

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



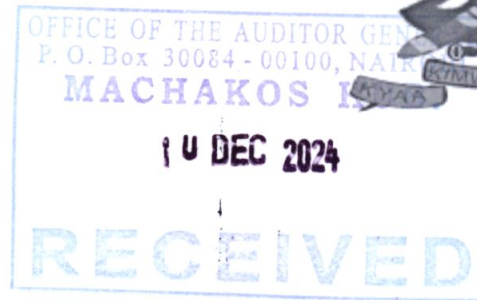
THE AUDITOR-GENERAL

ON

MACHAKOS COUNTY BURSARY FUND

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

PAPERS LAID	
DATE	5/3/24
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COUNTY GOVERNMENT OF MACHAKOS
Machakos County Bursary Fund

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

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

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2. Acronyms and Definition of Key Terms

a) Acronyms

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

b) Definition of Terms

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

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

3. 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 Fund Administrator and 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.

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

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

Ref	Position	Name
1	Chairperson of the Committee	Sammy K Musau
2	Chief Officer-Education	Bernice Kioko
3	Chief Officer- Finance	CPA Julius Kasanga
4	Committee Members	Purity K. Mulungye Daniel Kaveva Cynthia Makau Samuel K. Muneene Dennies Musoia Salima Swalleh Titus Mutua Mary Ndumi
5	Fund Manager/Administrator	Dr. Bernard Muli

d) Fiduciary Management

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

Ref	Position	Name
1	Fund Chairperson	Sammy K Musau
2	Fund Administrator	Dr. Bernard Muli
3	Fund Accountant	CPA Jacob Munywoki
4	Member -Director	Elizabeth Muange
5	Member -Director	Oscar Mutie
6	Member - Administration	Roselyne Mutua
7	ICT Officer	Boniface Muia

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	CPA Stephen Muema

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: info@machakosgovernment.co.ke
Website: www.machakos.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Machakos Branch
Account No. 1166439682
Account No. 1251927483

Key Entity and Management (Continued)

i) Independent Auditor

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






j) Principal Legal Adviser





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

k) County Attorney





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

4. Fund Administration Committee Profiles

Name	Details of qualifications and experience
<p>1.Sammy K. Musau</p> 	<ul style="list-style-type: none"> ✦ Date of Birth: 1959 ✦ Holds Bachelor of arts ✦ Has 35 years working Experience as an Educationist ✦ Chairperson of the Fund
<p>2.Daniel Kyalo Kaveva</p> 	<ul style="list-style-type: none"> ✦ Date of Birth: 1968 ✦ Holds a Diploma in Theology & Honorary doctorate in Public Service ✦ Has 21 years in Public Service ✦ Represents Faith Based Organizations
<p>4.Samuel Muneene</p> 	<ul style="list-style-type: none"> ✦ Date of Birth: 1954 ✦ Holds certificate in guidance and counselling ✦ Has 31 years' experience as an Area Education Officer ✦ Educationist
<p>5.Mary Ndumi Ngau</p> 	<ul style="list-style-type: none"> ✦ Date of Birth: 1960 ✦ Diploma in Education ✦ Has 37 years' working experience ✦ Represents Faith Based Organizations
<p>6.Purity Mulungye</p> 	<ul style="list-style-type: none"> ✦ Date of Birth: 1997 ✦ Form Four level ✦ Has 6 years working experience as an M-Pesa attendant ✦ Represents People Living with Disability (PWDs)

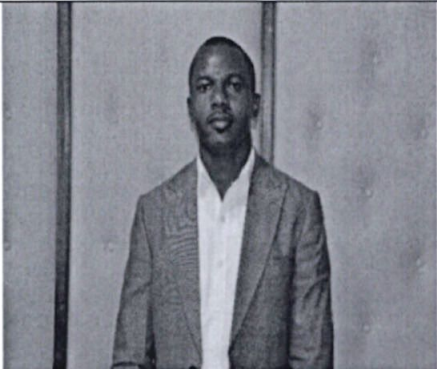
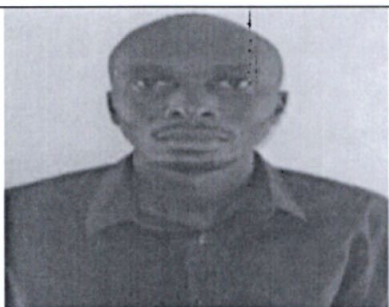

<p>7. Salima Swalleh</p> 	<ul style="list-style-type: none">✦ Date of Birth: 1969✦ Certificate in 6th Uluumu Diin women symposium✦ Represents Muslim community
<p>8. Dennies Musoia</p> 	<ul style="list-style-type: none">✦ Date of Birth: 1994✦ Diploma in sales management and Marketing✦ Has 3 years working experience✦ Represents Youth
<p>9. Cynthia Makau</p> 	<ul style="list-style-type: none">✦ Date of Birth: 1987✦ Bachelor degree in commerce✦ Has 5 years' work Experience✦ Represents Youth
<p>10. Titus Mutua</p> 	<ul style="list-style-type: none">✦ Date of Birth: 1964✦ Certificate in Accounts✦ Has 30 years of work Experience✦ Represents People Living with Disability (PWDs)

