

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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PARLIAMENT
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THE AUDITOR-GENERAL

ON

**ISIOLO COUNTY EDUCATION
BURSARY FUND**

**FOR THE YEAR ENDED
30 JUNE, 2022**



OFFICE OF THE AUDITOR GENERAL
UPPER EASTERN REGIONAL OFFICE - ISIOLO

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ISIOLO COUNTY EDUCATION BURSARY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022

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

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Isiolo County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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Isiolo County Education Bursary Fund
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1. Key Entity Information and Management

a) Background information

Isiolo County Education Bursary Fund is established by and derives its authority and accountability from Isiolo County Education Act 2015. The Fund is wholly owned by the County Government of Isiolo and is domiciled in Kenya.

The fund's objective is to provide for legal framework for establishing Education bursary fund for providing financial assistance to the poor and vulnerable students in the county in order: _

1. Increase access to education
2. Promote and increase enrolment, retention, completion and transition rates to schools.
3. Improve education standards and literacy levels.
4. Reduce poverty. Disparities and equality.

The Fund's principal activity is:

1. Increase access to education.
2. Promote and increase enrolment, retention, and completion and transition rates in schools.
3. Improve education standards and literacy levels.
4. Reduce poverty, disparities and inequality.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is providing financial assistance to the poor and vulnerable students in the county

(Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	John Prepion	Chairman
2	Aileen Mungiria	County Chief Officer Education
3	Peter Ngechu	County Chief Officer Finance
4	Happy Adan	Fund Administrator
5	Rukia wako	Board Member
6	Billow Malkona	Board Member
7	James Eris	Board Member
8	Abdikadir Liban	Board member
9	Stephen Irimba	Board member

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10	Abdirahaman Hamo	Board Member
11	Hassan Guyo	Board Member
12	Muhidin Ahmed	Board Member
13	Abdi Kiyyo	Board Member

c) Key Management

Ref	Name	Position
1	John Prepion	Chairman
2	Aileen Mungiria	Commitee Secretary
3	Peter Ngechu	Commitee Treasurer
4	Happy Adan	Fund Administator

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d) Registered Offices

P.O. Box 36-60300
County Education Building
NEMA –Police Road
Nairobi, KENYA

e) Fund Contacts

Telephone:(254) 726405221
E-mail: aileenkajuju @gmail.com
Website: www.isiolo.go.ke

f) Fund Bankers

Kenya Commercial Bank
Isiolo Branch.

g) Independent Auditors

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

h) Principal Legal Adviser

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

**Isiolo County Education Bursary Fund
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2. The Board of Trustees

Name	Details of qualifications and experience
1. Mr John prepion- (Fund Board Chairman)	Mr John Prepion was born in 1990.he holds bachelor's degree in social development from university of Nairobi. He has over 5years experience working on management level. He is currently the CEO of Undugu Children's Home at Oldonyiro. (Community based organisation)
2. Mrs Aileen Mungiria (board member)	Mrs Aileen Mungiria was born in 1963.she holds Master's degree in education from university of Nairobi. She has over 25 years' experience in leadership and management having served on different management capacities in education sector. Currently she is serving as chief officer department of Education in Isiolo county and doubles as executive board member of the isiolo county Education bursary Fund.
3. Mr happy Adan (Fund administrator)	Mr. happy Adan was born in the year 1986.He holds A master's degree in Education (administration option) from Mt. Kenya university. He has over 5 years' experience working at different managerial levels. Currently he is the fund administrator and sits as a board member of three secondary schools.
4. Mr peter Ngechu (Executive Board member)	Mr peter Ngechu was born on the year 1956.He holds Bachelor's degree in finance. He is a certified public accountant of Kenya. He has over 20 years' experience working at managerial level of different organisations. Currently he is the county chief officer of Finance and sits as board member of several projects.
5. Mrs rukia Wako (board Member)	Mrs Rukia wako was born in 1980.she holds bachelor's degree in business administration and she is a certified public accountant of Kenya. She has over 5 years' experience working at different positions in private sector.

