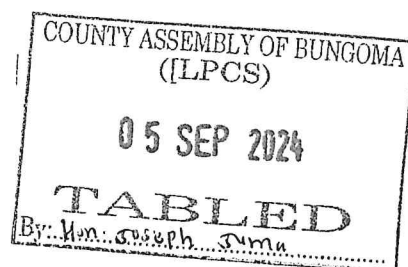





BUNGOMA COUNTY EDUCATION SUPPORT SCHEME

REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 2024.

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



Committed to Education and
Technical Training Committee


Bungoma County
Education support scheme
Report and Financial Statements for the period ended June 2024

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Report and Financial Statements for the period ended June 2024

1. Acronyms and Glossary of Terms

a) Acronyms

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

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2. Key Entity Information and Management

a) Background information

Bungoma County Education support scheme is established by and derives its authority and accountability from the Public Finance Management Act No.18 of 2012 (Bungoma County Education Support Scheme regulations, 2019) on 10th April, 2019. The Fund is wholly owned by the County Government of Bungoma and is domiciled in Kenya.

The fund's objective is to support needy students proceeding with secondary, tertiary and technical studies.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to support needy, vulnerable but bright students and increase accessibility to secondary schools and tertiary institutions.

Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Nicholas J.T Kiboi	Chairperson
2	Moris Kiboi	Committee Member
3	Fred Kikete	Committee Member
4	Bukhuni Makhanu	Committee Member
5	Wambiya Katoyi	Committee Member
6	Godfrey W. Watulo	Committee Member
7	Bishop Lirhu Wafula	Committee Member
8	Selina Nyongesa	Fund Administrator/Secretary

Key Management team

Ref	Name	Position
1.	Dr. David Wamamili	CECM- Education and VTC.
2.	Mr. Nicholas Kiboi	Chief Officer Education and VTC.
3.	Selina Nyongesa	Fund Administrator,
4.	Julius Wafula	Fund Accountant.
5.	Eunice Imbwenya	Director.
6.	Gilbert Cheshari	Finance officer.
7.	Wycliffe Matumbai	Economist.

Bungoma County
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c) Fiduciary Oversight Arrangements

The fund operations are overseen by the internal audit department. The key management personnel who held office during the financial year ended 30th June, 2024 and who had direct fiduciary responsibility were:

SN	Position	Name
1	Directorate Internal Audit	CPA Brian Makokha

d) Registered Offices

P.O. Box 437,
Blackhouse
Building, Moi
Avenue
Bungoma,
KENYA

e) Fund Contacts

Telephone: (254) 725159153
E-mail:
Website:

f) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Moi avenue
P. O. Box 4108380-50200
Bungoma, Kenya.

Bungoma County
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Report and Financial Statements for the period ended June 2024

g) Independent Auditors

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



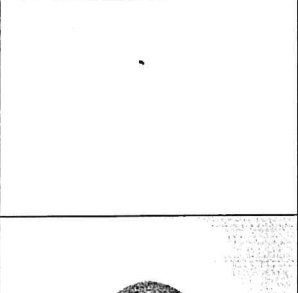

h) Principal Legal Adviser

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

i) County Attorney

- 1. Simiyu A. Makokha- County Legal Officer.*
- 2. Abigail Walaka- County Legal Officer.*



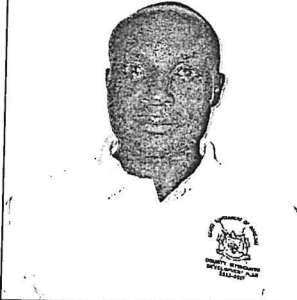
Bungoma County**Education support scheme****Report and Financial Statements for the period ended June 2024****3. Management Team.**