5. Key Management Team

Name	Details of qualifications and experience
 <p>Sammy K. Musau</p>	<ul style="list-style-type: none"> ❖ Date of Birth: 1959 ❖ Holds Bachelor of arts ❖ Has 35 years working Experience in Education Sector. ❖ Chairperson of the Fund
 <p>CHRPM-Bernice Kioko</p>	<ul style="list-style-type: none"> ❖ Date of Birth: 1978 ❖ Holds Bachelor Degree in Management & Leadership-Human Resource ❖ Twenty-year experience in Human Resource Management ❖ Chief Officer – Education and ECDE Services
 <p>Dr. Bernard Mulako Muli</p>	<ul style="list-style-type: none"> ❖ Date of Birth: 1981 ❖ Holds Doctor of Philosophy (PhD) in Finance, Master in Business Administration-Finance Bachelor of Business Administration-Accounting & Finance ❖ Certified Public Accountant (CPA)-Member No.11920 ❖ 19 years of working experience in accounting and Financial Administration ❖ Fund Administrator
 <p>Elizabeth Muange</p>	<ul style="list-style-type: none"> ❖ Date of Birth: 1974 ❖ Holds Msc.in Development Studies ❖ Twenty-one years' experience in educational matters ❖ Director - Education

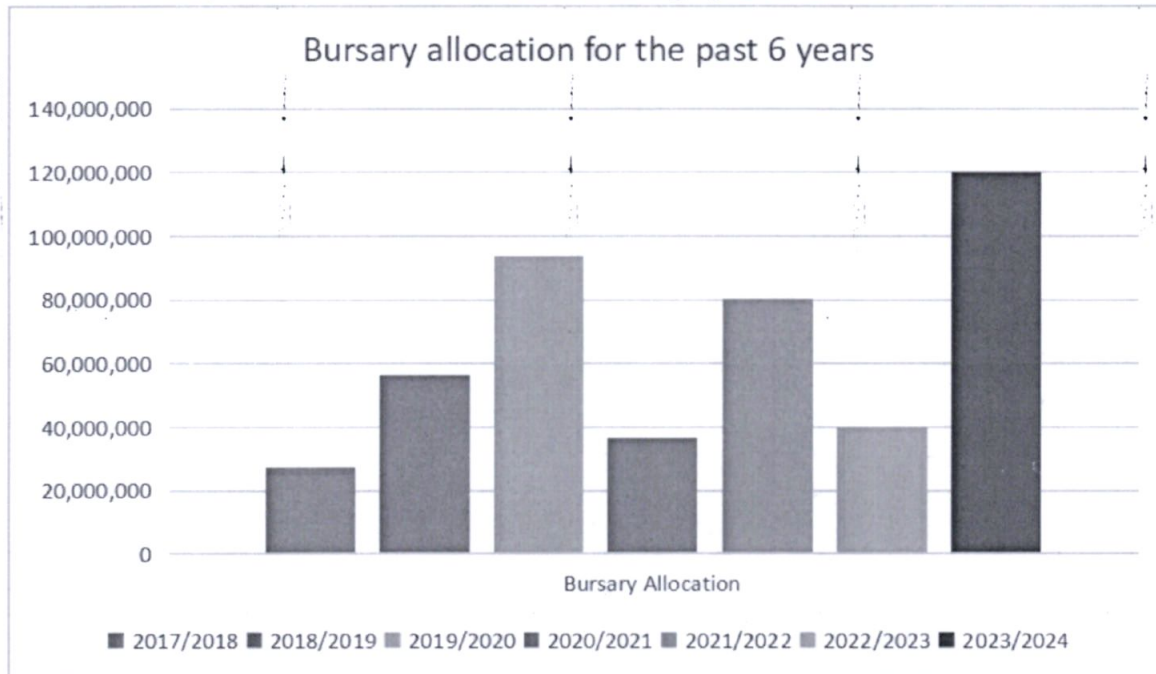
Machakos County Bursary Fund

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

 <p>CPA Jacob Munywoki</p>	<ul style="list-style-type: none">❖ Date of Birth :1987❖ Holds Masters in Business Administration (MBA)- Accounting Option, Bachelor of Economics & Finance, Certified Investment & Financial Analysts (CIFA) graduate,❖ Certified Public Accountant (CPA) - Member No.22427❖ 13 years' experience in Accounting, Financial Management & Auditing profession.❖ Fund Accountant
 <p>Boniface Muia</p>	<ul style="list-style-type: none">❖ Date of Birth: 1987❖ Holds Bsc. Degree in Information, Communication & Technology (ICT).❖ Fifteen years' experience in ICT❖ Fund ICT Officer
 <p>Roselyne Mutua</p>	<ul style="list-style-type: none">❖ Date of Birth: 1979❖ Holds Diploma in ECDE❖ Twelve years' experience in Teaching profession❖ Assistant Administrator

6. Chairman’s Report

The Machakos County Government recognizes the role education plays in the lives of individuals and communities especially in boosting the standards of living. In the last six years, the County Government of Machakos has consistently increased bursary allocation safe 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. However, the second tranche of Fy.2022/2023 was received during Fy.2023/2024 on 10th July 2023. Therefore, the total allocation disbursed during Fy.2023/2024 was Ksh.160 million.



In the pursuit of the above, the Department of Education received a cumulative total of ksh.160 million, which was disbursed to needy students across the nine (9) sub-counties in their respective forty (40) Wards. The funds were disbursed in two tranches of Kshs 40 million and Kshs.120 million respectively. The funds were awarded to students in secondary, children’s homes, PWDs and post-secondary learning institutions. For ease of awarding, the application forms were disbursed to Ward Education Coordinators (WECs) for collection of names of potential applicants.

