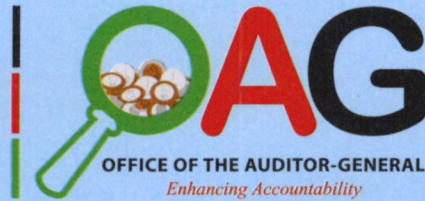


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



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REPORT

OF

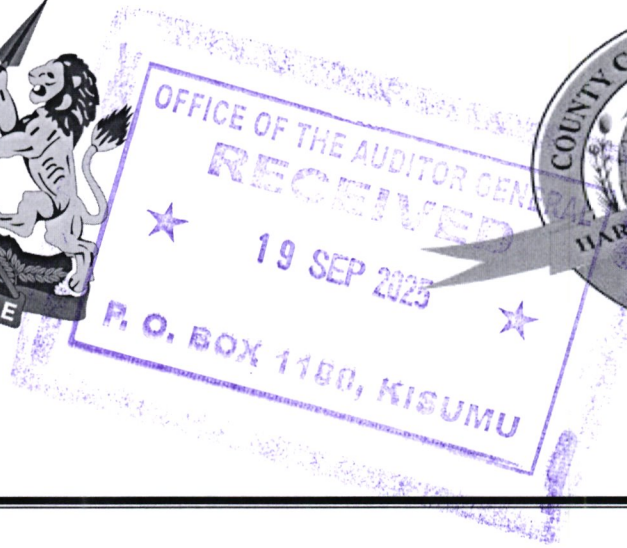
THE AUDITOR-GENERAL

ON

KISUMU COUNTY EDUCATION FUND

**FOR THE YEAR ENDED
30 JUNE, 2025**





THE COUNTY GOVERNMENT OF KISUMU

KISUMU COUNTY EDUCATION FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025**

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

KISUMU COUNTY EDUCATION FUND

Annual Report and Financial Statements for the year ended June 30, 2025

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KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

1. Acronyms and Definition of Key Terms

a) Acronyms

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

b) Definition of Terms

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

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

2. Key Entity Information and Management

a) Background information

Kisumu County Education Fund is established by and derives its authority and accountability from Kisumu County Education Fund Act (*Amendment Act 2016*). The Fund is wholly owned by the County Government of Kisumu and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to support education to needy students.

c) Board of Trustees/Fund Administration Committee

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

Ref	Name	Position
1	Joseph Jan Owuor	Chairperson
2	Francis Odanga	Member
3	George William Odhiambo	Member
4	Nixon Otieno Macondwat	Member
5	Peris Odawa Ocholla	Member
6	Victoria Anyango	Member
7	Bovince Ochieng	Chief Officer, Education
8	Martin Opiyo	Chief Officer, Finance
9	Wilkister Odera	Director, ECDE
10	CPA Japheth Orwa	Fund's Accountant.

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

Ref	Name	Position
1	Bovince Ochieng	Chief Officer, Education
2	CPA Japheth Orwa	Fund Accountant
3	Mr. Maurice Oyaro	Director, Finance
4	Geoffrey Dienya	Director, Internal Audit
5	Martin Opiyo	Chief Officer, Finance

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

The County Internal audit appraises the records of the Fund as per their audit programme while the County Assembly (Education Committee and Public Investment Committee) reviews the quarterly and Annual Financial reports as provided for under the PFM Act, 2012. The County Audit Committee reviews the issues raised by the external auditors which remained unresolved.

f) Registered Offices

P.O. Box 2738
Prosperity House
Omollo Agar Road
Kisumu, KENYA

g) Fund Contacts

P.O Box 2738-40100

Kisumu

Tel 0723-106411

h) Fund Bankers Kenya Commercial Bank

Kisumu Branch
P.O Box 17-40100
KISUMU.
Account No.1151900184

Key Entity and Management (Continued)

i) Independent Auditor

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

j) Principal Legal Adviser

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



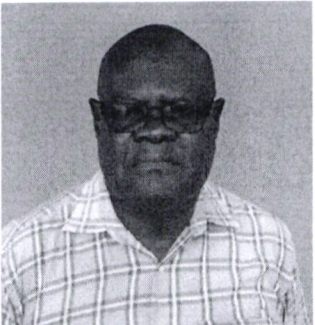
k) County Attorney

P.O. Box 2738
40100
Kisumu, Kenya

KISUMU COUNTY EDUCATION FUND.



Annual Report and Financial Statements for the year ended June 30, 2025

3. Trustees/ Fund Administration Committee Profiles

Name	Details of qualifications and experience
<p>Joseph Jan Owuor</p> 	<p>DoB: 1950</p> <p>ACADEMIC/PROFESSIONAL QUALIFICATIONS</p> <p>EACE: 1969</p> <p>EAACE: 1971</p> <p>B.EDUCATION (UNIVERSITY OF NAIROBI): 1976</p> <p>EXPERIENCE</p> <p>Graduate Secondary School Teacher: 1976 – 2005</p> <p>Principal: St. Mary’s Yala, Ambira Boys: 1986 – 1999</p> <p>Senior Principal: Asumbi T.T.C: 2000 – 2005</p> <p>Board Chairperson: St. Barnabas Girls: March 2022 – 2025</p> <p>Board Member Seme T.T.C</p> <p>Board Chairperson – Kisumu County Bursary and Scholarship Committee</p>
<p>Rev. Fr. George William Odhiambo</p> 	<p>EDUCATIONAL BACKGROUND.</p> <p>Date of Birth: 12th April, 1956</p> <ol style="list-style-type: none">i. PhD, candidate - Maseno University.ii. MA- The Catholic University of Eastern Africa. (CUEA)iii. BA - Pontifical University of Urbaniana, Rome 1988iv. Diploma in Theology; St Thomas Aquinas, Nairobi.v. Certificate in Religious Studies; University of Nairobi-1988vi. Certificate in Philosophy & Religious Studies; St Augustine Senior Seminary, Mabanga 1985vii. Certificate in Management and Pastoral Development; Corat East Africa, Nairobiviii. Certificate in Kiswahili; Maryknoll Language School, Musoma in Tanzania.
<p>Mr. Francis Odanga</p> 	<p>Date of Birth: 13TH NOVEMBER 1958</p> <p><u>ACADEMIC AND PROFESSIONAL EXPERIENCE</u></p> <ul style="list-style-type: none">✓ M.Ed – KENYATTA UNIVERSITY✓ B.Ed (Sc) – UNIVERSITY OF NAIROBI <p><u>WORK EXPERIENCE</u></p> <ul style="list-style-type: none">❖ TEACHER – MARANDA HIGH SCHOOL❖ PRINCIPAL – LELA MIXED, MIWANI BOYS❖ TSC COUNTY DIRECTOR – TANA RIVER AND BUNGOMA COUNTIES