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6. Mr. Billow Malkona (Board Member)	Mr. Billow Malkona was born in 1973. He is a respected religious member of the community. He holds a Diploma in Islamic studies. He has over 20 years experience serving as an Imam at different mosques.
7. Mr. James Eris (Board member)	Mr. James Eris was born in 1995. He holds a degree in community development studies. He has a 4 year's working experience in Non-government organisation. He is currently serving as a board member,
8. Mr. Stephen Irimba (board Member)	Mr. Stephen Irimba was born in 1975. He holds diploma in Theology. He is prominent religious leader with over 10-year experience working in religious institutions. He is currently serving as a board member.
9. Mr Abdikadir Liban (Board Member)	Mr. Abdikadir Liban was born in 1963. He holds a diploma in sales and marketing and a certificate in information technology. He has a 5 year experience serving on different capacities both in education and business environment. He is currently serving as a board member.
10. Mr. Abdirahaman Hamo(Board Member)	Mr. Abdirahaman Hamo was born in 1975. He holds a diploma in Education. He has over 20 years experience serving as a teacher and educationist in the community, he is currently serving as a board member of the fund.
11. Mr. Hassan Guyo(Board Member)	Mr Hassan Guyo was born in 1978. He holds a diploma in hotel management from a recognised institution . He has over 10 years' experience serving in different capacities in hospitality industry. He is currently serving as a board member in 1978. He holds a diploma
12. Mr. Muhudin Ahmed (board member)	Mr. Muhudin Ahmed was born in 1963. He holds a diploma in business management from a recognized institution. He has over 4 years experience working in business world.

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13. Mr. Abdi Kiyyo(Board member	Mr. Abdi kiyyo was born in 1963. He holds a diploma in Education. He has over 10 years' experience serving as an educationist in the community. He is the former board chairman of the fund .
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**Isiolo County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

3. Management Team

Name	Details of qualifications and experience
1. Mrs Aileen Mungiria (Executive management board member)	<p>Mrs Aileen Mungiria was born in 1963. she holds a Master's degree (leadership) in education from university of Nairobi. She has over 25 years experience in leadership and management having served at different management capacities in education sector.</p> <p>Currently she is serving as County chief officer department of Education in Isiolo county and doubles as executive management board member of the isiolo county Education bursary Fund..</p>
6. Mr happy Adan (Fund administrator)	<p>Mr. happy Adan was born in the year 1986. He holds A masters degree in Education (administration option)from Mt. Kenya university. He has over 5 years experience working at different managerial levels.</p> <p>Currently he is the fund administrator and sits as a board member of three secondary schools .</p>
7. Mr peter Ngechu(Executive Board member)	<p>Mr peter Ngechu was born on the year 1956. He holds Bachelor's degree in finance .He is a certified public accountant of Kenya. He has over 20 years experience working at managerial level of different organisations.</p> <p>Currently he is the county chief officer of Finance and sits as board member of several projects.</p>

**Isiolo County Education Bursary Fund
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4. Board/Fund Chairperson's Report

The Isiolo county Education Bursary Fund board and management for financial year 2021/22 remained unchanged since the current board terms have not expired. Comparing with the previous years' performance there was an increase in budgetary allocation therefore an increase in beneficiaries as compared with the previous years' performance.

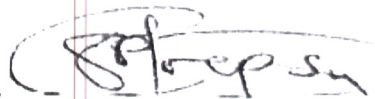
Despite a challenging economic time, experienced during the financial year 2021/2022 due to post covid 19 effects, the fund has profoundly impacted on the lives of students in the county through improvement of awarding criteria of the beneficiaries across the county. This has reduced social-economic inequalities by giving every deserving student a chance to benefit.

We believe in supporting dreams through establishing and nurturing the principle of equitable distribution of resources in line with our values and mission statement. We are highly optimistic of a very bright future of our bursary beneficiaries as the county will always enhance resources and policies to support the students.

We thank the executive for continued support and prioritization of education bursary for the needy students by facilitating prompt amendment of the bursary Act and increasing the allocation from initial 35 million to 70 million through supplementary budget estimates, This increased the fund's accessibility to many needy students in the county wish also to thank the board of management and a motivated secretariat who have worked tirelessly since the process started until the exercise has been made a success. I appreciate them for what they continue to do in empowering the dreams of the future generation.

Name: John Prepion

Sign.



Chairperson

Isiolo County Education Bursary Fund
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5. Report of the Fund Administrator

Overview of the fund

Isiolo county education fund has enjoyed significant economic and political support over a decade from the Isiolo county executive since its establishment under Act 2015, that has largely driven economic and social support to poor and vulnerable students in the county who have enrolled in higher learning institutions, and secondary schools.

A preview of the previous year's good performance of the fund was propelled by the amended new bursary Act adopted to rev-up student funding, supported by a skilled and an energized secretariat, a visionary board coupled by supportive ward bursary committee members. The board will anchor its compelling four drivers to a 4-point agenda namely:

1. Increase access to education.
2. Promote and increase enrolment, retention, completion and transition rates to schools.
3. Improve education standards and literacy levels.
4. Reduce poverty disparities and inequality.