Whereas, the goal was to target the brilliant and needy students, the high number of applications and the vested interests by the Ward Bursary Committees representatives forced the County Bursary Committee to institute guidelines that harmonized the amounts going to various categories of vulnerable students. The bursary guidelines set a minimum of Kshs. 3,000, 5,000 and Ksh.7,000 for day scholars, boarders and post-secondary institutions beneficiaries respectively. During, Fy.2023/24, the County Bursary Committee (CBC) approved four (4) years Machakos County Bursary Scholarship funding programme to one (1) needy beneficiary per ward. Each beneficiary was to benefit with ksh.200,000 (Two hundred Thousand only) after successful and competitive vetting process at ward level. No student should get more than ksh.15,000 in any

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

financial year except the funded Forty (40) wards scholarship beneficiaries. Generally, these guidelines have been a tremendous success in ensuring fairness and equity towards bursary distribution.

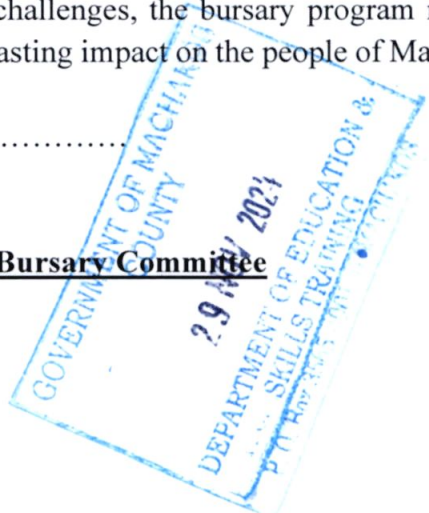
Despite the high acceptance, the bursary program is faced by a myriad of challenges which overtime need to be addressed as below:

- First and foremost is the high number of applicants to the tune of almost forty thousand (40,000), who seek financial support due to overbearing adverse economy effects, skyrocketing costs of essential goods and hiked fee structures in our colleges and universities.
- Secondly, are the ever-increasing loads of paperwork that has possibly led to increased costs of bursary funds distributions.
- Thirdly, is the pressure by stakeholders to have all needy students treated equally, leading to a meagre allocation such as Ksh. 3,000 to all day-school learners per ward. This principle defeats the purpose of identifying the bright and needy beneficiary in the communities. However, this political reality cannot be wished away as the government of the day is a political progeny.

However, besides the challenges, 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 generations.

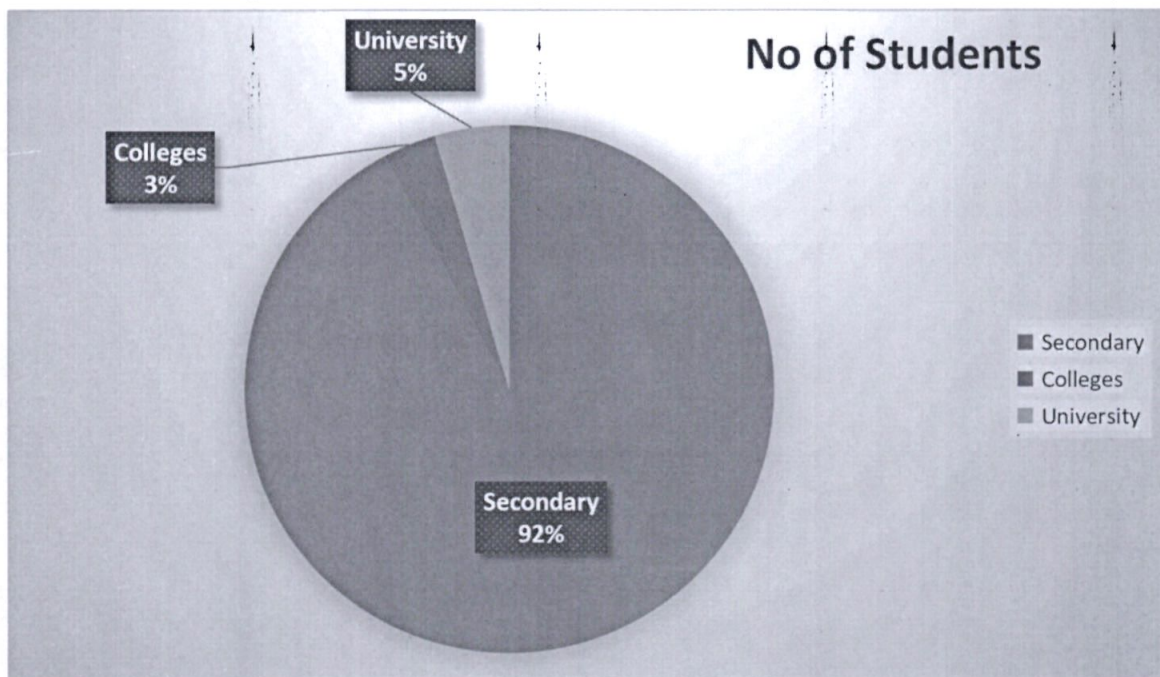
Signed: 

Sammy K.Musau
Chairperson-County Bursary Committee



7. Report of The Fund Administrator

In the FY 2023/2024, the Machakos County Bursary Fund received Kshs. 160 million against a planned budget sealing of the same representing 100% actualization of the budget. This comprises of Ksh.40 million for Fy.2022/2023 received on 10th July 2023 and Ksh. 120 million allocations for Fy.2023/2024. The Bursary targeted secondary, tertiary institutions such as universities, colleges, TVETs and other special/vulnerable groups. After the award of second tranche, we got cumulative total of 39,306 students benefitting from the bursary program, FY 2023/2024 broken into 19,143 males and 20,163 females. The composition was 36,253 secondary schools' students, 1,273 Colleges' students 1,780 University students as summarized in the following pie chart.