Name	Photo(s)	Date of birth	Details of qualifications and experience	Work experience
1. Dr. David Wamamili Wanyonyi		06/10/1966	PHD in Education Communication and Technology	Over 33 years
2. Mr. Nicholas Kiboi		01/09/1968	Bachelor of Education Science.	Over 31 years
3. Mrs. Selina Nyongesa		30/12/1987	Diploma in Human Resource Management.	Over 10 years
4. Gilbert Cheshari		01/11/1990	Bachelor of Business Management- Accounting option. CPA Part III.	Over 8 years

Bungoma County

Education support scheme

Report and Financial Statements for the period ended June 2024

5. Julius Waful a		1978	Diploma in Accountancy.	Over 8 years
6. Euni ce Imbw enya		10/10/19 71	Bachelor of Education Arts.	Over 16 years
7. Wycli ffe Matu mbai			Bachelor of Science Management.	Over 20 years.

Bungoma County
Education support scheme
Report and Financial Statements for the period ended June 2024

4. Fund Chairperson's Report

The ministry of Education plays an integral role in overseeing educational activities in the county. This is because by providing bursaries to many beneficiaries in their secondary school, literacy levels are achieved which sparks economic development. The number of students who remain in schools for periods of three and four years has significantly improved since the establishment of the bursary scheme at the inception of the county.

During the financial year 2022/23, the fund was unable to utilize all the allocated funds to the tune of ksh. 138,327,309. However the funds were utilized during the 1st quarter of the current financial year.

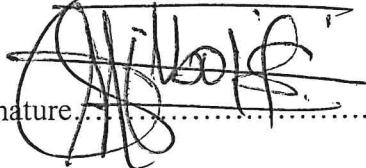
In the financial year 2023/2024, the fund was allocated ksh 275,000,000.00 for both bursary (140,000,000) and scholarship (135,000,000). However, the scheme received additional funding of ksh.45,000,000 towards bursary in the approved 1st supplementary budget, making the total allocation for Scholarship and Bursary to be ksh.140,000,000 and ksh.180,000,000 respectively.

During the third quarter, the fund received the 1st disbursement of ksh.60,000,000 towards scholarship program.

To date, over 20,000 students have benefitted immensely from the scheme.

The bursary has however faced many challenges, which can be summarised into inadequacy of funds disbursed to the wards against the needy students leading to low allocations of the funds per student.

However, the bursary is doing great in uplifting the socio-economic livelihoods of the needy and bright students in the county.

Name Nicholas J.T. Kubai Signature  Date 05/07/2024
Chairperson of the Fund

Bungoma County

Education support scheme

Report and Financial Statements for the period ended June 2024

5. Report of The Fund Administrator

Bungoma County Education Support Scheme is established by and derives its authority and accountability from The Bungoma County Education Support Scheme Regulations, 2015 of Kenya (revised in 2019). The Fund is wholly owned by the County Government of Bungoma and is domiciled in Kenya.

The fund's objective is to support needy students proceeding with secondary, tertiary and technical studies while the fund's principal activity is to disburse funds to schools and tertiary institutions for the support of needy students. The scheme has a two level governance structure, namely county education support management and ward bursary management committees. Currently the county scholarship committee is comprised of seven members appointed by county executive committee members with representation from various interest groups, such as youth, women, professional and faith based groups. The chief officer in charge of education chairs the committee while the fund administrator is the secretary. The fund administrator, appointed by the County Executive Committee Member in charge of Finance and Economic planning is responsible for the day-to-day operation of the fund. The function of the committee is to receive and consider applications for scholarships, mobilise resources in support for the scheme, advice on scholarship and bursaries allocations among other functions. In the last financial year, the committee held eight meetings to consider applications for scholarships from across the county. During the meetings, the committee usually review the performance of the previous awards and suggest to the fund administrator mechanisms of improving performance. At the ward level, the ward management committee is responsible for receiving and vetting applications for ward bursaries. The committee is comprised of five members elected from within the community with due consideration to regional balance and marginalized groups. Members elect the committee chairperson on its first sitting and the ward administrator is the secretary. In the year under preview, the ward committees had several sitting ranging from four to six seatings depending on the volume of applications received. Members of county and ward committees serve for a period of 3 years and are eligible for re-election. A member may be removed from the committee based on chronic absenteeism, breach of chapter six on integrity, death among others. In the year under review, some ward committees lost their members due to natural attrition.