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

	<p><u>COMMUNITY SERVICE</u></p> <ul style="list-style-type: none">➤ CHAIRMAN BOARD OF MANAGEMENT – MIWANI BOYS, RERU A.I.C SEC. SCHOOL➤ B.O.M MEMBER – KISUMU DAY➤ BOARD MEMBER – KISUMU COUNTY SCHOLARSHIP AND BURSARY FUND.➤ CHAIRMAN- KISUMU COUNTY EDUCATION BOARD
<p>Victoria Anyango</p> 	<p>Date of Birth: 13th Jan, 1996</p> <p>Academic Qualifications BSc - Industrial Chemistry Certificate in Computer Application</p> <p>Experience Laboratory Technologist Intern (University of Nairobi) Laboratory Technician (Muma Secondary School) Projects Coordinator (Great Daughters of Nyakach, CBO) Secretary General (Onego Agribusiness Youth Group, CBO)</p>
<p>Peris Ochola</p> 	<p>Date Of Birth: 11th April, 1957</p> <p>Academic Qualifications</p> <ul style="list-style-type: none">• Master of Science: Analytical Chemistry Maseno University-Kisumu Kenya (2014) Bachelor of Science (1980) The University of Nairobi -Nairobi Kenya• Research Scientist, with a Master's Degree in Analytical Chemistry. Over 30 years' experience in the sugar Industry. Familiar with sugarcane production systems.• Vice Chair Person Kisumu City Board (2018-2023)

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

Nick Macondwat



Date of birth : 04/08/1978

Name: Nick Otieno Mc'Ondwat

Academic and professional qualification

Diploma: Business administration – Mawego technical training institute

Experience:

Previously:

- Workshop receptionist CMC Motors
- assistant project manager Green Development Group (GDG)
- County coordinator National Civic Education Program (2) UDPK
- research assistant (LVCT)
- Committee member NCK Nyanza region
- Board member Kisumu county women, youth and disability revolving fund

Bovince Ochieng

County: Kisumu County

Date of Birth: 10/03/1984

Academic Qualifications:

BSc. Electrical and Electronics Engineering - The University of Nairobi.

Experience:

- Chief Officer Education, Technical Training, Innovation & Social Services - County Government of Kisumu
- Chief Officer of Trade, Tourism, Industry & Marketing - County Government of Kisumu.
- Director Trade, Markets & Enterprise Development – County Government of Kisumu.
- Co-founder and director of Freespace Communications Ltd.


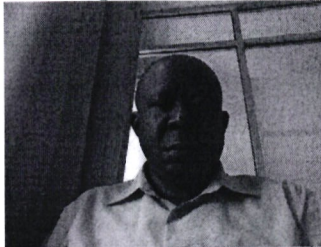
Membership:

- Board of Governors member – Nyakach Technical & Vocational College
- Graduate Engineer – Engineers Registration Board
- Board of Management member – Thurdibuoro Secondary School
- Board of Management member – Sangoro Secondary School
- Board of Management Chairperson – Bugo Primary School



KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

<p>Wilkister Awino Oderah</p> 	<p>Date of Birth: 31st December 1974</p> <p>ACADEMIC QUALIFICATIONS M.Ed.- Early Childhood Development Studies B.Ed.- Early childhood Development with IT B.Ed.- English, Literature Diploma- Education Planning & Management Diploma- Early Childhood Development & Education Certificate-Early Childhood Development & Education Certificate- KATC Intermediate</p> <p>EXPERIENCE Director Education-County Government of Kisumu Project Manager- Children First Organization Lecturer- UON/ KTTC Chief Examiner-KNEC</p>
<p>CPA Japheth O. Orwa</p> 	<p>DoB: 28th Janaury,1976</p> <p>Academic Qualifications Certified Public Accountants of Kenya,CPA (K) BCom-Catholic University of Eastern Africa (CUEA). Senior Management Course(SMC 257) Advanced Financial Management for Donor Funded Projects (Esami) MBA-Finance (Maseno University)</p> <p>Experience:</p> <ol style="list-style-type: none">i. Senior Accountant: Municipal Council of Kisumuii. Project Accountant-Kisumu Urban Project, Kenya Urban Support Programme (2018 - 2021)iii. Fund Accountant-Kisumu County Education Fund (2021 to date)

KISUMU COUNTY EDUCATION FUND.


Annual Report and Financial Statements for the year ended June 30, 2025

4. Key Management Team

Name	Details of qualifications and experience
 <p><i>Bovince Ochieng-Fund Administrator</i></p>	<p>Name: Bovince Ochieng County: Kisumu County Date of Birth: 10/03/1984 Academic Qualifications: BSc. Electrical and Electronics Engineering - The University of Nairobi. Experience: <ul style="list-style-type: none"> • Chief Officer Education, Technical Training, Innovation & Social Services - County Government of Kisumu • Chief Officer of Trade, Tourism, Industry & Marketing - County Government of Kisumu. • Director Trade, Markets & Enterprise Development – County Government of Kisumu. • Co-founder and director of Freespace Communications Ltd. Membership: <ul style="list-style-type: none"> • Board of Governors member – Nyakach Technical & Vocational College • Graduate Engineer – Engineers Registration Board • Board of Management member – Thurdibuoro Secondary School • Board of Management member – Sangoro Secondary School • Board of Management Chairperson – Bugo Primary School </p>
<p><i>CPA Japheth Ochieng Orwa-Fund Accountant</i></p> 	<p>DoB:28th Janaury,1976 Certified Public Accountants of Kenya,CPA (K) BCom-Catholic University of Eastern Africa (CUEA). Senior Management Course(SMC 257) Advanced Financial Management for Donor Funded Projects (Esami) MBA-Finance (Maseno University) Experience: <ul style="list-style-type: none"> iv. Senior Accountant: Municipal Council of Kisumu v. Project Accountant-Kisumu Urban Project, Kenya Urban Support Programme (2018 - 2021) Fund Accountant-Kisumu County Education Fund (2021 to date)</p>

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

 <p><i>Wilkister Oderah</i> <i>Director EDCE</i></p>	<p>DoB: 31st December 1974</p> <p>M.Ed.- Early Childhood Development Studies B.Ed.- Early childhood Development with IT B.Ed.- English, Literature Diploma- Education Planning & Management Diploma- Early Childhood Development & Education Certificate-Early Childhood Development & Education Certificate- KATC Intermediate</p> <p>EXPERIENCE Director Education-County Government of Kisumu Project Manager- Children First Organization Lecturer- UON/ KTTC Chief Examiner-KNEC</p>
<p><i>Note: The Fund Administrator will feature under both the 'Committee' and 'Management'.</i></p>	

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

5. Chairman's Report

The Kisumu County Education Fund is mandated to prepare an annual report of the fund and submit the same to the Auditor General and the County Assembly by 31st August each year. The report presents budget execution status covering the period 1st July 2024 to 30th June 2025. It contains the approved budget of the fund, revenue transfers from the County Treasury, disbursement to schools, administration cost, accrued receivables and payables.

During the year ended 30th June 2025 the department had an initial budget of KShs 205,000,000 which was reduced to KShs 105,000,000 during the supplementary estimates' adjustments. This reduction has constrained the capacity of the Fund to provide the services agreed on with the citizens. There was no disbursement of budget funds for the year 2024/2025 during the period under review.

