service</p> <p>Represents Faith Based Organizations</p>
<p>4.Samuel Muneene</p> 	<p>Date of Birth: 1954</p> <p>Holds certificate in guidance and counselling</p> <p>Has 31 years' experience as an Area Education Officer</p> <p>Educationist</p>
<p>5.Mary Ndumi Ngau</p> 	<p>Date of Birth: 1960</p> <p>Diploma in Education</p> <p>Has 37 years' working experience</p> <p>Represents Faith Based Organizations</p>

Machakos County Bursary Fund




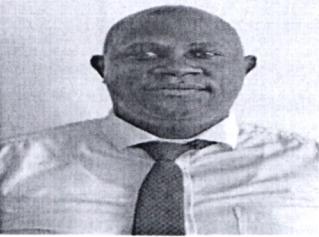
Annual Report and Financial Statements for the year ended June 30, 2023

<p>6.Purity Mulungye</p> 	<p>Date of Birth: 1997 Form Four level Has 6 years working experience as an Mpesa Attendant Represents PWDs</p>
<p>7. Salima Swalleh</p> 	<p>Date of Birth: 1969 Certificate in 6th uluumu diin women symposium Represents Muslims</p>
<p>8. Dennies Musoia</p> 	<p>Date of Birth: 1994 Diploma in sales management and Marketing Has 3 years working experience Represents Youth</p>
<p>9. Cynthia Makau</p> 	<p>Date of Birth:1987 Bachelor degree in commerce Has 5 years work Experience Represents Youth</p>
<p>10.Titus Mutua</p> 	<p>Date of Birth: 1964 Certificate in Accounts Has 30 years of work Experience Represents PWDs</p>

Machakos County Bursary Fund

Annual Report and Financial Statements for the year ended June 30, 2023

4. Management Team

Name	Details of qualifications and experience
 Sammy K. Musau	Date of Birth: 1959 Holds Bachelor of arts Has 35 years working Experience in Education Sector. Chairperson of the Fund
 Charles Kyalo Mutinda	Date of Birth: 1972 Holds an MBA in strategic Management and Bachelors in Education Twenty years of experience in Education sector Chief Officer – Education and ECDE Services
 Elizabeth Muange	Date of Birth: 1974 Holds Msc.in Development Studies Twenty-one years' experience in Educational matters Director - Education
 Michael Musyoki	Date of Birth :1985 Holds Bachelor of Education, Economics and Mathematics Certified Public Accountant - Member No.13428 Fifteen years' experience in accounting profession Fund Accountant

Machakos County Bursary Fund

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Boniface Muia

Date of Birth: 1987
Holds Bsc.ICTM
Fifteen years' experience in ICT
Fund ICT Officer



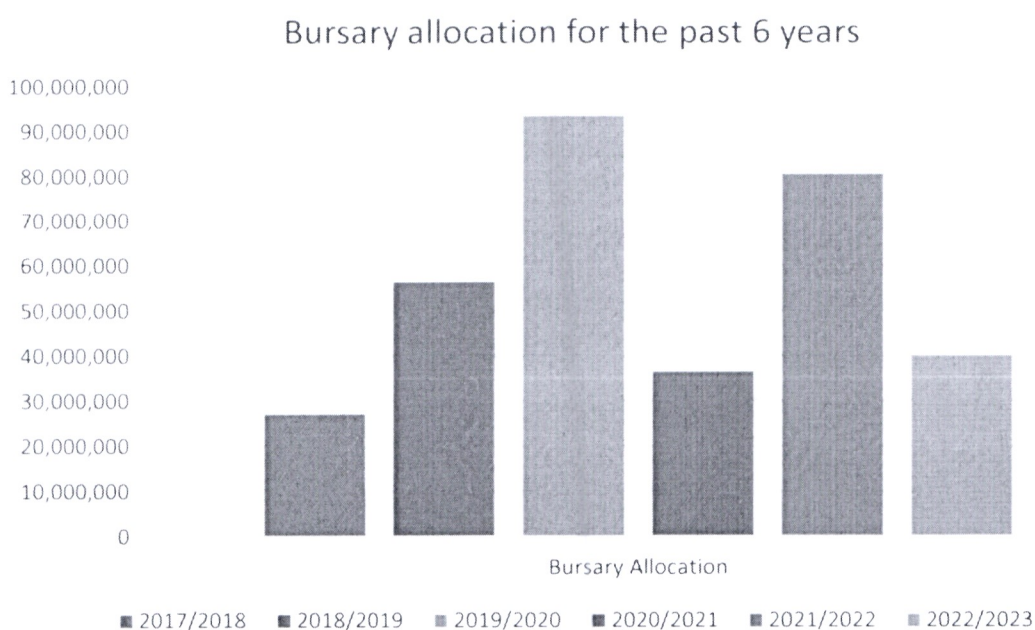
Roselyne Mutua

Date of Birth: 1979
Holds Diploma in ECDE
Twelve years' experience in Teaching profession
Administrator