Bungoma County

Education support scheme

Report and Financial Statements for the period ended June 2024

In order to ensure transparency, the county and ward committees publish all names of successful applicant on public notice boards. An annual performance report on performance of the fund is prepared by the fund administrator and forwarded to the county Treasury as required in law.

The funds allocated to the funds are subject to audit by internal and external auditors. The previous financial year external audit returned a qualified opinion on its financial performance. In addition, to ensure prudence in financial management, the fund management strive to maintain proper financial records and tracks the utilization of the same to ensure that the funds reach the right beneficiaries. To ensure accountability and transparency, the fund management is developing a code of conduct for all its officials. The code will spell the do and don'ts of each official serving in the committee including issues of conflict of interest.

During the financial year 2022/23, the fund was unable to utilize all the allocated funds to the tune of ksh. 138,327,309.

Detailed expenditures of the funds brought forward was highlighted in quarter one expenditure report.

In the financial year 2023/2024, the fund was allocated ksh 140,000,000.00 and ksh.180,000,000 for scholarship and bursary respectively. For the reporting period, the fund received her 1st disbursement of ksh.60,000,000 for scholarship beneficiaries. The expenditure report is well captured in the later sections of this report.

The scheme has had a fair share of challenges such as inadequate budgetary allocation, delays in disbursement of funds from the National Treasury, and delays in submission of bursary beneficiaries from the wards.

Name.....*Selina Njongera*.....Signature.....*[Signature]*.....Date.....*5/7/2024*.....

Fund Administrator

Bungoma County

Education support scheme

Report and Financial Statements for the period ended June 2024

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 Bungoma County Government Entity's 2022-2023 plans are to:

- a) Provide for the establishment, administration, management and winding up of the Bungoma County Education Support Scheme.
- b) Make provision for the granting of scholarships and bursaries to eligible students from the County
- c) The principles for the establishment of the scheme are to-
 - increase access to quality education and training
 - support needy students proceeding to secondary, vocational, tertiary and higher education
 - promote an integrated strategic approach in addressing education, training and skills development
 - fulfil the department's social responsibility through funding of education institutions within the county
 - reduce disparities and inequalities in provision of education and training within the County
 - model an alternative framework in funding education and training programs

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Disbursement of scholarship and bursary funds	To provide Scholarship and Bursaries to bright, needy and vulnerable students from the county	Increased transition levels from secondary to higher institutions of learning and to the job market.	% of students transiting to institutions of higher learning	The fund is in the process of achieving her objectives in the current financial year.

7. Corporate Governance Statement

The Bungoma county scholarship and bursaries scheme was established in 2018 through a regulation of the county assembly with the purpose being to provide financial support to needy students pursuing their education and training in secondary and post-secondary institutions. The scheme is governed through the Bungoma county scholarship and bursaries regulation of 2019. The scheme has a two level governance structure, namely county education support management and ward bursary management committees. Currently the county scholarship committee is comprised of seven members appointed by county executive committee members with representation from various interest groups, such as youth, women, professional and faith based groups. The committee is chaired by the chief officer in charge of education while the fund administrator is the secretary. The fund administrator, appointed by the County Executive Committee Member in charge of Finance and Economic planning is responsible for the day-to-day operation of the fund. The function of the committee is to receive and consider applications for scholarships, mobilise resources in support for the scheme, advice on scholarship and bursaries allocations among other functions. In the last financial year, the committee held a total of eight meeting to consider applications for scholarships from across the county. During the meetings the committee usually review the performance of the previous awards and suggest to the fund administrator mechanisms of improving performance.