The benefiting students picked their cheques from the ward administration offices. This was after launching of the program in Tala Grounds, Matungulu sub-County as indicated by the photo below;



H.E The Governor during the official launch of Bursaries at Matungulu Grounds

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. This has generally pushed the management to allocate more resources in bursary program as indicated in the table below;

Financial Years	2018/2019	2019/2020	2020/ 2021	2021/2022	2022/2023	2023/2024
Approved Budget	120 M	120 M	40.261 M	80.38M	80M	120M
Actual Receipt	56.5 M	93.573M	36.55 M.	80.38M	40M	160M

Table Indicating Allocation across the Six (6) Years

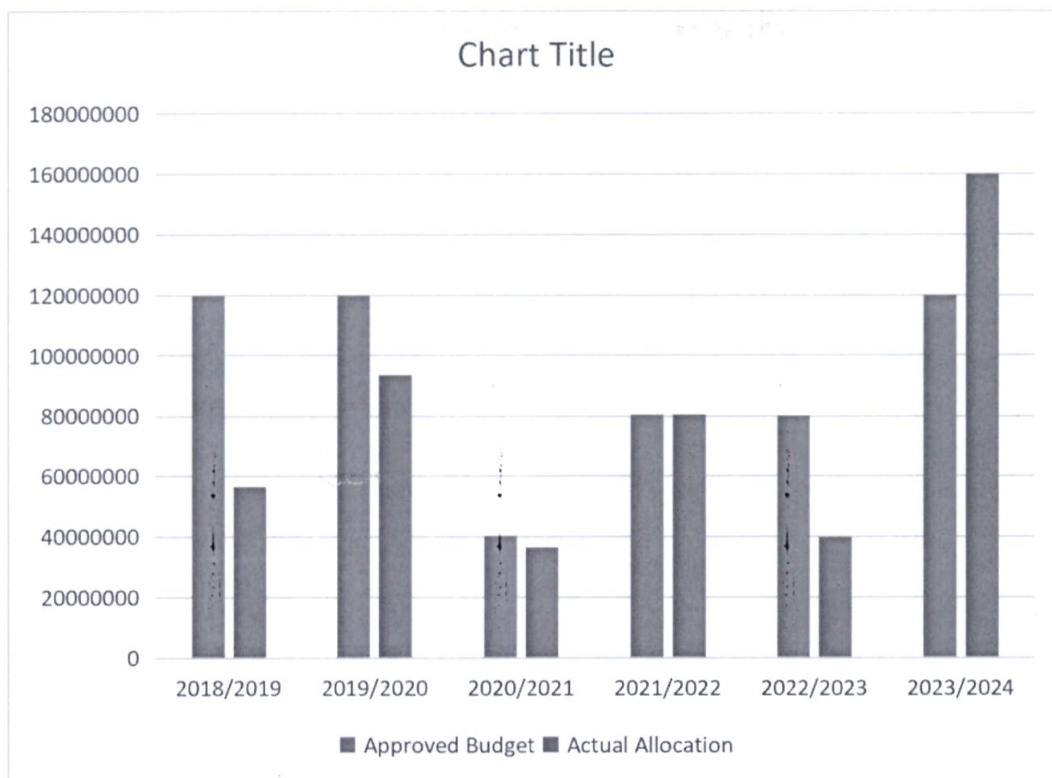
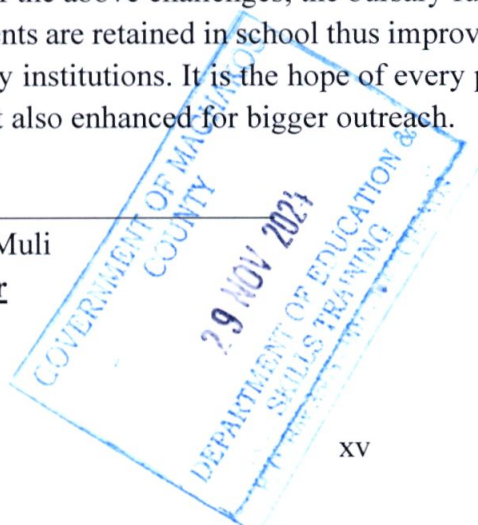


Chart for Bursary Program Allocation across the last Six (6) Years

- Secondly, the hard economic times has broken parents’ livelihood leading to an increment in bursary applications and which outstrips the allocated budget by the County Government.
- Thirdly, there is mismatch between County budgets and school calendars whereby the funds are availed after schools are closed or on holidays. This challenge makes the students to be send home unnecessary as the funds are availed only when the government allocation is done. This can 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.

However, amid of the above challenges, 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 _____
 Dr. Bernard Mulako Muli
Fund Administrator



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

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 2023-2024 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. 120,000,000 for the FY 2023/2024 plus an amount of Ksh.40,000,000 budgeted in Fy.2022/2023 but received on 10th July 2023. These budgets were issued to cushion bright but needy students across the 40 wards in Machakos County. Out of these two amounts, the department managed to disburse ksh.154,012,500 in two tranches to students in secondary, PWDs, Children Home, universities and other tertiary institutions.

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

1. The high cost of living that has affected negatively affected low-income earners hence more needy cases.
2. High number of applications leading to allocation of low amounts to the beneficiaries.
3. Huge loads of paper work especially in drafting and distribution of physical cheques.

We provide the progress on attaining the stated objective below:

Program	Objective	Outcome	Indicator	Performance
Bursary	To cushion the less fortunate members of the society educate their children	<ul style="list-style-type: none"> ➤ Increased access of bursary ➤ school retention and academic completion rate of beneficiaries 	-No school dropouts, high school and college graduates and full-term retention of students in school.	In FY 23/24, we managed to minimize dropouts, enhanced number of students joining learning institutions in all 40 wards by 90 percent.

9. Statement of Corporate Governance

The Machakos County Bursary Fund was operationalized in the year 2014 after passage of the bursary regulations that guides administration of the fund. According to the regulations, the funds are meant to benefit students in secondary and tertiary institutions.