Machakos County Bursary Fund Annual Report and Financial Statements for the year ended June 30, 2023

Fund Chairperson's Report

The Machakos County Government recognises the role education plays in the lives of individuals and communities especially in boosting the standards of living. In the last five years it has consistently increased bursary allocation save for FY2020/2021 during the Covid 19 pandemic that saw one tranche allocation and FY 2022/2023 during the transition when the allocations dropped as indicated in the following table:



In the pursuit of the above, the Department of Education in the FY 2022/2023 received a cumulative total of ksh.40Million which was disbursed to needy students across the nine (9) sub-counties in their respective forty (40) Wards. The funds were disbursed in one tranche of Kshs 40 million, this was awarded to students in both secondary and post-secondary learning institutions. For ease of awarding, the application forms were disbursed to Ward Education coordinators for collection by the potential applicants.

Whereas the goal was to target the brilliant and needy students, the high number of applications and vested interests by the Ward Bursary Committees representatives the County Bursary Committee was forced to institute guidelines that harmonized the amounts going to various

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

categories of students. The guidelines set a minimum of Kshs. 3,000 and kshs 4000 for day scholars and boarders respectively. Generally, this flagship program has been a tremendous success translating to boosted transition and completion rates in the two levels of education.

Despite the high acceptance, the bursary program is faced by a myriad of challenges which overtime need to be addressed as below:

- First and foremost is the high number of applicants to the tune of forty (40,000) thousand who seek support due to overbearing adverse effects of Covid-19, skyrocketing costs of essential goods and services this calls for a further increase in the bursary allocation.
- Secondly, is the ever increasing cost of loads of paperwork that then possibly it's the high time we embrace paperless by going digital.
- Thirdly, is the pressure by stakeholders to have all needy students being treated equally leading to a meagre allocation to all the applicants where a flat allocation of the minimum amount of Ksh. 3,000 to all learners in some wards is done. This principle defeats the purpose of identifying the bright and needy in the communities. However, this political reality cannot be wished away as the Government of the day is a political progeny

The bursary program remains one of the key programs of the Department that has a lasting impact on the people of Machakos and hopefully future regimes will retain it for posterity. To address the issue of inclusivity we intend to introduce high school scholarships whose need is to address the bright and needy in the community.

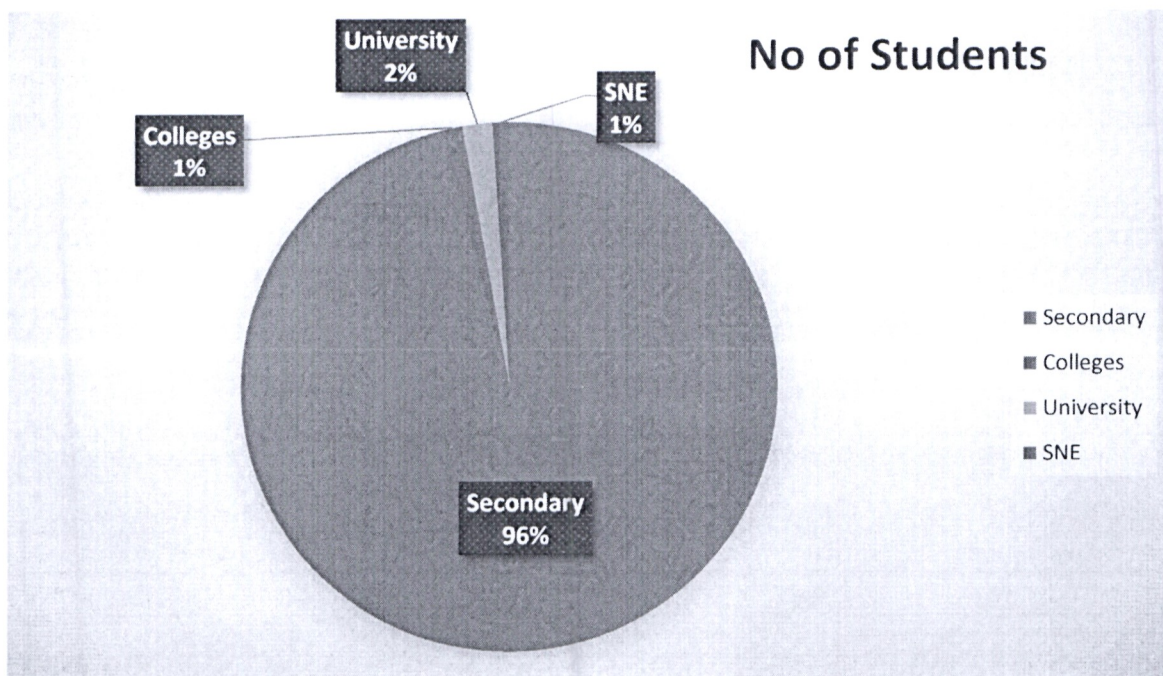
Signed: 