The reduction in the budget is likely to send negative signals to the various ward bursary committees and the larger community on the commitment of the County Government to agreed bursary programs. In addition, many students will be exposed to learning disruptions as a result of failure to remit bursary funds to the schools as well adding additional strain on the parents in term of school fees. The department requests that future supplementary budgets should uphold the commitments entered into between the County and the bursary recipients.

The major challenge facing the fund is irregular and untimely disbursement of funds from the County Treasury which hinders the effective discharge of the mandate of the fund. Additionally, it was noted that the Fund had gone beyond the initial 10-year period which ended on 31st December, 2024. The Department processed a one-year extension of the life of the Fund.


.....
(Chairman of the Fund Committee)

6. Report of the Fund Administrator

PREAMBLE

This Fund was established vide Act 2016 of Kisumu County Assembly. The Fund, which has been in operation since 2016, is provided for by Kisumu County Education Fund (Amendment) Act, 2016.

The major achievements of the Fund include;

1. Support students to join VTCs for market driven skills acquisition.
2. Register more artisans in the informal sector with NITA for certification.
3. Address middle level skills gaps and train for market uptake.
4. Carry out intense monitoring and mentorship for the beneficiaries to ensure return on investment.

Challenges Experienced

- a) Late disbursement of the awards due to delayed remittances to the Fund.
- b) Many applications at the Ward level that the Fund was unable to accommodate due to lack of enough funds.
- c) Huge bursary data without software to run the programme.
- d) Limited capacity on the part of members of ward bursary and scholarship committees.
- e) Failure to implement bursary management software to run the program.

Conclusion

The Fund plays a key role in achieving socio- economic equality as is evidenced by the many applicants and the deserving cases that take it up. The Fund should therefore be maintained, sustained, improved and monitored to ensure return on investment.



Bovince Ochieng.

Fund Administrator.

KISUMU COUNTY EDUCATION FUND.
Annual Report and Financial Statements for the year ended June 30, 2025

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

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

The key objectives of the Fund as per the County Integrated Development Plan (CIDP) for 2023 to 2027 is to provide funds to be used for granting bursaries and scholarships to assists students to pursue education at such recognised institutions.

Progress on the attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Performance Indicator	Performance
Scholarship and bursary education	Recognize and support needy and bright students in the County.	The Fund supported 182 No scholarship students and 32,905 students with bursary in 2024/2025	Cash book, Bank statement, Payment vouchers, acknowledgement receipts scholarship students' files, manifests, ward lists, student's fee statements	In financial year 2024/2025 KShs 5,608,417 was spent on administration, KShs 7,365,626 spent on scholarship and KShs 120,201,188 spent on bursaries.

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

8. Statement of Corporate Governance

There is established a committee known as the County Education Bursary and Scholarship Committee.

This consists of: -

- a) Chairperson appointed by County Executive Committee Member responsible for matters related to Education.
- b) Chief Officer of the County Department responsible for matters relating to Education.
- c) Chief Officer of the County Department responsible for matters relating to Finance/designated alternate not being below the level of Director.
- d) Director of ECD in the County Government or a designated alternate not being below the level of Director.
- e) One person not being Public Officer experienced in Education matters and who ordinarily reside in the county.
- f) One person representing faith-based organisation involved in Education matters in the county.
- g) Three persons who ordinarily reside in the County Representing marginalised groups. The people referred above shall be nominated by the County Executive Member responsible for matters of Education in the County, and they shall serve for a term of three years and they shall be eligible for nomination for one further term for three years.

FUNCTIONS OF THE COMMITTEE SHALL BE: -

- a) To raise monies for the Fund
- b) Determine, approve and review the policies for administering the fund
- c) Monitor application of the fund by the ward bursary committees and assess if fund is being administered in accordance with the fund's objectives and purpose.
- d) Receive and consider appeals from wards bursary committees
- e) Prepare and submit reports on funds to the County Executive Member in-charge of Education for onward submission to the County Assembly as may be appropriate.
- f) Undertake such other activities as are necessary for the effective application of the fund

The number of meetings held per year is not more than 6 times and not less than 3 special meetings convened by the Chairperson in case there is need.

The quorum is always met during attendance for the meetings to proceed.

Members are appointed by the CECM Education for a period of three years. A member can be removed from the committee if he/she is absent from three consecutive meetings without good cause, if the member violates the Act or any other Law, if the member is guilty of gross misconduct, if the member is physically or mentally challenged.

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

9. Management Discussion and Analysis

PREAMBLE

The Fund, which has been in operation since 2016, is provided for by Kisumu County Education Fund (Amendment) Act, 2016.

Management of the Fund

The Fund is managed by a committee of nine (9) constituted in accordance with section 5 of Kisumu County Education Fund (Amendment) Act, 2016. The present County Fund Committee was set up on 4th January 2024 and will exit office on 3rd January, 2027

Review of the Fund's performance

For the FY 2024/2025, the Fund had a budget estimate of **Kshs 205,000,000.00 which was reduced to 105Million during the supplementary estimates processing.** However, no disbursement was received during the year under review.

Expenditure

1. Scholarship Awards totalling to **KShs. 7,365,626** inclusive of marine training at KShs 60,255
2. Ward Bursary considered in this year's budget **KShs. 120,201,188.**
3. Administrative costs **KShs.5,608,417/=**

Future Outlook of the Fund

The various court cases have put a lot of uncertainty on the future of the fund. The expiry of the life of the Fund is also a factor that if not acted on in good time may delay disbursements of educational funds to schools. The County may need to make a decision on which cadre of staff to support in the light of separation of functions between the National and County Government.