The Funds were meant to have a County Bursary Committee which was ideally mandated with the responsibility of running it. The members of the committee are nominated by the Management for a specified period of three (3) years. The County Bursary Committee is assisted by forty (40) Ward level 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 2023/2024 held three meetings on, 27th December 2023, 19th January 2024 and 27th March 2024. The attendance of meetings by members was quite good. The bursary regulations were reviewed and effected in disbursing bursaries for the FY.2023/2024. However, the Committee managed to complete their term in January 2024 just after approving the second tranche of Bursary Fund.

The Department of Education and County Bursary Committee review bursary policies from time to time in order to ensure they suit public needs. The issues agreed on are then cascaded to the Ward Bursary Committees for implementation. This constant consultation has 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.
2. A member can be removed if he/she is absent from three consecutive meetings of the committee or is in serious violation of these regulations or any other law or is guilty of gross misconduct or is physically/ 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 internal auditor and eventually by the Office of the Auditor General.

10. Management Discussion and Analysis

In the FY 2023/2024, the Machakos County Bursary Fund had a budget of Ksh. 120,000,000. However, the department received 160 million because the 2nd tranche for Fy.2022/2023 was received on 10th July 2023. The total amount received during the financial year was distributed to 39,306 needy students across the forty wards of Machakos County. The population can be distributed as 19,143 and 20,163, male and female respectively. Further, the demography can further be classified into 36,253, 1,273 and 1,780 representing the secondary, college and university students respectively. 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.

11. 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 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.

12. Report of The Bursary Committee

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

Principal activities

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

Results

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

Committee

The committee members who served during the year are shown on page vi.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

.....
Chw.
Chair of the Board/Fund Administration Committee

Date:
29/11/24



13. 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, 2024, and of the Fund's financial position as at that date.

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

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

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

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Approval of the financial statements

The Fund's financial statements were approved by the Fund Administration Committee on 29/11 2024 and signed on its behalf by:



Dr. Bernard Mulako Muli
Fund Administrator



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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Monrovia Street
P.O Box 30084-00100
NAIROBI

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

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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 32 which comprise the statement of financial position as at 30 June,

2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Machakos County Bursary Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Machakos County (Bursary Fund) Regulations, 2014 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with 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

Unresolved Prior Year Matters

In the audit report of the previous year, a number of paragraphs were raised under the Report on Financial Statements. However, Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board reporting template.

Other Information

Management is responsible for the other information set out on pages iii to xxii which comprise of Key Entity Information and Management, Chairman's Report, Report of the Fund Administrator, Statement of Corporate Governance, Environmental and Sustainability Reporting, Statement of Management Responsibilities and Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Inadequate Management of Bursaries

The statement of financial performance and as disclosed in Note 9 to the financial statements reflect other income totalling Kshs.2,000,930. Included in the amount are cheque write backs of Kshs.1,996,000 in respect of stale cheques written back to the cashbook during the year. However, Management did not provide an explanation for failure to present cheques meant for needy beneficiaries. This is contrary to Regulation 4 of Machakos County Bursary Fund Regulations 2019 which states that the object and purpose of the fund is to provide a bursary scheme for the provision of financial assistance to needy students. In addition, the bursary Management did not carry out constant follow-up and monitoring of outstanding cheques with schools' Management before the cheques become stale, which disadvantaged the intended beneficiaries.

In the circumstances, the effectiveness of the Fund in utilizing bursary funds amounting to Kshs.1,996,000 to help needy students exercise their right to education could not be confirmed.

2. Inadequate Transfers to Special Groups

The statement of financial performance and as disclosed in Note 10 to the financial statement, reflects bursary transfers totalling Kshs.147,212,500. However, supporting schedules provided for audit review revealed that a total of Kshs.910,500 was disbursed to various institutions as bursary transfer to beneficiaries domiciled in children's home

and other special groups including people living with disabilities. This is contrary to Regulation 19 Part IV of Machakos County Bursary Fund Regulations 2019 which states that in determining whether an applicant is to be granted a bursary, the ward bursary committee shall consider the applicants vulnerability including where the applicant is- a) an orphan whether totally or partially; b) child of a single parent c) persons with disability d) from an indigent family.

Management explained that the low coverage of beneficiaries was due to failure by the institutions to return the application forms for consideration and award of bursaries. However, no evidence was provided to confirm that the Fund made follow-up with the institutions to ensure a wider coverage of the vulnerable group.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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

1. Lack of a County Bursary Policy

The statement of financial performance reflects Kshs.147,212,500 and Kshs.8,000,000 for bursary transfers and scholarship grants respectively. However, the Fund did not have a bursary policy and had not developed operations and procedures manual to guide on matters of selection criteria for the needy students to benefit from bursaries and scholarship grants. Review of procedures applied for application and award of bursaries including scholarship grants revealed that the Fund relied on resolutions of committee minutes which specified on the procedures and criteria to be undertaken.

In the circumstances, the effectiveness of the measures put in place to manage the bursaries could not be confirmed.

2. Expired County Bursary Committee's Term

Review of the governance structure of the bursary Fund revealed that the bursary Fund committee was appointed on 5 January 2021 for a period of three (3) years. The contracts expired in January 2024, which implied that the Fund did not have a county bursary committee for the five (5) months during the year under review.