Sammy K. Musau

Chairperson-County Bursary Committee

5. Report of The Fund Administrator

In the FY FY 2022/2023 the Machakos County Bursary Fund received Kshs. 40 Million against a planned budget sealing of the same representing 50% actualization of the budget. The Balance of Kshs 40 Million was received in July 2023. The Bursary targeted secondary, tertiary and universities. After the award of second tranche we got cumulative total of 24,713 students benefited from the bursary program FY FY 2021/2022 broken into 11,532 males and 13,181 females, composed of 23,734 secondary schools' students, 288 Colleges' students 435 University students and 256 special need students as summarised in the following pie chart.



The benefiting students were to pick their cheques through their respective Ward Administrators' Offices after the H.E the Governor launched program in the International Conference Centre in the Peoples' Park as indicated by the photo below.



H.E The Governor during the official launch of Bursaries

THE CHALLENGES FACING BURSARY FUND

A number of challenges have continued to face this fund as stated below:

- Overwhelming demand for bursary against a skyrocketing inflation across the globe that has not left Kenyans behind this scenario has led to an increase in the budget for bursary to Ksh 120M in the FY 2023/2024 which attempts to address the hard economic times. The table below indicates allocations across the years

FINANCIAL YEAR	2018/2019	2019/2020	2020/ 2021	2021/2022	FY 2021/2022	2023/2024
APPROVED BUDGET (Kshs)in Million	120 M	120 M	40.261 M	80,389.996M	80M	120 M
ACTUAL ALLOCATION(Kshs)	56.5 M	93.573M	36.55 M.	80,389,996M	40M	

Machakos County Bursary Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Table Indicating Allocation across the Years