At the ward level, the ward management committee is responsible for receiving and vetting applications for ward bursaries. The committee is comprised of 5 members elected from within the community with due consideration to regional balance and marginalized groups. The committee chairperson is elected by members on its first sitting and the ward administrator is the secretary. In the year under review, the ward committees had several sitting ranging from 4 sitting to 6 sitting depending on the volume of applications received. Members of county and ward committees serve for a period of 3 years and are eligible for re-election. A member may be removed from the committee on the basis of chronic absenteeism, breach of chapter six on integrity, death among others. In the year under review, some ward committees lost their members due to natural attrition. In order to ensure transparency, the county and ward committees publish all names of successful applicant on public notice boards. An annual performance report on performance of the

Bungoma County

Education support scheme

Report and Financial Statements for the period ended June 2024

fund is normally prepared by the fund administrator and forwarded to the county Treasury as required in law.

The funds allocated to the funds are subject to audit by internal and external auditors. The previous financial year external audit returned a qualified opinion on its financial performance. In addition, to ensure prudence in financial management, the fund management strive to maintain proper financial records and tracks the utilization of the same to ensure that the funds reach the right beneficiaries. To ensure accountability and transparency, the fund management is developing a code of conduct for all its officials. The code will spell the do and don'ts of each official serving in the committee including issues of conflict of interest. The fund is also in the process of developing a Fund Information Management System (FMIS) to manage data both at county and ward level. The system will also enable applicants to apply online. The fund management has also put in place a robust training programme for all its officials. It is envisioned that all committee members will be trained. The fund management is also in the process of developing a monitoring and evaluation framework. This will enable the fund to undertake periodic monitoring and evaluation of its activities. Consequently, recommendations from the monitoring and evaluation will be incorporated in future operations of the fund.

8. Management Discussion and Analysis

The scheme has continued to expand and support more students since its inception in 2019. The county government continues to put more emphasis on the education of the children of Bungoma County. Consequently, it continues to allocate funds on its budget estimate for the purpose. The table below shows the funds allocated by the county government towards the fund since 2018/18 financial year to date.

Table 1: Amount of Funds Budgeted Vs. Funds Released

Year	Amount budgeted	Actual amount released
2023/24	320,000,000	105,000,000
2022/2023	524,000,000	524,000,000
2021/2022	550,000,000	550,000,000
2020/21	110,000,000	110,000,000
2019/20	240,000,000	170,000,000
2018/19	190,000,000	190,000,000

Bungoma County**Education support scheme****Report and Financial Statements for the period ended June 2024**

Table 1.0 shows that in financial year 2023/24, the county allocated kshs. 320,000,000 for the scheme and a total of ksh.60,000,000 has been released by the National treasury as at 31st March 2024. The allocation has always been insufficient considering the high enrolment of beneficiaries. To mitigate this, the department, in consultation with major stakeholders resolved to reduce the numbers of the current form ones enrolment from 845 to 540 (12 students per ward).

Table 2.0 shows the number of scholarship beneficiaries since 2019.

Table 2.0: Number of Scholarship beneficiaries since 2018/2019

Financial Year	Number of scholarship beneficiaries
2023/24	647
2022/23	1,890
2021/22	2,192
2020/21	761
2019/20	556
2018/19	453

Table 2.0 shows that the number of beneficiaries between 2018/19 and 2022/23. The number of beneficiaries under scholarship programme increased from 456 in 2018/19 to 5,467 in 2023/24.

Table 3 below shows the distribution of bursary allocation from 2018/19 to 2022/23 financial year.

Table 3: number of bursary beneficiaries since 2018/19 financial year.

Financial Year	Number of bursary beneficiaries
2023/2024	45,000
2022/2023	40,000
2021/2022	20,000
2020/21	9,000
2019/20	12,680
2018/19	22,367

In the performance of its mandate, the fund management strictly adhered to the provisions of the constitution of Kenya, article 43(1) which advocates for the right of the children including right to education, Article 53(1) (b) which states every child has the right to free and compulsory basic education. In schedule 4 of the constitution, the county government is also assigned the function of managing the education sector. The public finance

Bungoma County

Education support scheme

Report and Financial Statements for the period ended June 2024

management act (2012) provides for the establishment and management of funds. Under the act, section 116 provides that the county executive committee member or finance may establish other public funds with approval of the county executive committee and county assembly. The county government act (2012) and the Bungoma county scholarship and bursaries regulations (2019) provides for the establishment and operationalization of the scheme.