In the circumstances, the effectiveness of the governance measures put in place for the period when there was no Committee could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 December, 2024

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

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	6	160,000,000.00	40,000,000.00
Public Contributions and Donations	7		0
		160,000,000.00	40,000,000.00
Revenue From Exchange Transactions			
Finance Income	8	0.00	0.00
Other income	9	2,000,930.00	700.00
Total Revenue		162,000,930.00	40,000,700.00
Expenses			
Bursary transfers	10	147,212,500.00	38,762,800.00
Scholarship grants	11	8,000,000.00	0.00
Use of Goods and Services	12	5,246,254.00	1,233,151.00
Total Expenses		160,458,754.00	39,995,951.00
Surplus/(Deficit) for the Period		1,542,176.00	4,749.00

Nb: The amount of Ksh.2,000,930 comprises of reversed stale cheques of Ksh.1,996,000 and an amount of Ksh.4,930 which was credited in our Machakos County Operations Account.no.1251927483 on 10th July 2023 by the KCB bank.(see Bank Statement).It's description is Salary Payment for Susan M.Its an erroneous crediting in our Machakos County Operations Account.no.1251927483 by the bank.

((The notes set out on pages 6 to 28 form an integral part of these Financial Statements))

.....
Name: Dr. Bernard Muli
Administrator/Accounting Officer

.....
Name: Jacob Munywoki
Fund Accountant
ICPAK Member Number:22427


Machakos County Bursary Fund

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


16. Statement of Financial Position as at 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	13	1,698,590.00	156,414.00
Non-exchange receivables	14	0.00	0.00
Exchange Receivables	15	0.00	0.00
Total current assets		1,698,590.00	156,414.00
Total Assets (A)		1,698,590.00	156,414.00
Liabilities			
Current Liabilities			
Trade and Other Payables	16	0.00	0.00
Total current liabilities		0.00	0.00
Total Liabilities (B)		0.00	0.00
Net Asset (A-B)		1,698,590.00	156,414.00
Represented By:			
Accumulated Surplus		0.00	0.00
Net Assets		1,698,590.00	156,414.00

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 29/11 2024 and signed by:


 Name: Dr. Bernard Muli
 Fund Administrator




 Name: Jacob Munywoki
 Fund Accountant
 ICPAK Member Number:22427

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Accumulated surplus	Total
	Kshs	Kshs
Balance as at 1 July 2022	151,665.00	151,665.00
Surplus/(Deficit) For the Year	4,749.00	4,749.00
Balance As At 30 June 2023	156,414.00	156,414.00
Balance As At 1 July 2023	156,414.00	156,414.00
Surplus/(Deficit) For the Year	1,542,176.00	1,542,176.00
Balance As At 30 June 2024	1,698,590.00	1,698,590.00

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

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers From the County Government		160,000,000.00	40,000,000.00
Public Contributions and Donations		0.00	0.00
Finance Income		0.00	0.00
Other receipts		2,000,930.00	700.00
Total receipts		162,000,930.00	40,000,700.00
Payments			
Bursary Transfers		(147,212,500.00)	(38,762,800.00)
Scholarship grants		(8,000,000.00)	0.00
Use of goods and Services		(5,246,254.00)	(1,233,151.00)
Net cash flows from operating activities	17	1,542,176.00	4,749.00
Cash flows from investing activities			
		0.00	0.00
Net cash flows used in investing activities		0.00	0.00
Cash flows from financing activities			
Net cash flows used in financing activities		0.00	0.00
Net increase/(decrease) in cash & cash Equivalents		1,542,176.00	4,749.00
Cash and cash equivalents at 1 July	13	156,414.00	151,665.00
Cash and cash equivalents at 30 June	13	1,698,590.00	156,414.00

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers From the County Government	120,000,000	40,000,000	160,000,000	160,000,000	0.00	100.00%
Public Contributions and Donations	0.00	0.00	0.00	0.00	0.00	0.00%
Finance Income	0.00	0.00	0.00	0.00	0.00	
Other receipts	0.00	2,000,930	2,000,930	2,000,930	0.00	100.00%
Total Income	120,000,000	42,000,930	162,000,930	162,000,930	0.00	100.00%
Expenses						
Bursary Transfers	108,400,000	40,354,676	148,754,676	147,212,500	1,542,176	98.96%
Scholarship grants	8,000,000	0.00	8,000,000	8,000,000	0.00	100.00%
Use of goods & Services	3,600,000	1,646,254	5,246,254	5,246,254	0.00	100.00%
Total Expenditure	120,000,000	42,000,930	162,000,930	160,458,754	0.00	99.05%
Surplus For the Period	-	-	-	1,542,176	1,542,176	

Nb: The amount of Ksh. 2,000,930 comprises of reversed stale cheques of Ksh. 1,996,000 and an amount of Ksh. 4,930 which was credited in our Machakos County Operations Account.no. 1251927483 on 10th July 2023 by the KCB bank. (see Bank Statement)

20. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Machakos Bursary Fund is established by and derives its authority from Machakos County Bursary Regulation Act. The entity is wholly owned by the Machakos County Government and is domiciled in Kenya. Machakos Bursary Fund's principal activity is to financially help Machakos County needy/vulnerable beneficiaries.

2. Statement of compliance and basis of preparation

Machakos Bursary Fund/Scheme's financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Bursary Fund/Scheme. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The financial statements are prepared on accrual basis of accounting. The statement of cash flows is prepared using the direct method.

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 43 Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at

Standard	Effective date and impact:
for Sale and Discontinued Operations	<p>the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Machakos County Bursary Fund

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

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

(iii) Early adoption of standards

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

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue transfers

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the County Assembly on Machakos. 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 Machakos Bursary Fund/Scheme upon receiving the respective approvals in order to conclude the final budget. The Machakos Bursary Fund/Scheme recorded additional appropriations of Kshs. 0 on the FY 2023/2024 budget following the governing body's approval.