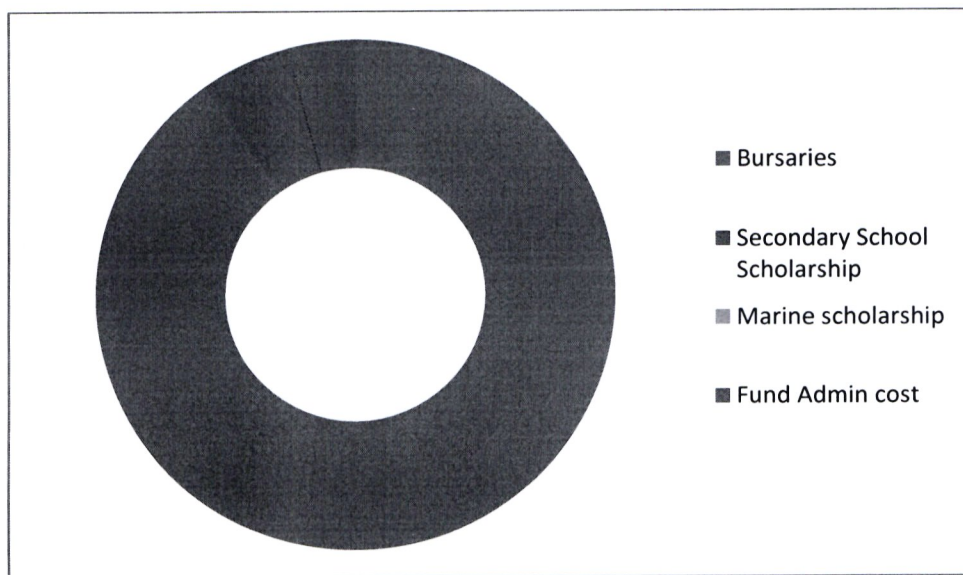
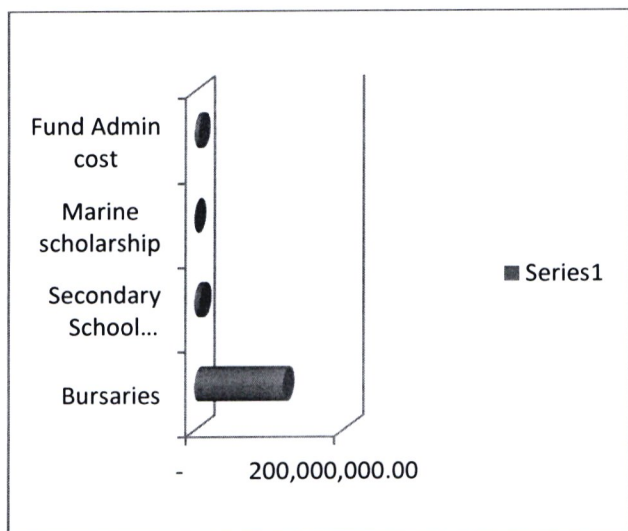
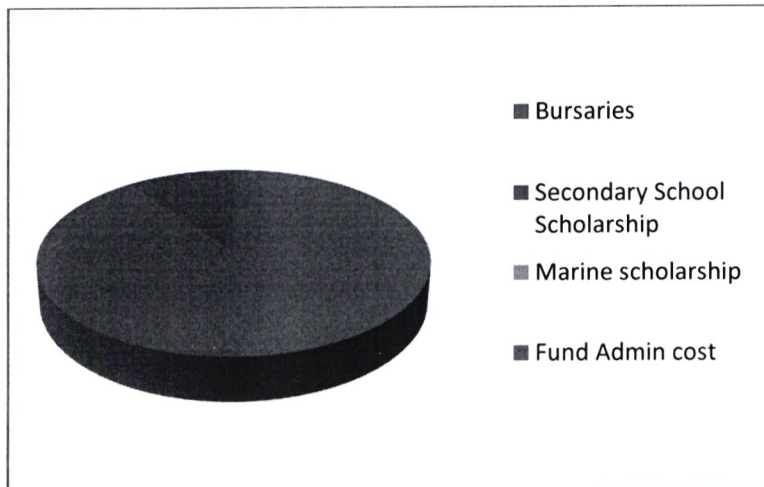
1. Provide more funding to Vocational Training Centres and ECDEs
2. Carry out more capacity building to members and staff to enhance their managerial capacity.
3. Source for more funds to enhance the capacity of the Fund to absorb more students.

Conclusion

The Fund plays a key role in achieving socio- economic equality as is evidenced by the many applicants and the deserving cases that take it up. It has vindicated the County Government's commitment and responsiveness to educational needs of its youth.

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025



10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

For the students selected at the ward level, it is mandatory to include PWDs on the list and also gender balance for the 30 students on scholarship. We are currently reviewing the Kisumu County Education Fund Act to align it with the requirement of the PFM Regulations.

2. Environmental performance

The Fund provides clean drinking water for the staff, bins for segregation of waste, open area with adequate natural light, wi-fi is also provided free to the staff. The transfer of funds to the beneficiary schools is done through internet banking thus reducing paper use/cheque leaves.

3. Employee welfare

The fund does not procure employees on her own but is managed by employees posted by the County. Work place ethics and safety standards are adhered.

4. Marketplace practices-

The organization should outline its efforts to:

a) *Responsible competition practice.*

The department ensures that there is fair practice is selecting the beneficiaries since the application form is available to all the public, selection is done by committee members who understand the needs of the applicants. Tendering processes is handled by the departmental procurement offices as the procurement Act, Service charter detailing the services offered and the cost is displayed at the department. List of all applicants, successful ones and unsuccessful ones are also displayed at the ward offices.

b) *Responsible Supply chain and supplier relations*

The Fund procurement is done by the departmental procurement officer using the laid down procurement processes, payment are made for goods and services supplied. Where it is not possible to pay for services rendered due to delay in exchequer releases, the service provider is informed in time.

c) *Responsible marketing and advertisement or Responsible Engagement with the Citizens*

The Fund provides information to the public through chief's baraza, Huduma mashinane, and ward administrators and also through contacts with the learning institutions.

d) *Product stewardship or Awareness Creation*

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

The County Education Bursary and scholarship committee listens and solves disputes arising from the processing of both scholarship and bursary application's from the various wards. Members of the public are informed of this during the induction of the committee.

5. Corporate Social Responsibility / Community Engagements

The Fund provides bursaries and scholarship to needy and deserving students across all the wards of the County.

11. Report of the Trustees/Committee

The Trustees/Committee submits their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund's affairs.

Principal activities

The principal activity of the Fund is to support education to needy students.

Results

The results of the Fund for the year ended June 30, 2025 are set out on pages 1 to 5.

Trustees

The Trustees who served during the year are shown on page iii (*refer to the key entity information and management page*). The changes in the Trustee during the financial year are as shown below:

Auditors

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


.....

Chair of the Board/Fund Administration Committee

Date:

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of Kisumu County Education Fund is responsible for the preparation and presentation of the Fund/Scheme’s financial statements, which give a true and fair view of the state of affairs of the Fund/Scheme for and as at the end of the financial year ended on June 30, 2025. 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 Kisumu County Education 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 Kisumu County Education Fund(Amendment) Act,2016.The Administrator of the Fund/Scheme is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2025, and of the Fund/Scheme’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund/Scheme, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Kisumu County Education Fund/Scheme has assessed the Fund/Scheme’s ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Administrator to indicate that the Fund/Scheme will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund/Scheme’s financial statements were approved by the Trustee/Committee on 21-08- 2025 and signed on its behalf by:

.....

Administrator of the Kisumu County Education Fund

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KISUMU COUNTY EDUCATION FUND FOR THE YEAR ENDED 30 JUNE, 2025

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 Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kisumu County Education Fund set out on pages 1 to 42, which comprise of the statement of financial position as at

Report of the Auditor-General on Kisumu County Education Fund for the year ended 30 June, 2025

30 June, 2025 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, because of the significance of the matter discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Kisumu County Education Fund as at 30 June, 2025 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 do not comply with the Kisumu Education Fund Act, 2016 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