Inclusive sustainable student Funding

The number of student beneficiaries under bursary and scholarship programme from a poor and vulnerable background grew by 40% in financial year June 2022. A strong growth was registered in the TVET students under scholarship programme from 30% end of June 2022.

Fund revenues

During the year under review the total revenues received from Exchequer totalled to 70million. As compared to previous year ended June 2021 the fund received no disbursement due to the delay by county assembly in gazettelement of the amended bursary Act 2021 as requested by controller of budget. This was the largest budgetary allocation as compared to the previous years.

The fund board was able to mitigate post Covid 19 effects among the learners through setting aside part of the fund as an emergency fund as stipulated in the amended Isiolo County Education Bursary Act 2015 (amended) in order to address emerging issues of beneficiaries dropping out of schools. Colleges and universities due to poverty and lack of fee.

A Target is to ensure inclusive and equitable financial assistance to poor and vulnerable students in the county. And promoting promote learning opportunities to all. Pursuant to this goal a total of Kshs. 66,180,000(sixty-six million one hundred and eighteen thousand shillings) was disbursed to students by end of June 2022 as compared to Kshs. 13,504.283.00 disbursed to students by end of June 2021. The disbursement was in form of bursaries and scholarships.

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The fund's board endeavours towards realising its core objectives, despite the efforts, it experienced the following key challenges in an equal measure in administration of the fund.

1. The threshold 3 % percentage set out in the Act to cover the fund's administration cost, is not adequate. Under normal circumstances this threshold administration costs will not conclusively cover the expenses to administer the fund. This has impacted on the efficiency and timely disbursements to the beneficiaries.
2. Lack of permanent and trained staff attached to the fund's secretariat to administer, monitor and report on the progress of the fund. This has derailed the administration of the fund
3. Lack of proper training of board and ward committee members. This has impacted on the fund from not delivering its core objectives.
4. Delay in timely disbursement of the fund from the exchequer therefore increased workload for the secretariat to deliver on time.
5. Lack of feedback systems from the beneficiaries while distribution of cheques has made it difficult to monitor the efficiency on delivery of the cheques to the intended beneficiaries.
6. Post covid 19 effects increased the number of the poor and most vulnerable students therefore exerting pressure on the fund's emergence fund.

Looking ahead of the promising Future

We are highly optimistic of a bright future for our beneficiaries as the county continues to enhance resources and policies to create opportunities for our youth through skills enhancement. We thank the fund's board and a motivated secretariat staff to make the exercise a success in the financial year ended 2022. I wish to thank them for what they continue to do towards empowering the dreams of the future generation it is our sincere hope that the shared purpose statement that defines the existence of the fund will be maintained in the coming years.



Name: Aileen Kajuju Mungiria

Administrator of the Fund

Isiolo County Education Bursary Fund

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

6. Statement of Performance against the County Fund's Predetermined Objectives

Introduction

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

The key development objectives of the Fund as per the strategic plan for 2018-2022 are to:

- a) *To increase access to education*
- b) *To promote and increase enrolment, retention, completion and transition rates in schools.*
- c) *To improve education standards and literacy levels.*
- d) *To reduce poverty, disparities and inequalities*

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Bursary and Scholarship	To support poor, and vulnerable students to access quality education	Increased number of students accessing education in the county	Proportion of students from poor families receiving bursaries for tertiary education	In FY 21/22 we increased bursary access by 35% for secondary by, 30 % to colleges and 20 % universities
Education and Vocational training	to enhance access, equity, quality and relevance of technical vocational education and training	Increased enrolment	% increase in number of students enrolled for TVET education	In the F/y 21/22 we increased enrolment for TVET education By 30%

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Early Childhood Development Education	Increased access to quality Early Childhood Education	Increased transition to higher classes	Proportion of pupils transitioning from ECDE to grade 1	In the F/y 21/22 we increased transition rate for ECDE education By 70%
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Isiolo County Education Bursary Fund
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7. Corporate Governance Statement

The fund board is committed in ensuring highest standards of corporate governance and business ethics. This is considered very critical to the fund's integrity and maintaining stakeholders trust. The fund's board is responsible for overall conduct of county Education bursary fund disbursement and has the power, authority and duties vested in it pursuant to the Isiolo county bursary Act 2015. In addition, others relevant laws of Kenya. It provides strategic direction with focus on consistency of fund performance in a transparency and accountability manner.