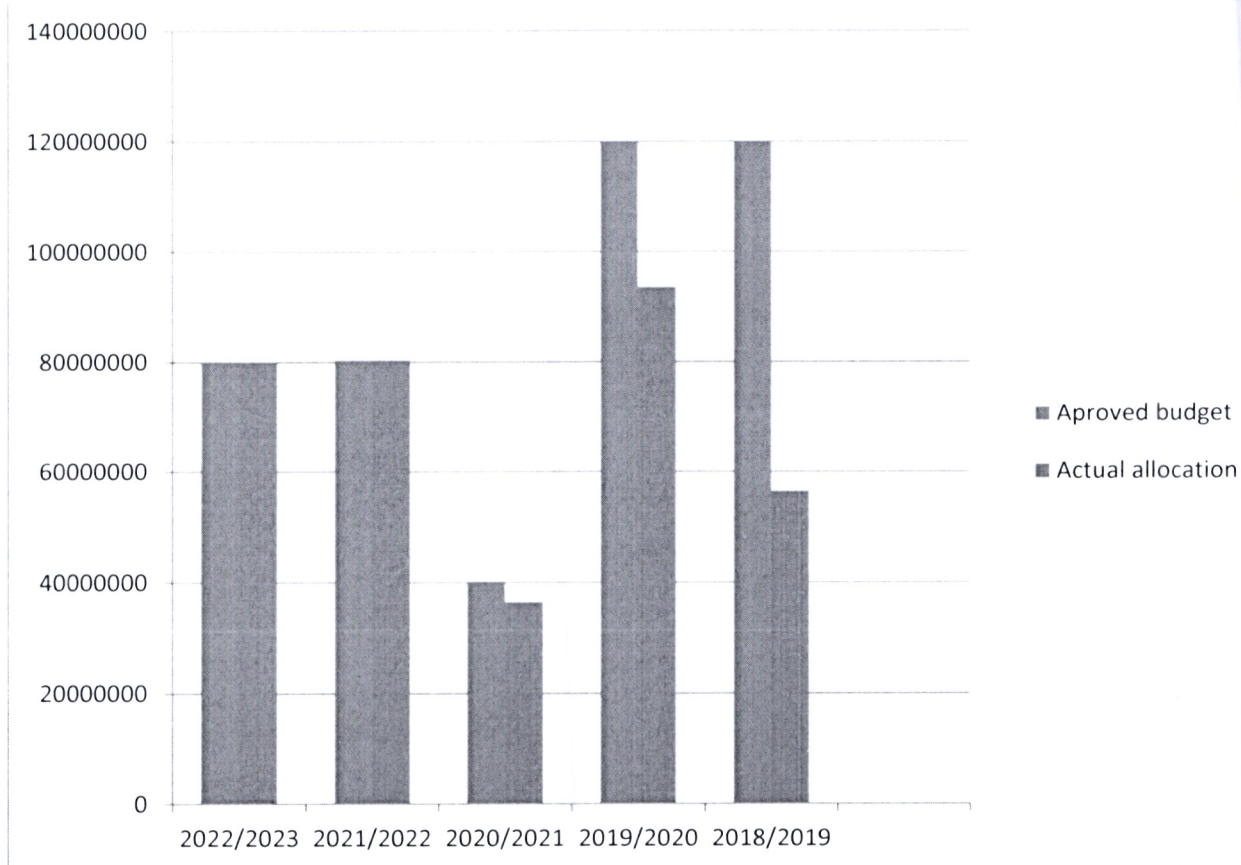


Chart for Bursary Program Allocation across the Years

The inconsistent allocation normally interferes with planning and budgeting the funds for disbursement.

- Secondly, is the Covid 19 pandemic that has broken parents' livelihood increasing the number of bursary applications outstripping the budget provided by the County Government to cushion the bright and needy students from dropping off the school system.
- Thirdly was mismatch between County budgets and school calendars where funds are availed after schools are closed or on holidays. This challenge makes the students to be send home unnecessarily as the funds are availed only when government allocation is done.

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

This could be corrected by setting aside the funds and only be drawn when the school calendar is appropriate.

- There was a feeling from the community that other public Participation should be explored beyond the ones that are from elected members of the assembly such the Council of people living with disabilities, Education stakeholders, religious groups and nominated members of the local assembly.

Generally the bursary fund continues to play a very pivotal role in ensuring that students are retained in school thus improving access and completion rates in both secondary and tertiary institutions. It is the hope of every parent this program is not only adopted by future regimes but also enhanced for bigger outreach.

Signed _____



Oscar Mutie

Fund Administrator

**Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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 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 Machakos County Bursary Fund 2022-2023 plan is to: Cushion the less fortunate members in the society to educate their children.

The Machakos County Bursary Fund had a budget of Ksh. 80,000,000 for the FY FY 2021/2022. This budget was issued to cushion bright but needy students across the 40 wards in Machakos County. Out of this budget, the department managed to disburse ksh. 39,354,700 in two tranches to students in secondary and tertiary institutions.

In achieving the objective, the fund faced a myriad of challenges including;

1. The high cost of living has affected businesses leading to low income hence more needy cases.
2. High number of applications leading to allocation of low amounts to the beneficiaries.
3. Limited penetration of internet leading to huge loads of paper work.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Bursary	To cushion the less fortunate members of the society educate their children	Increased access, retention and completion rate.	High access, retention and completion rates.	In FY 22/23 we increased the number of learners accessing and completing their education.

7. Corporate Governance Statement

The Machakos Bursary Fund was operationalized in the year 2014 after passage of the regulations to guide the administration of the fund. According to the regulations the fund meant to benefit students in secondary and tertiary institutions.

The Fund was meant to have a County Bursary Committee which was ideally mandated with the responsibility of running the Fund. The members of the committee are nominated by the chief officer who is the Fund administrator. The County Bursary Committee is assisted by forty ward committees. The committee is vested with the following roles:

1. Raise monies for the Fund
2. Determine, approve and review the policies for administering the Fund.
3. Monitor the application of the Fund by the Ward Bursary Committee and assess if the Fund is being administered in accordance with the Funds object and purpose.
4. Receive and consider appeals from the Ward Bursary Committees.
5. Prepare and forward reports on the Fund to the County Assembly.
6. Undertake such other activities as are necessary for the effective application of the Fund.

The County Bursary Committee for the FY FY 2021/2022 held two meetings: on 28th April 2023 and 25th May 2023. Attendance of meetings by members has been excellent. The bursary regulations were reviewed and effected in disbursing bursaries for this financial year. The new bursary committee nominees were vetted and approved by the County Assembly then inducted by the management.

The department of Education and Skills Training where the bursary Fund is domiciled through its heads of sections meetings and County Bursary Committee review policies associated with the bursary administration from time to time. The issues agreed on are cascaded to the Ward Bursary Committees for implementation. This constant consultation have led to quick resolution of complains that emanate from the bursary issuance exercise.

Members of the County Bursary Committee can vacate or be removed from the committee under the following conditions:

1. One can resign by giving a notice in writing addressed to the County Executive member responsible for matters relating to education.

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

2. A member can be removed if he/she is absent from three consecutive meetings of the committee, is in serious violation of these regulations or any other law or is guilty of gross misconduct, is physically or mentally incapable of performing the functions or is adjudged bankrupt.

The committee members are given an allowance every time they attend a meeting of the committee. The Fund is audited by the department's auditor and eventually by the office of the Kenya Auditor General.