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

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

Machakos County Bursary Fund

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

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 4 of these financial statements.

c) Financial instruments

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

(i) Financial assets

Classification of financial assets

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

(ii) Subsequent measurement

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

(iii) Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(iv) Fair value through net assets/ equity

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

(v) Fair value through surplus or deficit

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

(vi) Trade and other receivables

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

(vii) Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in no Notes.

Financial liabilities

Classification

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

d) Provisions

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

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

e) Contingent liabilities

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

f) Contingent assets

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

g) Nature and purpose of reserves

The Machakos County Bursary Fund/Scheme does not create and maintains reserves in terms of specific requirements.

h) Changes in accounting policies and estimates

The Machakos County Bursary Fund/Scheme recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

i) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

j) Related parties

The Machakos County Bursary Fund/Scheme regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Machakos County Bursary Fund/Scheme, or vice versa. Members of key management are regarded as related parties and comprise of Board of Trustees, the Fund/Scheme administrator and senior managers.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

l) Comparative figures

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

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

.....
↓	↓	↓	↓	↓
.....

Machakos County Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Transfers from the County Government

Description	FY. 2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers From Finance Department	160,000,000.00	40,000,000.00
Others (<i>Specify</i>)	0.00	0
Total	160,000,000.00	40,000,000.00

7. Public Contributions and Donations

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

8. Finance income

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

9. Other income

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Cheque writes backs	1,996,000.00	0.00
Others (<i>Specify</i>)	4,930.00	700.00
Total Other Income	2,000,930.00	700.00

Nb: The amount of Ksh. 2,000,930 comprises of reversed stale cheques of Ksh. 1,996,000 and an amount of Ksh. 4,930 which was credited in our Machakos County Operations Account.no. 1251927483 on 10th July 2023 by the KCB bank. (see Bank Statement). The amount of Ksh. 4,930 can only be reversed from the account by KCB-Machakos Branch.

10. Bursary Transfers

Machakos County Bursary Fund

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Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Universities	12,253,200.00	3,249,900.00
TVETs and Colleges	10,563,800.00	2,805,400.00
Secondary schools	122,285,000.00	32,466,000.00
Children Homes and PWDs	910,500.00	241,500.00
Others	1,200,000.00	0.00
Total	147,212,500.00	38,762,800.00

NB:1. The Bursary Transfer (Others) comprises of bursaries issued to Beneficiaries domiciled in Children homes and other special groups such as People living with Disabilities.

2. The other form of expenditure relates to 3% of 40 million transferred from the Main Bursary Account no.1166439682 to Machakos County Bursary operations Account No.1251927483. It should be noted that the Main account received a block figure of 40 million instead of 38.8M (net of administration costs). The 1.2 million appears in debit side of the Main Bursary Fund cashbook as expenditure.

11. Scholarship grants

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Universities	0.00	0.00
TVETs and Colleges	0.00	0.00
Secondary schools	8,000,000.00	0.00
Other (<i>Specify</i>)	0.00	0.00
Total	8,000,000.00	0.00

12. Use of Goods and Services

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Committee Allowances	2,803,800.00	620,000.00
Bank charges	448,254.00	48,151.00
Audit fees	0.00	0.00
Others	1,994,200.00	565,000.00
Total	5,246,254.00	1,233,151.00

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NB: The amount of Ksh.1,994,200 comprises of Hospitality costs incurred during bursary launch, fuels & lubricants, telecommunications expenses, stationaries and printing costs.

13. Cash and cash equivalents

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Current Account	14,680.00	14,004.00
Others (<i>Bursary fund account</i>)	1,683,910.00	142,410.00
Total Cash and Cash Equivalents	1,698,590.00	156,414.00

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

Financial Institution	Account number	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1166439682	1,683,910.00	142,410.00
Kenya Commercial Bank	1251927483	14,680.00	14,004.00
Sub- Total		1,698,590.00	156,414.00
b) Others (Specify)			
Cash In Transit		0.00	0.00
Cash In Hand		0.00	0.00
Sub- Total		0.00	0.00
Grand Total		1,698,590.00	156,414.00

14. Non-Exchange Receivables

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Revenue receivable	0.00	0.00
Others (<i>Specify</i>)	0.00	0.00
Total non-exchange receivables	0.00	0.00

15. Exchange Receivables

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest receivable	0.00	0.00

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Others (<i>Specify</i>)	0.00	0.00
Total exchange receivables	0.00	0.00

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16. Trade and other payables

Description	FY 2023/2024		FY 2022/2023	
	Kshs		Kshs	
Trade Payables	0.00		0.00	
Other Payables (<i>specify</i>)	0.00		0.00	
Total Trade and Other Payables	0.00		0.00	
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)	-		-	

17. Cash generated from operations.

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Surplus/ (Deficit) For the Year	0.00	0.00
Adjusted For:		
Working Capital Adjustments		
Increase In Receivables	0.00	0.00
Increase In Payables	0.00	0.00
Net Cash Flow from Operating Activities	0.00	0.00

18. Related party balances

a) Nature of related party relationships

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

- a) The County Government.
- b) Key management.
- c) Board of Trustees, etc.

b) Related party transactions

Description	FY 2023/24	FY 2022/2023
	Kshs	Kshs
Transfers from related parties	0.00	0.00
Transfers to related parties	0.00	0.00

c) Key management remuneration

Description	FY 2023/24	FY 2022/2023
	Kshs	Kshs
Board of Trustees	0.00	0.00
Total	0.00	0.00

d) Due from related parties

Description	FY 2023/24	FY 2022/2023
	Kshs	Kshs
Due From County Government	0.00	0.00
Total	0.00	0.00

Other Disclosures Continued

e) Due to related parties

Description	FY 2023/24	FY 2022/2023
	Kshs	Kshs
Due to County Government	0.00	0.00
Due to Key Management Personnel	0.00	0.00
Total	0.00	0.00

19. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2023/24	FY 2022/2023
	Kshs	Kshs
Court Case Against the Fund/Scheme	0.00	0.00
Bank Guarantees	0.00	0.00
Total	0.00	0.00

20. Financial risk management

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

a) Credit risk

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

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

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

The entity had zero significant concentration of credit risk.