a. Process of appointment and removal of board members/ward committee members

County executive member for education proceeds to appoint the members of the ward committees and board members upon receiving the proposed list of names from the ward. The appointment should comply with the Isiolo county education bursary Act 2015. The removal of any committee members is in accordance with the provisions set out in the Act by the executive committee member for education.

b. Roles and Responsibility of the board members

The fund's board is ultimately responsible for:

- i. Supervision and control the administration of the fund
- ii. Prepare a budget and such plans for better administration of the fund to be approved by the county executive committee members
- iii. In consultation with the committees, impose conditions or restrictions on the use of any expenditure arising from the fund.
- iv. Ensure proper books of account and other books and records in relation to the fund and as well as to all the various activities and undertaking of the fund.
- v. Furnish such additional information as may be required for examination and audit by the Auditor General or any law.

c. The membership of the board is as Follows:

- i. The chief officer for the time being in charge of Country Finance or Designate alternate not below the lever of a director.
- ii. The chief officer for the time being in charge of Education or Designate alternate not below the level of a director.
- iii. One member of the ward bursary Education committee established under section 7 representing each for every ward.
- Iv. One member qualified in matters of education nominated by the executive committee member approved by the country assembly.

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v. The fund committee member who shall be an ex-official member and secretary of the Board

On appointment, the newly appointed members are facilitated to undergo induction training covering the business of the Fund, by availing relevant information and trainings offered.

d. Fund board structure and composition

The board members are appointed by, the County Executive committee member for education except the chairman who is elected by the board in its first sitting who shall be chairperson who shall serve for a non-renewable term of 3years. The fund's board comprises a diverse mix of skills, competences and experiences making it easier to discharge their responsibility in an effect manner.

The Board members as at 30 June 2022 were as

	Names of the Board members	Role in the board	Date of Appointment	Date of Retirement
1.	John Prepion	chairman	14 Jan 2020	31 Jan 2023
2.	Aileen Mungiria	member	14 Jan 2020	31 Jan 2023
3.	Peter Ngechu	member	14 Jan 2020	31 Jan 2023
4.	Happi Adan	Secretary	14 Jan 2020	31 Jan 2023
5.	Rukia Wako	Member	14 Jan 2020	31 Jan 2023
6.	Billow Malkona	Member	14 Jan 2020	31 Jan 2023
7.	James Eris	Member	14 Jan 2020	31 Jan 2023
8.	Stephen Irimba	Member	14 Jan 2020	31 Jan 2023
9.	Abdikadir Liban	Member	14 Jan 2020	31 Jan 2023
10.	Abdirahaman Hamo	Member	14 Jan 2020	31 Jan 2023
11.	Hassan Guyo	Member	14 Jan 2020	31 Jan 2023
12.	Muhidin Ahmed	Member	14 Jan 2020	31 Jan 2023
13.	Abdi kiyyo	Member	14 Jan 2020	31 Jan 2023

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e. conflict of interest

The board members are under fiduciary duty to act honestly and in the best interest of the fund. Accordingly, members ought to refrain from discussing or voting on a matter perceived or potential conflict of interest register.

f. Remuneration of the Board members

The members of the board do not receive salary. They are however paid sitting allowances of every meeting attended at rate of Kshs 10,000 for the members within county headquarters and Kshs 12,000 for the members who comes from outside county headquarters. In addition to the allowances, the chairperson of the board receives monthly allowance of Kshs 10,000 per month and reimbursement of transport and accommodation expenses while called to perform his executive duties from time to time and attending executive board meetings.

g. The management team

The fund's board appoints the members of the management team. The membership consists of; County chief officer in charge of education, the fund manager and the chairman of the board.

h. Risk management

The identification and management of the risk is a continuous process linked to the fund's board objectives. The internal audit department carries out the risks-based audits and reports on internal audit department are forwarded to the board for discussions.

I. Ethics and code of conduct

The board members and funds employees are expected to act with integrity, equity in all their dealings and guided by the act and code of conduct. The code sets out clear behavioural requirements and where these are not met, there are consequences

8. Management Discussion and Analysis

Isiolo County Education Bursary Fund Board is mandated by Isiolo County Education Bursary Act 2015 to give financial assistance to the poor and vulnerable students in the county in line with the vision, mission and objectives of the fund. Provision of financial assistance to the poor and vulnerable students has enabled the fund to achieve its objectives. However, the board feels that it only achieved 60 % of the fund's objectives due to limited funding from the executive and other development partners.

a. Operational and Financial performance of the Fund

The budget allocation for the year under review from the county executive was initially Kshs.35million. However, this amount was scaled upwards to Kshs.70million during the supplementary budget allocation to cover up for the amount budgeted but not utilised in the financial year ended 30th June 2021. This was due to delay in amendments of the Bursary Act 2015 as recommended by the controller of budget.