Machakos County Bursary Fund

Annual Report and Financial Statements for the year ended June 30, 2023

8. Management Discussion and Analysis

In the Financial Year FY 2022/2023 the Machakos County Bursary fund had a budget of Ksh. 80,000,000. Kshs 40,000,000 was received during the financial and distributed to needy and bright students across the forty wards of Machakos County benefitting 24,713 students 11,532 males and 13,181 Female. This being 23,734 secondary school students, 288 college students, 435 university students and 256 special Schools students. In identifying these beneficiaries, participation forums were conducted at all the wards being coordinated by the respective, ward bursary committees with priority being given to total orphans, partial orphans and children from destitute families.

9. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

The fund has a future that will encompass external funding through partnerships with financial institutions that benefit from revenue streams of the government. These institutions not only provide the same service through limited scholarships but also have CSR towards the same community where they are established. The government and the financial institutions will benefit from aggregating their functions through providing subsidies in education. The benefits will be through combined vetting, administration, disbursement, mentoring and feedback.

2. Environmental performance

The fund envisions future ceremonies will include a tree planting exercise in the venue where the ceremonies are held. This will not only address climate issues but also build a lasting memorabilia.

3. Employee welfare

The fund strives to strike a gender balance in the appointment of committee members both in the county level and ward level. Continuous training on the changes in guidelines is done and the welfare of the members is ensured through stipends.

4. Market place practices-

The fund goes through a rigorous public participation in all the forty wards. Popular Media outreach is done to inform the potential beneficiaries. There is also a phased out selection process and an opportunity for appealing final decisions is provided.

5. Corporate Social Responsibility / Community Engagements

The nature of the fund is a social welfare tool that boosts transitions, retention and completion rates in learning institutions. This in itself is Corporate Social Responsibility per excellence by the County Government of Machakos. The inclusion of citizens in a government formal selection process promotes accountability, ownership and transparency.

10. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Section 116 of the PFM Act 2012 as stipulated on Machakos County Gazette Supplement No.7 (30th August 2019) shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023.

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 Machakos County Bursary Fund Regulations of 2019. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date.

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

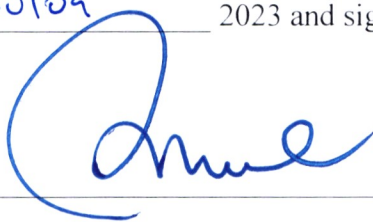
The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Fund Administration Committee on 30/09 2023 and signed on its behalf by:

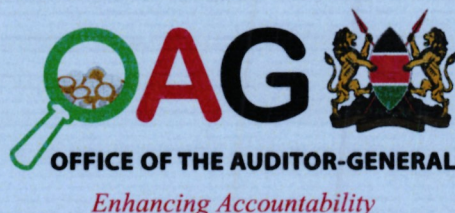


Charles K. Mutinda

Administrator of the County Public Fund

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON MACHAKOS COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2023

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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 period 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 Machakos County Bursary Fund set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

Report of the Auditor-General on Machakos County Bursary Fund for the year ended 30 June, 2023

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 Machakos County Bursary Fund as at 30 June, 2023 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 Machakos County (Bursary Fund) Regulations, 2014 and the Public Finance Management Act, 2012.

Basis for Opinion

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

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. There were no key audit matters to report in the year under review.

Other Matter

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects receipt budget and actual on comparable basis of Kshs.80,000,000 and Kshs.40,000,000 respectively, resulting in a shortfall of Kshs.40,000,000 or 50% of the budget. Similarly, the Fund expended Kshs.39,995,951 against a budget of Kshs. 80,000,000 resulting to an under-expenditure of Kshs.40,004,049 or 49.9% of the budget.

In the circumstances, the underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 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 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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Bursary Disbursements

Note 7 to the financial statements reflects bursaries amount of Kshs.38,762,800. Review of the bursary administration guidelines dated 4 May, 2022 revealed provision of not less than Kshs.2,000 to day scholars and Kshs.5,000 up to a maximum of Kshs.15,000 to boarders, tertiary and university students. In addition, the guidelines provides an award of Kshs.50,000 to each vocational training institution. However, in the year under review, a flat rate of Kshs.3,000 was issued to all secondary school beneficiaries without considering their individual needs and vulnerability.

In the circumstances, the effectiveness of internal controls on bursary disbursements could not be confirmed.