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

The entity had zero significant concentration of credit risk.

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

b) Liquidity risk management

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

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

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

c) Market risk

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

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

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

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

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i. Foreign currency risk

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

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)			
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities	-	-	-
Trade And Other Payables	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

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

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

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USD	-	-	-
Other (<i>Specify</i>)	-	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2024: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (2024-1 – Kshs 0).

d) Capital risk management.

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

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

21. Events after the reporting period

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

22. Currency

The financial statements are presented in Kenya Shillings (Kshs

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21. Annexes

Annex I: Progress on Follow-up of FY.2022-2023 Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Budget Control and Performance</p> <p>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</p>	<p><i>The management endeavors to provide optimum service delivery to her citizens and particularly to vulnerable /needy students in Machakos County.During the Fy.2022/2023, the Department of Education received ksh.40,000,000 and disbursed an amount of ksh.39,995,951 although,we expected to receive ksh.80,000,000 instead of Ksh.40,000,000.This under-funding was occasioned by delay in exchequer releases upto the end of June 2023.However, the remaining amount of Ksh.40,000,000 was eventually received in Machakos County Bursary Fund Account on 10th July 2023 and disbursed immediately during Fy.2023/2024</i></p>	<p>Not Resolved. At now County Assembly's level</p>	<p>One (1) Year</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>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.</p>	<p><i>to avoid disruption of educational planned activities and efficiency in service delivery.</i></p>		
	<p>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</p>	<p><i>The Machakos County Bursary Regulations vests the mandate of determining how much each beneficiary is supposed to receive on the County Bursary Committee (CBC). However, some of the wards receives enormous number of applicants forcing the County Bursary Committee to make a tough decision of sanctioning a flat rate of ksh.3,000 to secondary schools. In Fy.2023/2024, the management</i></p>	<p>Not Resolved. At now County Assembly's level</p>	<p>One (1) Year</p>

Machakos County Bursary Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>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.</p>	<p><i>decided to address the issue partially, by amending the Bursary Issuance Guidelines to allow a minimum of Ksh.3,000, Ksh.5,000 and Ksh.7,000 to secondary school Day-scholars, Boarders and Tertiary Institutions. Additionally, the Machakos County Scholarship programme was introduced to promote equity in bursary management because we know all applicants are not equal in terms of needs.</i></p> <p><i>The management has noted that the element of issuing bursary based on individuals needs and vulnerability can only be addressed by allocating adequate resources in bursary kitty. However, there is a challenge of having limited number of resources (Fund) in our county coffers.</i></p>		

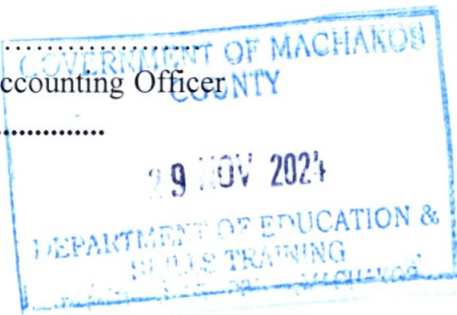
**Machakos County Bursary Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)



.....
Fund Administrator/Accounting Officer

Date.....29/11/24.....



Machakos County Bursary Fund/Scheme
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Annex II: Inter-Entity Confirmation Letter


Name of transferring entity: Machakos County- Department of Finance.

Name of beneficiary entity: Machakos County-Department of Education.

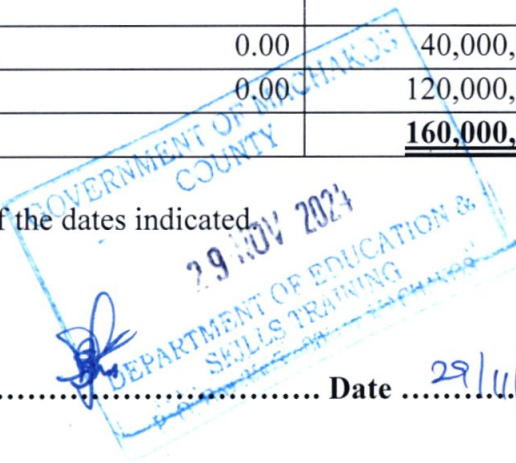
Confirmation of amounts received by [Machakos County Bursary Fund] as at 30 th June 2024						
Reference Number	Date Disbursed	Amounts Disbursed by [Machakos County Department of Finance] (Kshs) as at 30 th June 2024			Amount Received by Machakos County Bursary Fund (Kshs) as at 30 th June 2024 (D)	Differences (KShs) (E)=(C-D)
		Recurrent (A)	Development (B)	Total (C)=(A+B)		
	10.07.2023	40,000,000.00	0.00	40,000,000.00	40,000,000.00	0.00
	31.01.2024	120,000,000.00	0.00	120,000,000.00	120,000,000.00	0.00
Total		<u>160,000,000.00</u>		<u>160,000,000.00</u>	<u>160,000,000.00</u>	<u>0.00</u>

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

Head of Accounts Department - Disbursing Entity:

Name Dr. Bernard Muli Sign  Date 29/11/24

Head of Accounts Department - Beneficiary Entity:



**Machakos County Bursary Fund/Scheme
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Name Jacob Mung'ano Sign [Signature] Date 29/11/24