The board noted an increase in number of beneficiaries of the fund from for financial year ended 30th June 2021.

b. Fund's Compliance with Statutory Requirements

The fund has compliance issues raised by the external audits on presentation of previous years' financial statements in format not recommended by international public sector accounting standards. However, the fund's executive board of management has taken up the matter to comply with this statutory requirement.

c. Major risks facing the fund material arrears in statutory and other financial obligations

This fund being is part of the overall funds received by the county executive the internal audit department of the county treasury has fiduciary responsibility to in assessing the risks faced by the fund on an ongoing basis. The internal audit evaluates and tests the effectiveness of the internal controls and operational controls and reports to the fund's board.

Financial risks management:

The fund maintains a strong risk governance structure with the fund's board exercising an oversight through the internal audit department. The risks are managed by the ward committee members as the first line defence. While the internal audit department provides an oversight and overall assurances as a second line of risks mitigation.

The capital risk management:

The objective of the fund's capital risks management is to safeguard the fund's ability to continue its business as a going concern. The capital structure was fully financed by the county government grants. The fund has 0% debt financing. The board could not ascertain any other source of financing apart from county government grants

Isiolo County Education Bursary Fund
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Material arrears in statutory and other financial obligations

The board confirms that the fund has no outstanding arrears and will continue planning its activities in a prudent manner to avoid any pending bills.

9. Environmental and Sustainability Reporting

Isiolo County Education Bursary Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community

Isiolo County Education Bursary Fund
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10. Report of the Board

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

Principal activities

The principal activities of the Fund are:

1. Increase access to education.
2. Promote and increase enrolment, retention, completion and transition rates to schools.
3. Improve education standards and literacy levels.
4. Reduce poverty disparities and inequality.

Results

The results of the Fund for the year ended June 30, 2022 are set out on page 1 to 8.

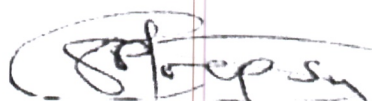
Trustees

The members of the Board of management who served during the year are shown on page ix. There were no changes in the Board during the financial year.:

Auditors

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

By Order of the Board



Chair of the Board

Date:

Isiolo County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Isiolo County Education Bursary Act 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Fund;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and by Isiolo County Education Bursary Act 2015). The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Isiolo County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Approval of the financial statements

The Fund's financial statements were approved by the Board on 24th 2022 and signed on its behalf by:

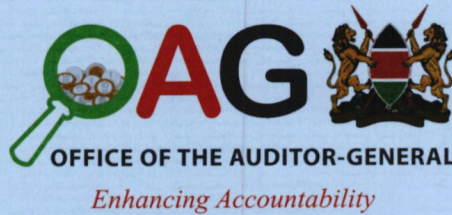


Name: Aileen Kajuju Mungiria

Administrator of the Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON ISIOLO COUNTY EDUCATION BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Isiolo County Education Bursary Fund set out on pages 1 to 38, which comprise the statement of financial position as at

30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Isiolo County Education Bursary Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Isiolo County Education Bursary Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Cash and Cash Equivalents

The statement of financial position, and as disclosed in Note 11 to the financial statements, reflects Kshs.2,600,032 in respect of cash and cash equivalents. However, the cash book reflects Kshs.2,650,956 in respect of the same resulting into unexplained and unreconciled variance of Kshs.50,924.

Further, the bank balance confirmation certificate as at 30 June, 2022 reflects a balance of Kshs.14,497,388 which is at variance with the cash book balance of Kshs.2,650,956 by an unexplained variance of Kshs.11,846,432 and a bank reconciliation statement was not provided for audit review.

In the circumstance, the accuracy and completeness of cash and cash equivalent balance of Kshs.2,600,032 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Prior Year Unresolved Issues

In the report of the previous year, several issues were raised under Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Control, Risk Management and Governance. However, although the Management has indicated that some of the issues have been resolved, the matters remained unresolved as the Senate and County Assembly are yet to deliberate on the Report for the financial year 2020/2021.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Late submission of the Financial Statements

The Isiolo County Education Bursary Fund submitted its financial statements for the year ended 30 June, 2022 to the Auditor-General on 4 of October, 2022 contrary to Section 164.(4)(a) of the Public Finance Management Act, 2012 which provides that the accounting officer for an entity shall submit its financial statements to the Auditor-General within three months after the end of each financial year.