Inaccuracies in the Financial Statements

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

- i) The statement of financial position reflects an opening balance of Kshs.2,995,352 in respect of net assets. However, the net assets balance has not been reconciled or accounted for during the year under review.
- ii) The statement of financial position reflects an opening balance of Kshs.129,666,136 in respect of trade and other payables. However, the statement of cash flows reflects cash outflows during the year amounting to Kshs.120,201,188, Kshs.7,365,626 and Kshs.5,608,417 in respect of bursary transfers, scholarship transfers and use of goods and services totaling to Kshs.133,175,231 resulting to unexplained and unreconciled variance of Kshs.3,509,095.
- iii) The statement of financial position reflects an opening balance of Kshs.129,000 in respect of exchange receivables being un-surrendered imprest as at 30 June, 2024. However, the same statement of financial position reflects a closing balance of Kshs.30,000 in respect of exchange receivables resulting to unexplained variance of Kshs.99,000. No reconciliation has been provided to show how the surrendered imprest was received in the books during the year under review.
- iv) As previously reported, the statement of changes in net assets reflects unexplained and unsupported negative balance of Kshs.27,892,682. Although, Management has previously explained that this balance relates to overstated cash and cash equivalent as at 30 June, 2023, no supporting bank statements and cashbooks have been provided to support this position.
- v) The statement of cash flows reflects comparative balances of Kshs.97,210,746 and Kshs.4,238,497 in respect of scholarship transfer and use of goods and services respectively. However, prior year audited financial statements reflect comparative balances of Kshs.65,490,050 and Kshs.3,680,239 in respect of scholarship transfer

and use of goods and services resulting to unexplained variances of Kshs.31,720,696 and Kshs.558,258 respectively

In the circumstances, the financial statements are not fairly stated.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final budget and actual receipts on comparable basis of Kshs.238,250,000 and Kshs.133,250,000 respectively, resulting to an under funding of Kshs.105,000,000 or 44% of the budget. Similarly, the Fund spent Kshs.133,175,231 against an approved budget of Kshs.238,250,000 resulting to an under expenditure of Kshs.105,000,000 or 44.1% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Kisumu County Education Fund in 2024/2025 revealed that the following matters remained unresolved:

	Financial Year	Audit Issue
1	2023/2024	Unaccounted for Cash
2	2023/2024	Unsupported Disbursement of Bursaries
3	2023/2024	Inaccuracies in Financial Statements
4	2023/2024	Budget Control and Performance
5	2023/2024	Poor Record Keeping

Other Information

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

In connection with my audit on the 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 and I am required to report that fact. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Adverse Opinion, I confirm that the Other Information is materially inconsistent with the financial statements

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, because of the significance of the matter discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way

Basis for Conclusion

Non-Compliance with Renewal Requirements for Kisumu County Education Fund

Review of the Kisumu County Education Fund Regulations revealed that the Fund was established in 2014 and its operational mandate should be reviewed and renewed after 10 years by the County Executive Committee and County Assembly in 2024. However, review of the records made available show that no review has been done 11 years down the line contrary to the requirements of Regulation 197(1) of Public Finance Management

(County Government) Regulations, 2015 which states that the initial approval for establishment of a county public fund shall be for a maximum period of ten (10) years, beyond which the County Executive Committee and County Assembly approvals shall be sought.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matter discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Non-Disbursement of Funds to the Education Fund

During the year under review, the Fund had an approved budget of Kshs.205,000,000 that was adjusted to Kshs.105,000,000 as disclosed in the statement of comparison of budget & actual amounts. However, records made available show that the County Treasury did not transfer the budgeted amount to the fund hence impacting negatively on the activities of the fund especially the scholarship grants for continuing students under the sponsorship of the education fund. In addition, the Management did not provide evidence of approved supplementary budget that adjusted the budget from the initial budget of the fund.

In the circumstances, Management were not be able to achieve the objectives of the fund which is allocation of bursary and grants to needy and bright students in the County.

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 the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the 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 of the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 November, 2025

KISUMU COUNTY EDUCATION FUND

Annual Report and Financial Statements for the year ended June 30, 2025

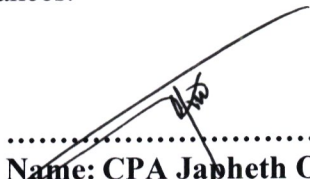
14. Statement of Financial Performance for the Year Ended 30th June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	6	-	205,000,000
Total Revenue		-	205,000,000
Expenses			
Bursary transfers	7	-	113,299,430
Scholarship transfers	8	-	65,490,050
Use of Goods and Services	9	-	6,995,117
Total Expenses		-	185,784,597
Surplus/(Deficit) for the Period		-	19,215,403

(The notes set out on pages 7 to 29 form an integral part of these Financial Statements)

Notes 6A, 7A, 8A and 9A refer to the opening balances.


.....
Name: Bovince Ochieng
Fund Administrator


.....
Name: CPA Japheth Orwa.
Fund Accountant
ICPAK Member Number:9444

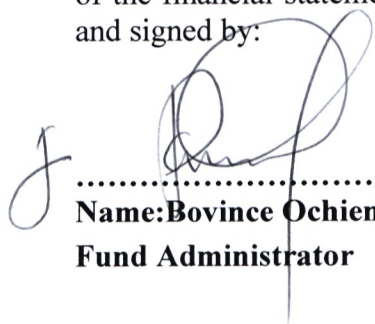
KISUMU COUNTY EDUCATION FUND.


Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement of Financial Position as at 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	10	310,257	235,488
Exchange Receivables	12		129,000
Total current assets		310,257	133,614,488
Total Assets (A)		310,257	133614,488
Liabilities			
Current Liabilities			
Trade and Other Payables	13	-	129,666,136
Total current liabilities		-	129,666,136
Non-current Liabilities			953,000
Total Liabilities (B)		-	130,619,136
Net Asset (A-B)		310,257	2,995,352
Represented By:			
Accumulated Surplus		130,170,327	130,170,327
Net Assets		130,170,327	130,170,327

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 21-09-2025 and signed by:


.....
Name: Bovince Ochieng
Fund Administrator


.....
Name: Japheth Orwa
Fund Accountant
ICPAK Member Number:9444

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement Of Changes in Net Assets for the year ended 30th June 2025.

Description	Accumulated surplus
	Kshs
Balance as at 1 July (Previous FY)	138,847,606
Surplus/(Deficit) For the Year	19,215,403
	(27,892,682)
Balance As At 30 June (Previous FY)	130,170,327
Balance As At 1 July (Current FY)	130,170,327
Surplus/(Deficit) For the Year	-
Balance As At 30 June (Current FY)	130,170,327

KISUMU COUNTY EDUCATION FUND.**Annual Report and Financial Statements for the year ended June 30, 2025****17. Statement of Cash Flows for The Year Ended 30 June 2025**

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers From the County Government	6B	133,250,000	174,250,000
Total receipts		133,250,000	174,250,000
Payments			
Bursary Transfers	7B	(120,201,188)	(113,299,430)
Scholarship transfers	8B	(7,365,626)	(65,490,050)
Use of goods and Services	9B	(5,608,417)	(3,680,239)
Net cash flows from operating activities	14	74,769	(8,219,719)
Net increase/(decrease) in cash & cash Equivalents		74,769	(8,219,719)
Cash and cash equivalents at 1 July 2024		235,488	36,347,889
Prior period adjustments			(27,892,682)
Cash and cash equivalents at 30 June 2025	10	310,257	235,488

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting

Amounts disclosed in notes 6, 7, 8 and 9 are the **actual cash inflows and disbursements/cash outflows** for the year under review.