Despite its performance, the scheme is faced with a number of risks and uncertainties. For instance, changes of government policy is likely to affect its continuity of the scheme. The scheme is also faced with issues of untimely release of funds which leads to delay in processing of payments to schools. The scheme may also suffer from disasters and pandemics which may force government to change its priorities. During the COVID 19 pandemic, the government did not release all the funds allocated to the scheme since most resources were reallocated towards fighting the pandemic.

9. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

The top management especially the accounting officer should refer 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. Corporate Social Responsibility / Community Engagements

The fund did not engage itself in corporate social responsibility during the year under review.

10. Report of the Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Fund affairs.

Principal activities

The principal activity/mission/ mandate of the Fund is to support needy, vulnerable but bright students and increase accessibility to secondary schools and tertiary institutions.

Bungoma County

Education support scheme

Report and Financial Statements for the period ended June 2024

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 10

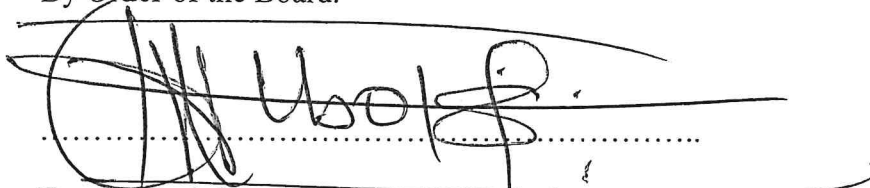
Trustees

The members of the Board of Trustees who served during the year are shown on page iii

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.

A large, stylized handwritten signature in black ink, appearing to read 'U. O. O. O.', is written over a horizontal line. Below the line is a dotted line.

Fund Administration Committee chair.

Date: 05.07.2024

Bungoma County
Education support scheme
Report and Financial Statements for the period ended June 2024

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 *the Bungoma Bursary Fund Regulations, 2015 of Kenya (Revised in 2019)*, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2021.

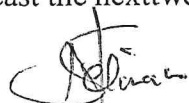
This responsibility includes:

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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *the Bungoma Bursary Fund Regulations, 2015 of Kenya (Revised in 2019)*.

The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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



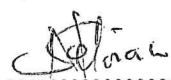
.....
Administrator of the County Education support Fund

Bungoma County
Education support scheme
Report and Financial Statements for the period ended June 2024

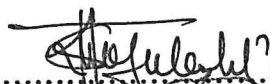
12. Statement of Financial Performance for the period ended June 2024

Description	Note	Period ended June 2024	Comparative Period
		Kshs	ksh
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	45,000,000	60,000,000
Total Revenue		45,000,000	60,000,000
Expenses			
Scholarship and other educational benefits	2	(47,375,770)	(47,455,000)
General Expenses-	3	(1,982,355)	(3,221,305)
Total Expenses		(49,358,125)	(50,676,305)
Other Gains/Losses		0	0
Surplus/(Deficit) for the Period		(4,358,125)	9,323,695

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 5th July 2024 and signed by:



.....
Name: Selina Nyongesa
Administrator of the Fund
Date:



.....
Name: Julius Wafula
Fund Accountant
Date:
ICPAK Member No.

Bungoma County
Education support scheme
Report and Financial Statements for the period ended June 2024

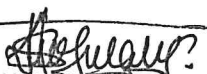
13. Statement of Financial Position as at June 2024.