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue sustain services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Fund or cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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 Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of 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 Fund's and the ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

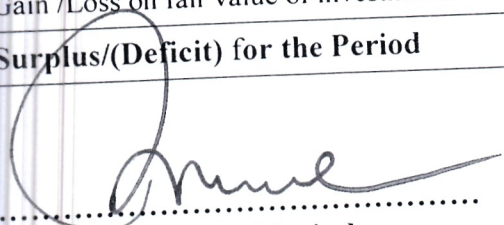
Nairobi


14 December, 2023

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

12. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	0	0
Transfers From the County Government	2	40,000,000.00	80,389,996.00
Fines, Penalties and Other Levies	3	0	0
		40,000,000.00	80,389,996.00
Revenue From Exchange Transactions			
Interest Income	4	0	0
Other Income	5	700.00	0
		700.00	0
Total Revenue		40,000,700.00	80,389,996.00
Expenses			
Employee Costs	6	0	0
Use of goods and services	7	39,995,951.00	81,977,309.00
Depreciation and Amortization Expense	8	0	0
Finance Costs	9	0	0
Total Expenses		39,995,951.00	81,977,309.00
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	0	0
Gain /Loss on fair value of investments	11	0	0
Surplus/(Deficit) for the Period		4,749.00	(1,587,313.00)


Name: Charles K. Mutinda
Administrator of the Fund


Name: Michael Muli Musyoki
Fund Accountant
ICPAK Member Number: 13428

Machakos County Bursary Fund

Annual Report and Financial Statements for the year ended June 30, 2023

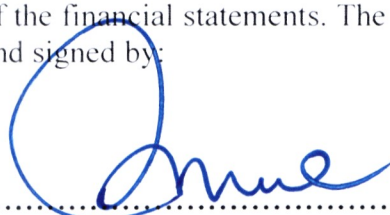
13. Statement of Financial Position As at 30 June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	156,414.00	151,665.00
Current Portion of Long- Term Receivables From Exchange Transactions	13	0	0
Prepayments	14	0	0
Inventories	15	0	0
Investments in financial assets	16	0	0
Total current assets		156,414.00	151,665.00
Non-Current Assets			
Property, Plant and Equipment	17	0	0
Intangible Assets	18	0	0
Long Term Receivables from Exchange Transactions	13	0	0
Investment Property	19	0	0
Total non- current assets		0	0
Total Assets		156,414.00	151,665.00
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	0	0
Current Portion of Borrowings	21	0	0
Employee Benefit Obligations	22	0	0
Social benefit liabilities	23	0	0
Total current liabilities		0	0
Non-Current Liabilities			
Long Term Portion of Borrowings	21	0	0
Non-Current Employee Benefit Obligation	22	0	0
Social benefit liabilities	23	0	0
Total Liabilities		0	0

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Net Assets			
Revolving Fund		0	0
Reserves		0	0
Accumulated Surplus		0	0
Total Net Assets and Liabilities		156,414.00	151,665.00

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 25/9 2023 and signed by:



.....
Name: Charles K. Mutinda
Administrator of the Fund



.....
Name: Michael Muli Musyoki
Fund Accountant
ICPAK Member Number:13428

Machakos County Bursary Fund

Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement Of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July (Previous FY)	0	0	1,738,978.00	1,738,978.00
Surplus/(Deficit) For the Period	-	-	(1,587,313.00)	(1,587,313.00)
Funds Received During the Year	0	-		0
Transfers	0		0	
Revaluation Gain	-	0	-	0
Balance As At 30 June (Previous FY)	0	0	151,665.00	151,665.00
Balance As At 1 July (Current FY)	0	0	151,665.00	151,665.00
Surplus/(Deficit) For the Period		-	4,749.00	4,749.00
Funds Received During the Year	0	-	-	0
Transfers	0		0	
Revaluation Gain	-	0	-	0
Balance As At 30 June (Current FY)	0	0	156,414.00	156,414.00

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	Current FY	Current FY
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0	-
Transfers from the county government		40,000,000.00	80,389,996.00
Interest received		-	0
Receipts from other operating activities		700.00	-
Total receipts		40,000,700.00	80,389,996.00
Payments			
Fund administration expenses		1,233,151.00	2,413,400.00
General expenses		38,762,800.00	79,563,909.00
Finance cost		-	-
Other payments		39,995,951.00	81,977,309.00
Net cash flows from operating activities	24	4,749.00	(1,587,313.00)
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		4,749.00	(1,587,313.00)
Cash and cash equivalents at 1 July		151,665.00	1,738,978.00
Cash and cash equivalents at 30 June		156,414.00	151,665.00

16. Statement Of Comparison Of Budget And Actual Amounts For The Period

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.	80,000,000	-	80,000,000	40,000,000	40,000,000	50.0
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	700.00	(700.00)	-
Total Income	80,000,000	-	80,000,000	40,000,700.00	39,999,300.00	50.0009
Expenses						
Fund Administration Expenses	2,400,000.00	-	2,400,000.00	1,233,151.00	1,166,849.00	51.3813
General Expenses	77,600,000.00	-	77,600,000.00	38,762,800.00	38,837,200.00	49.9521
Finance Cost	-	-	-	-	-	
Total Expenditure	80,000,000	-	80,000,000	39,995,951.00	40,004,049.00	49.9949
Surplus For the Period	-	-	-	4,749.00	(4,749.00)	
Capital expenditure	-	-	-	-	-	

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

17. Notes to the Financial Statements

1. General Information

- entity is established by and derives its authority and accountability from - Act. The entity is wholly owned by the - County Government and is domiciled in Kenya. The entity's principal activity is -.