18. Statement of Comparison of Budget & Actual Amounts for Year Ended 30th June 2025

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
Opening budget Carry Overs	133,250,000	0	133,250,000	133,250,000	0	100
Receipts						
Transfers From the County Government	205,000,000	(100,000,000)	105,000,000	0	(105,000,000)	0
Total Receipts	338,250,000	(100,000,000)	238,250,000	133,250,000	(105,000,000)	56
Payments						
Bursary Transfers	272,752,500	(97,000,000)	175,752,500	120,201,188	55,551,312	68
Scholarship grants	55,350,000	0	55,350,000	7,365,626	47,984,374	13
Use of goods & Services	10,147,500	(3,000,000)	7,147,500	5,608,417	1,539,083	78
Total Payments	388,250,000	(100,000,000)	238,250,000	133,175,231	105,074,769	56
Surplus For the Period	0		0	74,769		

Budget notes

1. All the vote heads were underutilized because there was no exchequer receipt in the year under review.
2. There was a change between the original budget of KShs 205,000,000 and final budget of KShs 105,000,000 due to reduction through supplementary estimates.

KISUMU COUNTY EDUCATION FUND.

Annual Report and Financial Statements for the year ended June 30, 2025

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Net increase/(decrease) in cash & cash Equivalents	74,769
1	Opening cash and cash equivalents	235,488
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	310,257

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kisumu Bursary Fund/Scheme is established by and derives its authority from Kisumu County Education Fund Act. The entity is wholly owned by the Kisumu County Government and is domiciled in Kenya. The Bursary Fund/Scheme’s principal activity is to provide funds to be used to finance education of bright and needy students,

2. Statement of compliance and basis of preparation

Kisumu 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

(When an IPSAS becomes effective on 1st January 20xx, it is applicable in Kenya from 1st July 20xx)

(i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

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 2025.

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 cash flows of an Entity.

KISUMU COUNTY EDUCATION FUND

Annual Report and Financial Statements for the year ended June 30, 2025

Standard	Effective date and impact:
	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<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 additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

KISUMU COUNTY EDUCATION FUND**Annual Report and Financial Statements for the year ended June 30, 2025**

Standard	Effective date and impact:
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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

KISUMU COUNTY EDUCATION FUND

Annual Report and Financial Statements for the year ended June 30, 2025

(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.*

(state the standards, reason for early adopt, and impact on the on entity's financial statements.)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue transfers

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly. 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 Bursary Fund/Scheme upon receiving the respective approvals in order to conclude the final budget. The Bursary Fund/Scheme recorded additional appropriations of Kshs. *Nil* on the FY 2024/2025 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows.

KISUMU COUNTY EDUCATION FUND

Annual Report and Financial Statements for the year ended June 30, 2025

c) Financial instruments

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

(i) Financial assets

Classification of financial assets

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

(ii) Subsequent measurement

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

(iii) Amortized cost

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

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

(iv) Fair value through net assets/ equity

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

(v) Fair value through surplus or deficit

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

(vi) Trade and other receivables

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

(vii) Impairment

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

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 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 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.

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e) Contingent liabilities

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

f) Contingent assets

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

g) Nature and purpose of reserves

The Bursary Fund/Scheme creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

h) Changes in accounting policies and estimates

The 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 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 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 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.

(Include provisions applicable for your organization e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

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KISUMU COUNTY EDUCATION FUND**Annual Report and Financial Statements for the year ended June 30, 2025****6. Transfers from the County Government**

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers From County Treasury		205,000,000
Total		205,000,000

6(B) The amount of KShs 133,250,000 refers to accrued receivable from Non-Exchange transaction for the previous year received during the year under review. There was no exchequer received for the financial year 2024/2025.

7. Bursary Transfers

Description	2024/2025	2023/2024
	Kshs	Kshs
Secondary,TVETs,Universities,Colleges		113,299,430
Total	-	113,299,430

7(B) The amount of KShs 120,201,188 refers to the actual bursaries disbursement to various learning institutions during the year under review.

8. Scholarship transfers

Description	2024/2025	2023/2024
	Kshs	Kshs
Secondary schools	-	63,556,000
Marine	-	1,934,050
Total	-	65,490,050

8(B).The figure of KShs 7,365,626 refers to the actual scholarship disbursement to various secondary schools during the year under review.

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9. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Ward bursary Committee Allowances	-	1,385,413
General office supplies	-	491,000
Capacity building	-	326,500
Catering services	-	560,000
Communication services	-	396,000
Meetings and conferences	-	2,987,896
Monitoring and Evaluation	-	100,000
Bursary launches	-	55,000
Bank charges	-	223,109
Travelling and subsistence allowances	-	270,200
Other office consumables	-	200,000
Total	-	6,995,118

9(B). The figure of KShs 5,608,417 refers to the actual disbursement towards the Fund administration cost for the year under review.

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Description	2024/2025	2023/2024
	Kshs	Kshs
Current Account	310,257	235,488
Others (<i>Specify</i>)	0	0
Total Cash and Cash Equivalents	310,257	235,488

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

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
a) Current Account			
KCB Bank	1151900184	310,257	235,488
XXX Bank - Etc.		0	0
Sub- Total		310,257	235,488
b) Others (Specify)			
Cash In Transit		0	0
Cash In Hand		0	0
Sub- Total			0
Grand Total		310,257	235,488

11. Non-Exchange Receivables

Description	2024/2025	2023/2024
	Kshs	Kshs
Revenue receivable	-	133,250,000
Total non-exchange receivables	-	133,250,000

12. Exchange Receivables

Description	2024/2025	2023/2024
	Kshs	Kshs
Outstanding imprest.	-	129,000
Total exchange receivables	-	129,000

KISUMU COUNTY EDUCATION FUND**Annual Report and Financial Statements for the year ended June 30, 2025****13. Trade and other payables**

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Trade Payables	-		4,956,679	
Other Payables-Ward bursaries	-		125,662,457	
Total Trade and Other Payables	-		130,619,136	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	129,665,536	100
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years		%	953,600	%
Total (tie to above total)			129,935,136	

14. Cash generated from operations.

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Surplus/ (Deficit) For the Year	0		19,215,403	
Adjusted For:				
Working Capital Adjustments				
Increase In Receivables	-			
Increase In Payables	-			
Net Cash Flow from Operating Activities	794			

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

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15. 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	2024/2025	2023/2024
	Kshs	Kshs
Transfers from related parties	133,250,000	71,750,000
Transfers to related parties	0	0

c) Due from related parties

Description	2024/2025	2023/2024
	Kshs	Kshs
Due From County Government	-	133,250,000
Total	-	133,250,000

KISUMU COUNTY EDUCATION FUND**Annual Report and Financial Statements for the year ended June 30, 2025****Other Disclosures Continued****16. 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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June (Current Year)				
Receivables From Exchange Transactions	30,000	30,000	0	0
Bank Balances	310,257	310,257	0	0
Total	340,257	340,257	0	0
As at 30th June (Previous Year)				
Receivables From Non-Exchange Transactions	133,250,000	133,250,000	-	-
Receivables From Exchange Transactions	129,000	-	129,000	-
Bank Balances	235,488	235,488	-	-
Total	133,614,488	133,485,488	129,600	-

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

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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 NIL.