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

2.0 Un-Acknowledged Bursary Disbursements

The statement of financial performance, and as disclosed in Note 3 to the financial statements, reflects Kshs.66,180,000 in respect of bursaries to students. Included in this component are disbursements to needy students amounting to Kshs.3,200,000, Kshs.2,700,000 and Kshs.3,200,000 all totaling Kshs.9,100,000 for Burat, Chari and Bula Pesa Wards, respectively, which were not supported with official receipts and acknowledgement letters from the beneficiary institutions. This is contrary to Section 104.(1) of the Public Finance Management (County Government) Regulations, 2015 which require payments of public moneys to be properly supported by appropriate authority and documentations. As a result, it was not possible to confirm whether the funds reached the intended beneficiaries.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Trustees

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 control 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 control, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Management monitors

compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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


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

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

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

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

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


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 April, 2023

Isiolo County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

13. Statement of Financial Performance for The Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue from Non-Exchange Transactions			
Transfers from the County Government	2	70,000,000	15,941,023
Fund balances Brought forward from previous F/Y			
Revenue from Exchange Transactions			
Interest Income		-	-
Other Income		-	-
Total Revenue		70,000,000	15,941,023
Expenses			
Employee costs	6	1,085,700	908,822
Use of Goods and Services	7	1,629,544	
Bursaries to students	3	66,180,000	13,504,283
Finance Costs		-	32,642
Total Expenses		68,895,244	14,445,747
Surplus/(Deficit)For the Period		1,104,756	1,495,276

(The notes set out on pages 18 to 38 form an integral part of these Financial Statements)



Name: Aileen Kajuju Mungiria
Administrator of the Fund



Name: Benard Mose
Fund Accountant
ICPAK No.

*Isiolo County Education Bursary Fund***Annual Report and Financial Statements for the year ended June 30, 2022****14. Statement of Financial Position as at 30 June 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	2,600,032	1,495,276
Current Portion of Long- Term Receivables From Exchange Transactions		-	-
Prepayments		-	-
Inventories		-	-
		2,600,032	1,495,276
Non-Current Assets			
Property, Plant and Equipment			
Intangible Assets			
Long Term Receivables from Exchange Transactions			
Total Assets		2,600,032	1,495,276
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions		-	-
Provisions		-	-
Current Portion of Borrowings		-	-
Employee Benefit Obligations		-	-
		-	-
Non-Current Liabilities			
Non-Current Employee Benefit Obligation		-	-
Long Term Portion of Borrowings		-	-
Total Liabilities		-	-
Net Assets			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		2,600,032	1,495,276
Total Net Assets and Liabilities		2,600,032	1,495,276

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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 24th 2022 and signed by:



Name: Aileen Kajuju Mungiria
Administrator of the Fund



Name: Benard Mose
Fund Accountant
ICPAK No.

Isiolo County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

15. Statement of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2020	-	-	-	
Surplus/(Deficit) For the Period	-	-	1,495,276	1,495,276
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance as at 30 June 2021	-	-	1,495,276	1,495,276
Balance as at 1 July 2021	-	-	1,495,276	1,495,276
Surplus/(Deficit) For the Period		-	1,104,756	1,104,756
Funds Received During the Year		-		
Transfers		-		
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022		-	2,600,032	2,600,032



Name: Aileen Kajuju Mungiria
Administrator of the Fund



Name: Benard Mose
Fund Accountant
ICPAK No.

Isiolo County Education Bursary Fund
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16. Statement of Cash Flows for the Year Ended 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government	2	70,000,000	15,941,023
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		70,000,000	15,941,023
Payments			
Employee costs	6	1,085,700	908,822
Use of Goods and Services	7	1,629,544	
Finance cost			32,642.00
Other payments	3	66,180,000	13,504,283
		-	-
Net cash flows from operating activities	21	1,104,756	1,495,276
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts			
Additional borrowings			
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash		1,104,756	1,495,276
Equivalents			

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Cash and cash equivalents at 1 st july 2021		1,495,276	1,495,276
Cash and cash equivalents at 30 June 2022		2,600,032	1,495,276



Name: Aileen Kajuju Mungiria
Administrator of the Fund



Name: Benard Mose
Fund Accountant
ICPAK No.