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) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023</p> <p>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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none">• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

**Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (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.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> 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.

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</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>

**Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></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>

(iii) Early adoption of standards

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

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

b) Budget information

The original budget for FY 20xx was approved by the County Assembly on -x. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of -xx on the FY 20xx 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.

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

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

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

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.

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

f) 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. 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.

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 irrevocable election at initial recognition for particular investments in equity instruments.

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.

Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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.

Impairment

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

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) 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.

h) 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.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

j) 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.

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.

k) Nature and purpose of reserves

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

l) 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.

m) 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.

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

n) 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.

o) 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.

p) 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.

q) 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.

r) Comparative figures

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

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. Additional disclosure of these estimates of provisions is included in Note -.

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.

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes To The Financial Statements

1. Public contributions and donations

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Transfers From County Govt. –Operations	40,000,000.00	80,389,996.00
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	40,000,000.00	80,389,996.00

3. Fines, penalties and other levies

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

5. Other income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income (Deposit in Ops acc)	700.00	-
Total Other Income	700.00	-

6. Employee Costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	620,000.00	-
Bank Charges (Bursary Fund Account)	45,800.00	109,900.00
Electricity And Water Expenses	-	-
Fuel And Oil Costs	54,690.00	74,500.00
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	84,360.00	131,850.00
Rental Costs	-	-

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Security Costs	-	-
Telephone And Communication Expenses	192,900.00	101,300.00
Bank Charges (Bursary Operations Account)	2,351.00	3,840.00
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Hospitality</i>)	233,050.00	2,105,750.00
Bursaries	38,762,800.00	79,450,169.00
Total	39,995,951.00	81,977,309.00

8. Depreciation and Amortization Expense

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

11. Gain/ (loss) on Fair Value Investments

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
- Car Loan Account	-	-
- County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	14,004.00	655.00
Others (<i>Bursary fund account</i>)	142,410.00	151,010.00
Total Cash And Cash Equivalents	156,414.00	151,665.00

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank	1166439682	142,410.00	151,010.00
Kenya Commercial Bank	1251927483	14,004.00	655.00
Sub- Total		156,414.00	151,665.00
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		156,414.00	151,665.00

13. Receivables from exchange transactions

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	(-)	(-)
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY 2022/2023	Insert Comparative FY
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

14. Prepayments

Description	FY 2022/2023	Insert Comparative FY
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

15. Inventories

Description	Insert Current FY	Insert Previous FY
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	FY 2022/2023	Insert Previous. FY
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity -	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	FY 2022/2023	Insert Previous. FY
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	(-)	(-)
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Current year Kshs	Prior year Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

17. Property, plant and equipment

Cost	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers and office equipment Kshs	Total Kshs
At 1st July (Previous FY)	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30th June (Previous FY)	-	-	-	-	-
At 1st July (Current FY)	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30th June (Current FY)	-	-	-	-	-
Depreciation And Impairment					
At 1 st July (Previous FY)	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June (Previous FY)	-	-	-	-	-
At 1st July (Current FY)	-	-	-	-	-
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	(-)
At 30th June (Current FY)	-	-	-	-	-
Net Book Values					
At 30 th June (Previous FY)	-	-	-	-	-
At 30 th June (Current FY)	-	-	-	-	-

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	(-)	(-)
Depreciation	(-)	(-)
Impairment	(-)	(-)
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	FY 2022/2023		Insert Comparative FY	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	(-)	(-)	(-)	(-)
Change Due To Discount And Time Value For Money	(-)	(-)	(-)	(-)
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year	-	-	-	-

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

22. Borrowings

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	(-)	(-)
Repayments Of Domestic Borrowings During the Period	(-)	(-)
Balance At End of The Period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

**Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	FY 2022/2023	FY 2021/2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non-current social benefits	-	-
Total (tie to totals above)	-	-

**Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

25. Cash generated from operations

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	-	-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Interest Income	(-)	(-)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	(-)	(-)
Increase In Payables	-	-
Net Cash Flow From Operating Activities	-	-

Notes To The Financial Statements (Continued)

26. 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

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Court Case - Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Notes To The Financial Statements (Continued)

28. 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:

Description	Total amount Kshs	Fully performing 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	-	-	-	-

Notes To The Financial Statements (Continued)

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

The entity has significant concentration of credit risk on amounts due from -x

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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (Current FY)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June (Comparative FY)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. 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 - (2022: Kshs -). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs - (2021 – Kshs -).