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

b) Liquidity risk management

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

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

KISUMU COUNTY EDUCATION FUND**Annual Report and Financial Statements for the year ended June 30, 2025**

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (Current FY)				
Trade Payables	0		-	-
Bursaries and scholarships	-	-	-	-
Provisions	-	-	-	-
Total	0	-	-	-
As at 30 June (Previous FY)				
Trade Payables	-	3,050,079	953,600	4,003,679
Ward Bursaries	-	125,662,457	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	129,666,136	953,600	130,619,136

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	310,257	-	310,257
Debtors/ Receivables	-	-	-
Liabilities			
Trade And Other Payables	-	-	-
Net Foreign Currency Asset/(Liability)	310,257	-	310,257

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

Foreign currency sensitivity analysis

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

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 favourable interest rates.

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Sensitivity analysis

The Fund/Scheme analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20xx: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx-1 – Kshs xxx).

d) Capital risk management.

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

Description	Current FY	Comparative FY
	Kshs	Kshs
Accumulated surplus	130,170,327	130,170,327
Total funds	130,170,327	130,170,327
Less: cash and bank balances	(310,257)	(235,488)
Net debt/(excess cash and cash equivalents)	129,934,839	129,934,839
Gearing	99%	99%

17. Events after the reporting period

It was noted that the initial 10 year period of the Fund had elapsed as required by the Regulation 197 (1) (i) of the Public Finance Management (County Governments) Regulations, 2015. Consequently, the management processed a one year extension for the fund which will lapse on 31st December, 2025.

18. Currency

The financial statements are presented in Kenya Shillings (Kshs)

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19. Annexes

Annex I: Progress on Follow-up of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Unaccounted for cash</p> <p>The statement of financial position reflects an amount of Kshs. 235,488 in respect to cash and cash equivalents, while the previous year's amount was Kshs. 36,347,889. As reported in the previous year, the opening cash balance had been overstated with an amount of Kshs. 27,892,682. To restate the cashbook balance to the actual available balance, Management has made prior year adjustment of Kshs. 27,892,682 as reflected in the statement of Net Assets. However, no disclosure Notes were provided to support the adjustment. Further Management provided a bank statement showing that the Bursary Fund withdrew an amount of Kshs.</p>	<p>In the financial year 2021/2022, the Fund cash book was not updated up to 30th June 2022. Scholarship payments covering the period 10/03/2022 to 30/06/2022 totalling to Kshs. 27,892,682 were not captured in the cashbook. The reported expenditure was therefore understated by same amount and the surplus overstated by the same amount. The management has taken the</p>	Resolved	

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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>27,660,780 on 28 July, 2023 to pay for Bursaries, and indicated that an amount of Kshs. 231,902 was paid for administration costs. Examination of bank statement shows that the amount was paid on 28 July, 2023 which is the year under review. It therefore could not have a prior year adjustment.</p> <p>In the circumstances, the cash and cash equivalents balance of Kshs. 235,488, is understated with an amount Kshs. 27,892,682 that could not be accounted for.</p>	<p>following corrective actions;</p> <ol style="list-style-type: none"> 1. Recorded all the payment vouchers totalling to Kshs 27, 892,682 in a supplementary cashbook. 2. Passed journal entries to the correct the understatement in the reported expenditure and the overstatement in the surplus. 		
2	<p>Unsupported Disbursement of Bursaries</p> <p>The statement of financial performance reflects an amount of Kshs. 113,299,430 in respect of bursary transfers. Review of bursary disbursement record maintained by the Fund revealed that nineteen (19) secondary schools</p>	<p>The bursary disbursement of Kshs. 11,119,247 made to secondary schools, Universities and Colleges has been accounted for by the attached</p>	Resolved	

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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>and thirteen (13) colleges and universities were issued with bursary disbursements of Kshs. 7,366,247 and Kshs. 3,753,000 respectively. However, out of this disbursement only an amount of Kshs. 4,668,847 was acknowledged as received, where an amount of Kshs. 1,734,000 was from two (2) TVETs and three (3) universities, while the balance of Kshs. 2,934,847 was from seven (7) secondary schools.</p> <p>In the circumstances, the disbursement of Kshs. 8,094,547 to secondary schools colleges and universities could not be confirmed.</p>	<p>acknowledgement's receipts from the following institutions;(Annex iii)</p> <ol style="list-style-type: none"> 1. Masinde Muliro University of Science and Technology Kshs. 538,000 2. Technical University of Mombasa Kshs. 369,000 3. Sigalagala National Polytechnic Kshs. 317,000 4. Egerton University Kshs. 310,000 5. Seme Technical and Vocational College Kshs. 200,000 6. Achecho Girls High School Kshs. 604,900 7. Sigoti Complex Girls 		

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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).
		Secondary School Kshs. 557,000 8. Bar Union Secondary School Kshs. 541,500 9. Reru AIC Mixed Secondary School Kshs. 386,000 10. Ngere High School Kshs. 380,000 11. Ombeyi Secondary School Kshs. 336,647 12. Magunga Mixed Secondary School Kshs. 334,800 13. Nyalunya Mixed Secondary School Kshs. 334,500 14. Ahero Girls Secondary School Kshs. 314,000		

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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)
		Secondary School Kshs. 557,000 8. Bar Union Secondary School Kshs. 541,500 9. Reru AIC Mixed Secondary School Kshs. 386,000 10. Ngere High School Kshs. 380,000 11. Ombeyi Secondary School Kshs. 336,647 12. Magunga Mixed Secondary School Kshs. 334,800 13. Nyalunya Mixed Secondary School Kshs. 334,500 14. Ahero Girls Secondary School Kshs. 314,000		

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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)
		15. Siaya Institute of Technology Kshs. 176,000 16. ArchBishop Okoth Ojola Girls Secondary School Kshs 363,100 17. Ridore Mixed Secondary School Kshs. 402,000 18. Otieno Oyoo High School Kshs. 314,800 19. Kochogo Secondary School Kshs. 303,000 20. Okok Mixed Secondary School Kshs. 387,000 21. Nyabera Vocational Training Centre Kshs. 250,000 22. St. Joseph Nyabondo High School Kshs. 311,000		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved/Not Resolved)	Time frame for resolution (how long it will take for the issue to be resolved)
		23. St. Peters Kajulu Secondary School Kshs. 318,000 24. Orando Mixed Secondary School Kshs. 311,000 25. Masogo Mixed Secondary School Kshs. 509,000 26. The Mawego National Polytechnic Kshs. 316,000 27. Rongo University Kshs. 244,000 28. KCA University Kshs. 228,000 29. Thika School of Medical and Health Sciences Kshs. 185,000 30. Obwolo Mixed		

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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)
		Secondary School Kshs. 331,000 Total Kshs 10,499,247 We have sent letters to the following 2 Institution requesting for acknowledgement receipts; <ol style="list-style-type: none"> 1. University of Nairobi Kshs. 410,000 2. Moi University Kshs. 210,000 		
3	Inaccuracies in the financial statements Review of the financial statements reflects	I. The variance of Kshs 3,314,878	Resolved	