Description	Note	Period ended June 2024	Comparative Period
		Kshs	
Assets			
Current Assets			
Cash and Cash Equivalents	4	4,969,621	9,327,746
Current Portion of Long- Term Receivables From Exchange Transactions	5	224,415,300	269,415,300
Total current assets		229,384,921	278,743,046
Total Assets		229,384,921	278,743,046
Net Assets		229,384,921	278,743,046
Accumulated Surplus		0	0
Total Net Assets and Liabilities		229,384,921	278,743,046

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 5 July 2024 and signed by:



Name: Selina Nyongesa
Administrator of the Fund.
Date:



Name: Julius Wafula
Fund Accountant.
Date:
ICPAK Member No.

Bungoma County**Education support scheme****Report and Financial Statements for the period ended June 2024****14. Statement of Changes in Net Assets for the period ended June 2024**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance as at the beginning of Previous period	-	-	335,381.40	335,381.40
Surplus/(Deficit) For the Period	-	-	9,323,695	9,323,695
Funds Received During the Period	-	-	60,000,000	60,000,000
Transfers	-		(50,676,305)	(50,676,305)
Balance as at the end of Previous period	-	-	9,327,746	9,327,746
Balance as at the beginning of current period	-	-	9,327,746	9,327,746
Surplus/(Deficit) For the Period		-	(4,358,125)	(4,358,125)
Funds Received During the period	-	-	45,000,000	45,000,000
Transfers	-		(49,358,125)	(49,358,125)
Balance as at the end of Current period	-	-	4,969,621	4,969,621

Bungoma County**Education support scheme****Report and Financial Statements for the period ended June 2024****15. Statement of Cash Flows for the quarter Ended 30 June 2024**

Description	Note	Period ended June 2024	Comparative Period
		Kshs	
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	45,000,000	60,000,000
Total receipts		45,000,000	60,000,000
Payments			
Bursary and other educational benefits	2	(47,375,770)	(47,455,000)
General Expenses	3	(1,982,355)	(3,221,305)
UNICEF Training		-	-
Total payments		(49,358,125)	(50,756,305)
Adjustments for:			
Net cash flows from operating activities		(4,358,125)	9,323,695
Net increase/(decrease) in cash & cash equivalents		(4,358,125)	9,323,695
Cash and cash equivalents at 31 March 2024	4	9,327,746	4,051
Cash and cash equivalents at 30th June 2024		4,969,621	9,327,746

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	B	C=(a+b)	D	e=(c-d)	f=d/c*100
Revenue						
Transfers From County Govt.	275,000,000	46,700,000	321,700,000	45,000,000	216,700,000	32.60%
Total Income	275,000,000	46,700,000	321,700,000	45,000,000	216,700,000	32.60%
Expenses						
Fund Administration Expenses	8,250,000	1,401,000	9,651,000	1,982,355	8,193,465	84.89%
General Expenses	266,750,000	45,299,000	310,400,000	47,375,770	262,945,000	15.26%
Total Expenditure	275,000,000	46,700,000	321,700,000	49,358,125	271,741,875	15.34%
Surplus For the Period	0	0	0	(4,358,125)	(4,358,125)	0

Budget notes

1. The approved budget for both scholarship and Bursary for the current financial year was ksh. 275,000,000, however the scheme received an addition of ksh.46,700,000 during the 1st supplementary budget. The addition was for Bursary beneficiaries only.
2. During the quarter under review, the fund received the 2nd exchequer disbursement of ksh.45,000,000 which was deposited in the special purpose account and later transferred to the scheme's account domiciled in Kenya Commercial Bank (KCB).
3. The expenditure of the received funds totals to ksh.49,358,125 resulting to a deficit of ksh. 4,358,125 which was financed by the funds in the scheme's special purpose account.

17. Notes to the Financial Statements

1. General Information

The Bungoma County Education Support Scheme Regulations, 2015 of Kenya (revised in 2019) on December, 2019. The Fund is wholly owned by the County Government of Bungoma and is domiciled in Kenya.