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	Current FY	Comparative FY
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	%	%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by - Act (*state the legislation establishing the Fund*) under the Ministry of -. Its ultimate parent is the County Government of -.

31. Currency

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

18. 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.

W1qwssx	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Presentation and disclosure of the Financial statements	As disclosed in Note 7 to the financial statement, the statement of financial performance reflects general expenses amount of Kshs.34,397,982 which includes bursaries totalling to Kshs.34,309,948. However, the statement of performance against County entity's predetermined objectives on page 6 of the financial statements states that bursaries totalling Kshs.36,550,000 were disbursed during the year resulting to a variance of Kshs.2,240,052 between the two sets of reports	The two sets of reports reconciled, tabulated and explained to the County assembly Public Accounts and Investment Committee and the Auditors	Not Resolved Awaiting the County Assembly report	

Machakos County Bursary Fund
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W1qwssx	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	which was not explained or reconciled.			
Budgetary Control and Performance	The statement of comparison of budget and actual amounts reflects amounts of Kshs.40,261,448 and Kshs.36,550,000 as budgeted and actual revenue realized during the year respectively resulting to a Kshs.3,711,448 shortfall equivalent to 9% of the budget. Further, the statement reflects budgeted and actual expenditure of Kshs.40,261,448 and Kshs.36,364,032 respectively with a resultant underperformance of Kshs.3,897,416 or 10% of the budget.	The county government budgeted to spend Kshs. 40,261,448 but realized Kshs. 36,550,000 resulting to a Kshs. 3,711,448 shortfall equivalent to 9% of the budget. This was occasioned by under collection of local revenue which generally led to underfunding of the county government programs including the bursary program.	Not Resolved Awaiting the County Assembly report	
Un-supported Bursary Disbursements	During the year under review, the Fund disbursed bursaries totalling Kshs.34,309,948 as disclosed in	Wamunyu ward received Kshs 850,000.00 for 308 beneficiaries. The	Not Resolved Awaiting the County Assembly report	

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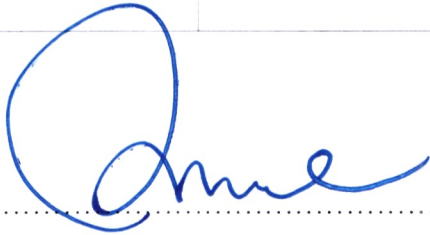
W1qwssx	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Note 7 to the financial statements. Included in the amount are bursaries totalling Kshs.850,000 relating to Wamunyu Ward. Review of documents provided in support of the bursary disbursements revealed that, two hundred and eighty-five (285) students had applied for bursaries. However, a total of three hundred and eight (308) bursaries were awarded which exceeded the number of applicants by twenty-three (23). This casts doubt on fairness and transparency in bursaries issuance process.</p>	<p>applicants were 431 as per the attached list.</p>		
<p>Non-Adherence to Act on Notification of</p>	<p>Review of bursary applications and awards during the year under audit revealed that, a</p>	<p>A list of successful and unsuccessful applicants was sent to the ward offices and pinned on</p>	<p>Not Resolved Awaiting the County Assembly report</p>	

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W1qwwssx	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Unsuccessful Applicants	total of 16,909 bursary applications were received out of which 14,785 applicants were awarded whereas the remaining 2,124 applicants were unsuccessful. However, no evidence was presented to show that the Fund Management notified the unsuccessful applicants indicating the reasons as to why they were not awarded. This is contrary to Regulations 22(2) and (4) of the Machakos County (Bursary Fund) Regulations, 2014 which provides that, bursary award Committee shall notify the unsuccessful applicants and state the reason for refusal to award bursary and right to appeal to the County	the notice boards. The County bursary committee did not receive appeals from unsuccessful applicants		

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W1qwwsx	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Bursary Committee.			



.....
 Bursary Fund Administrator

Date..... 30/9/2023

Machakos County Bursary Fund
 Annual Report and Financial Statements for the year ended June 30, 2023
 Annex II: Inter-Fund Confirmation Letter
 MACHAKOS COUNTY TREASURY

MACHAKOS COUNTY BURSARY FUND
 DEPARTMENT OF EDUCATION – MACHAKOS

The Machakos County Bursary Fund wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Machakos County Bursary Fund as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Machakos County Treasury (Kshs) as at 30 th June 2023			Total (D)=(A+B+C)	Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
	16-03-2023	38,800,000			38,800,000	0	
	22-02-2023	1,200,000			1,200,000	0	
Total		<u>40,000,000</u>			<u>40,000,000</u>	<u>0</u>	

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name Michael Njoroge Sign [Signature] Date 30/6/2023

**Machakos County Bursary Fund
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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Project				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**Machakos County Bursary Fund
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Annex IV: Reporting on Disaster Management Expenditure

Column I Programme	Column II Sub- programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments