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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>several inaccuracies as disclosed below:</p> <p>I. The statement of financial performance and as disclosed in Note 12 reflects use of goods and services amount of Kshs. 6,995,117, while the statement of cash flows reflect an amount of Kshs. 3,680,239 resulting to unreconciled variance of Kshs. 3,324,878.</p> <p>II. The statement of financial performance reflects an amount of Kshs. 205,000,000 in respect of transfer from the County Government , the statement of comparison of budget and actual amount of Kshs. 71,750,000 resulting to unreconciled variance of Kshs. 133,250,000</p> <p>III. Page numbering is incorrect as it starts as</p>	<p>represents imprest issued in prior years but surrendered/ accounted for in the year under review. These surrenders do not involve actual movement of cash in the year under review thus were not included in the statement of cash flow.</p> <p>II. The variance of Kshs. 133,250,000 represents the amount of exchequer not received by the Fund as at 30th June,</p>		

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Annual Report and Financial Statements for the year ended June 30, 2025

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>it starts from number 16 without any clear basis</p> <p>In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.</p>	<p>2024. The fund had an approved revenue budget of Kshs. 205,000,000 while the actual exchequer receipt to 30th June, 2024 was Kshs 71,750,000 leading to the variance of Kshs. 133,250,000. The statement of financial performance is prepared on accrual basis where the approved revenue budget is recognized as a whole while the statement of</p>		

KISUMU COUNTY EDUCATION FUND

Annual Report and Financial Statements for the year ended June 30, 2025

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>comparison of budget and actual is prepared on cash basis in which the actual exchequer received of Kshs. 71,750,000 is recognized.</p> <p>The balance of Kshs. 133,250,000 was accrued as non-exchange receivables in the statement of financial position as at 30thJune, 2024.</p> <p>We confirm that the Fund subsequently received this</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>outstanding balance in full.</p> <p>III. We regret this omission on the part of management. In future will ensure that page numbering is correctly done.</p>		
N/A	<p>Emphasis of matter</p> <p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amount reflects final budget and actual receipts of Kshs. 205,000,000 and Kshs. 71,750,000 respectively resulting to underfunding of Kshs. 133,250,000 or approximately 65% of the budget. Similarly, the Fund spent Kshs. 182,469,719 against an approved expenditure budget of Kshs. 205,000,000 resulting to underperformance of Kshs. 22,530,281 or</p>	<p>The Fund Administrator has previously reported to the County Assembly the difficulty we face in accessing the exchequer releases to the Fund in time. The Assembly had written to the CECM-Finance to ensure that the Fund is adequately funded to</p>	<p>Not Resolved. There was no exchequer releases in the year 2024/2025.</p>	<p>N/A</p>

KISUMU COUNTY EDUCATION 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>approximately 11%of the budget. The under-funding and under-performance affected the planned activities and may have impacted negatively on services delivery to the public.</p>	<p>cushion students from dropping from schools due to fee challenges. The underfunding and underperformance are due to the late, irregular and unpredictable disbursement from the County Treasury.</p>		
N/A	<p>Other Matter Unresolved Prior Year Matters In the audit report of the previous year, several issues were raised under Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2024.</p>	<p>In the resolution issued by the County Assembly of Kisumu Ref: CAK/EDUFUND/03/2025 dated March 5th, 2025 on the report of the Auditor General on the financial statements of Kisumu County</p>	Resolved.	

KISUMU COUNTY EDUCATION FUND

Annual Report and Financial Statements for the year ended June 30, 2025

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)
		Education Fund for year ended 30 th June, 2023, the following prior year matters were resolved; <ol style="list-style-type: none"> 1. Unsupported cash and cash equivalents 2. Unsupported Disbursements 3. Budgetary Control and performance 4. Unsupported Equitable distribution of Bursaries One issue “Long outstanding imprest” remained unresolved at the time the Fund Administrator appeared before the Public Accounts and Investment		

KISUMU COUNTY EDUCATION FUND

Annual Report and Financial Statements for the year ended June 30, 2025

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>Committee. This matter was subsequently resolved after the audit of the financial statements for the year ended 30th June, 2024.</p> <p>Other Information The management will in future ensure all other information that is disclosed in the financial statements is consistent with the financial statements.</p>		
N/A	<p>Basis for Conclusion Poor Record Keeping The Fund's Management has consistently maintained a poor record of transactions of the Fund. This has consistently meant that an audit trail of the transactions is difficult to follow. Poor record keeping could easily lead to error of</p>	<p>The management will in the future improve in its record management by a properly written cashbook and reconciliations prepared on a monthly basis,</p>	Resolved.	


KISUMU COUNTY EDUCATION FUND

Annual Report and Financial Statements for the year ended June 30, 2025

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>commission and omission. Failure to maintain complete and proper record of transactions is illegal as it is against Section 149(1) the Public Finance Management Act, 2012, which states that an accounting officer is accountable to the county assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized and shall ensure that the entity keeps financial and accounting records that comply with this Act.</p> <p>In addition, Regulation 100 of the Public Finance Management (County Government) Regulations, 2015 states that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper maintenance and</p>	<p>acknowledgement receipts obtained from the recipients of bursary and scholarship funds, ledgers to support disclosures in the financial statements prepared and updated and that surrender imprest is done as required by regulation.</p>		

KISUMU COUNTY EDUCATION FUND
Annual Report and Financial Statements for the year ended June 30, 2025

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)
	production of the accounts of the Vote for which he or she is responsible. In the circumstances, Management is in breach of the law.			

.....

Fund Administrator/Accounting Officer

Date 30/06/2025.

KISUMU COUNTY EDUCATION FUND

Annual Report and Financial Statements for the year ended June 30, 2025

Annex II: Inter-Entity Confirmation Letter

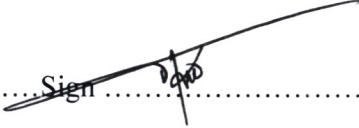
Name of transferring entity...KISUMU COUNTY TREASURY.....

Name of beneficiary entity: KISUMU COUNTY EDUCATION FUND.....

Confirmation of amounts received by Kisumu County Education Fund as at 30 th June 2025						
Reference Number	Date Disbursed	Amounts Disbursed by County Finance Department] (Kshs) as at 30 th June 2025			Amount Received by the County Bursary Fund/Scheme] (Kshs) as at 30 th June 2025 (D)	Differences (KShs) (E)=(C-D)
		Recurrent (A)	Development (B)	Total (C)=(A+B)		
N/A	1/7/2024	41,000,000		41,000,000	41,000,000	-
N/A	8/7/2024	92,250,000		92,250,000	92,250,000	-
Total		133,250,000		133,250,000	133,250,000	-

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

Head of Accounts - Disbursing Entity:
 Name MAURICE OYARO..... Sign Date 30/06/2025.

Head of Accounts - Beneficiary Entity:
 Name JAPHETH ORWA..... Sign  Date...30/06/2025