Isiolo County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2022	2022	2022	2022	2022	2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	-	-	-	-	-
Transfers From County Govt.	35,000,000	35,000,000	70,000,000	70,000,000	-	100%
Interest Income	-	-	-	-	-	-
Other Income						
Total Income	35,000,000	35,000,000	70,000,000	70,000,000		
Expenses						
Fund Administration Expenses	840,000	770,000	1,610,000	1,085,700	524,300	67.43%
General Expenses	210,000	1,420,000	1,630,000	1,629,544	456	99.97%
Bursaries to Students	33,950,000	32,810,000	66,760,000	66,180,000	580,000	99.13%
Total Expenditure	35,000,000	35,000,000	70,000,000	68,895,244	1,104,756	
Surplus For the Period				1,104,756		

Budget notes

1. A reduction in fund administration expenses of khs. 524,300.00 was due to reduced number of committee and board sittings.
2. A change between original and final budgets was as a result of supplementary budget allocation to cover up for the funds not utilised in the previous financial year due to technicalities in Education bursary Act 2015.

18. Notes to the Financial Statements

1. General Information

Isiolo County Education Bursary Fund is established by and derives its authority and accountability from Isiolo County Bursary Act 2015. The entity is wholly owned by the Isiolo County Government and is domiciled in Kenya. The entity’s principal activity is providing financial assistance to the poor and vulnerable students in the county.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

Isiolo County Education Bursary Fund
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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy,
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

Isiolo County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
<p>IPSAS 43</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

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Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>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:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance</p>

(iii) Early adoption of standards

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

3. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budgets for FY 2021-2022 was approved by the County Assembly on 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Kshs.35, 000,000.00 on the FY 2021-2022 budget following the governing body's approval.

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

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

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

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary Of Significant Accounting Policies (Continued)

f) Inventories

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

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

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

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

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

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

g) Provisions

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

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

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

Contingent liabilities

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

Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits– Retirement benefit plans

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

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

k) 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.

Isiolo County Education Bursary Fund
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Summary Of Significant Accounting Policies (Continued)

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

p) Events after the reporting period

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

q) Ultimate and Holding Entity

The entity is a County Public Fund established by bursary Act 2015 under the department of Education. Its ultimate parent is the County Government of Isiolo.

r) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made

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.

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6. Notes To The Financial Statements

1. Public contributions and donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Donation from Development Partners	-	-
Contributions from The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers from County Govt. –Operations	70,000,000	-
Fund bank balances carried Forward from Previous F/Ys		15,941,023
Total	70,000,000	15,941,023

3. Bursaries and scholarships to students

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Beneficiaries for secondary, colleges, and universities		66,180,000	13,504,283
Fines		-	-
Total		66,180,000	13,504,283

4. Interest income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income from Car Loans	-	-
Interest Income from Investments	-	-
Interest Income on Bank Deposits	-	-
Total interest Income	-	-

Isiolo County Education Bursary Fund
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Notes to the Financial Statements Continued

5. Other income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and Wages	75,000	415,300
Chairman's Honoraria	120,000	150,000
Staff Training Expenses	-	-
Other staff costs	720,700	335,300
Travelling and Accommodation Costs	170,000	-
Total	1,085,700	900,600

7. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
General Office Expenses	186,000	350,000
Loan Processing Costs	-	-
Professional Services Costs (legal fees)	100,000	-
Administration Fees	-	578,522
Board & ward Committee Allowances	1,120,600	70,000
Bank Charges	50,924	32,642
Office tea & catering services	45,000	15,000
Sitting allowance	-	70,000
Office stationeries	-	106,822
Postage and Courier	-	-
Maintenance of photocopier and computers consumables	102,020	81,700

Isiolo County Education Bursary Fund

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Description	2021/22 Kshs.	2020/21 Kshs.
Rental Costs	-	-
Security Costs	-	-
Telephone and Communication Expenses	25,000	-
Audit Fees	-	-
Other (<i>Specify</i>)	-	-
Total	1,629,544	1,304,686

8. Depreciation and Amortization Expense

Description	2021/22 Kshs.	2020/21 Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2021-2022 Kshs	2020-2021 Kshs
Interest on Bank Overdrafts	-	-
Interest on Loans from Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2021-2022 Kshs	2020-2021 Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

Isiolo County Education Bursary Fund
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11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	2,600,032	1,495,276
Others	-	-
Total Cash and Cash Equivalents		