The principal activities of the Fund continue to be the support of needy and bright students.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

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Standard	Effective date and impact
<p>◦</p>	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • 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>There was no impact on Financial statements.</p>
<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>There was no impact on Financial statements.</p>
<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.

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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><i>This will lead to more transparency and accountability of funds received within a period</i></p>

Early adoption of standards

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

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.

b) Budget information

The original budget of ksh.275,000,000 for FY 2023/24 was approved by the County Assembly on May 2023. 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 45,000,000 on the FY 2023/24 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,

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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.

Summary of Significant Accounting Policies (Continued)

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

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

c. Financial instruments

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

Financial assets

Classification of financial assets

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

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principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

4. Financial liabilities

Classification

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

a) 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.

b) 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.

c) Social Benefits

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

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Summary of Significant Accounting Policies (Continued)

d) 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.

e) 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.

f) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The fund maintains accumulated surplus in line with the relevant reporting standards.

5. 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.

a) 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.

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Summary of Significant Accounting Policies (Continued)

b) 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.

c) 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.

c) 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.

d) 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.

e) Comparative figures

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

7. Significant judgments and sources of estimation uncertainty.

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 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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8. Notes To The Financial Statements.

1. Public contributions and donations

Description	Period ended June 2024	Comparative Period
	Kshs	Kshs
Donation From Development Partners	0	0
Total	0	0

The donation received during quarter one was from Save the Children International towards training of ECDE Teachers on curriculum development.

2. Transfers from County Government

Description	Period ended June 2024	Comparative Period
	Kshs	Kshs
Transfers From County Govt. – Operations	45,000,000	60,000,000
Total	45,000,000	60,000,000

3. Use of Goods and Services

Description	Period ended June 2024	Comparative Period
	Kshs.	Kshs.
General Office Expenses	0	40,000
Committee Allowances	585,000	795,000
Printing And Stationery	77,000	30,000
Bank Charges	152,655	43,430
Scholarship and Bursary payments to schools	47,375,770	47,455,000
Scholarship launch program 2024	0.00	2,312,875
Fuel Consumption	68,900	0
Senate interrogation in KICC-Nairobi	540,800	0
Reporting- Financial and Non-Financial	558,000	0
Total	49,358,125	50,676,305

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4. Cash and cash equivalents

Description	Period ended June 2024	Prior period audited
	Kshs	Kshs
Current Account	4,969,621	138,327,309
Total Cash And Cash Equivalents	4,969,621	138,327,309

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

Financial Institution	Account number	Period ended June 2024	Prior period audited
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1182244041	1,282,196	138,327,309
Special purpose account	1000715022	3,687,425	0
Sub- Total		4,969,621	138,327,309
Grand Total		4,969,621	138,327,309

4. Receivables from exchange transactions

Description	Period ended June 2024	Prior period audited
	Kshs	Kshs
Current Receivables		
Current Loan Repayments Due	7,715,800	7,715,800
Transfers from National Treasury	216,700,000	261,700,000
Total Current Receivables	224,415,800	269,415,800
Total Receivables From Exchange Transactions	224,415,800	267,715,800

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9. Annexes.

Annex 1: Statement of Financial Performance Per Quarter

Description	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative to date period ended June 2024	Comparative period prior year
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Revenue from non-exchange transactions						
Transfers from County Government	62,941,910	0	60,000,000	45,000,000	167,941,910	464,000,000
	62,941,910	0	60,000,000	45,000,000	167,941,910	464,000,000
Total revenue	62,941,910	0	60,000,000	45,000,000	167,941,910	464,000,000
Expenses						
Use of goods and services	190,681,316.50	3,076,426	50,676,305	49,358,125	293,792,172.5	325,672,691
Total expenses	(190,681,316.50)	(3,076,426)	(50,676,305)	49,358,125	(293,792,172.5)	(325,672,691)
Surplus/(deficit)	(127,739,406.50)	(3,076,426)	9,323,695	(4,358,125)	(125,850,262.5)	138,327,309