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank		2,600,032	1,495,276
Sub- Total		2,600,032	1,495,276
d) Others (Specify)			
Cash in Transit		-	-
Cash in Hand		-	-
Sub- Total		-	-
Grand Total		2,600,032	1,495,276

Isiolo County Education Bursary Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued
12. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables	-	-
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	-	-
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables from Exchange Transactions	-	-

Additional disclosure on interest receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

13. Prepayments

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (Specify)	-	-

Isiolo County Education Bursary Fund
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Total	-	--
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14. Inventories

Description	2021- 2022	2020-2021
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts and Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

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Notes To The Financial Statements (Continued)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2020					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 1st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2020	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 1st July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 30th June 2022	-	-	-	-	-

Isiolo County Education Bursary Fund
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Notes To The Financial Statements (Continued)

16. Intangible assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost	-	-
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization and Impairment	-	-
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	-	-
Refundable Deposits	-	-
Accrued Expenses	-	-
Other Payables	-	-
Total Trade and Other Payables	-	-

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance at The Beginning of The Year (1.07.2021)	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due to Discount and Time Value For Money	-	-	-	-
Transfers from Non -Current Provisions	-	-	-	-
Balance at The End of The Year (30.06.2022)	-	-	-	-

Isiolo County Education Bursary Fund
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Notes To The Financial Statements (Continued)

19. Borrowings

Description	2021-2022	2020-2021
Balance at Beginning of The Period		
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

	2021-2022	2020-2021
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings from Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)

Isiolo County Education Bursary Fund

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

Notes To The Financial Statements (Continued)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	1,104,756	1,495,276
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses on Disposal of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase in Inventory	-	-
Increase in Receivables	-	-
Increase in Payables	-	-
Net Cash Flow from Operating Activities	1,104,756	1,495,276

Isiolo County Education Bursary Fund
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Other Disclosures

22. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due from Parent Ministry	-	-
Due from County Government	-	-
Total	-	-

Isiolo County Education Bursary Fund
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Other Disclosures Continued

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due to Parent Ministry	-	-
Due to County Government	-	-
Due to Key Management Personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from Exchange Transactions	-	-	-	-
Receivables from Non-Exchange Transactions	-	-	-	-
Bank Balances	2,600,032	2,600,032	-	-
Total	2,600,032	2,600,032	-	-
At 30 June 2021				
Receivables from Exchange Transactions	-	-	-	-
Receivables from Non-Exchange Transactions	-	-	-	-
Bank Balances	1,495,276	1,495,276	-	-
Total	1,495,276	1,495,276	-	-

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

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

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

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

b) Liquidity risk management

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

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

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

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (2022: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs0 (2021 – Kshs.0)

d) Capital risk management

Isiolo County Education Bursary Fund

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds		
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

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19. Progress On Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Management letter 2020/2021 notes.1.0 &2.0	Unsupported Expenditure for Financial year 2020/21 on General &administration Expenses	The Management has availed payment vouchers and supporting documents to support the expenditures to support the expenditure..	resolved	31 st august 2022
Management letter 2020/2021 notes.3.0	Undated list of unrepresented Cheques in order to ascertain the accuracy of cash and cash equivalents	The management has presented amended schedules of unrepresented cheques	resolved	31 st august 2022
Management letter 2020/2021 notes. 4.0	Failure to avail annual report for the disbursed bursary	Management to availed annual report of the disbursed bursary for the year 2021/22	resolved	31 st august 2022
Management letter 2020/2021 notes.4.0	Governance of the Fund i.e. why the board had two executive meetings Contrary to the provisions of the Act, explanations on reasons why the fund manager is not a signatory to the fund, and why the chairman and county	Management has given explanations over the same.	resolved	31 st August 2021

Isiolo County Education Bursary Fund

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	chief officer education doubles as directors and key management of the fund .			
Management letter 2020/2021 notes.5.0	Inaccuracy of the financial statements i.e. Discrepancies in the reporting Format with the prescribed reporting template issued by PSASB	Management has amended the financial statements in conformity with the prescribed format	resolved	31 st august 2022
Management letter 2020/2021 notes.5.1 & 5.2	Irregularities in application, selection and vetting procedures i,e original application forms supporting amount Kshs. 13,504,283 .00 disbursed to beneficiaries and acknowledgement to beneficiary institutions	Management has avail the forms for review and explanations in regard to how to ascertain that the beneficiary institutions have received	resolved	31 st August 2022