



**COUNTY ASSEMBLY OF BUNGOMA**  
**THIRD COUNTY ASSEMBLY**  
**SECOND SESSION**

**PUBLIC ACCOUNTS AND INVESTMENTS COMMITTEE**

**REPORT**  
**ON**

**AUDITOR GENERAL'S REPORT ON THE FINANCIAL**  
**STATEMENTS OF THE BUNGOMA COUNTY BURSARY FUND**  
**FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE, 2019**

**Clerk's Chambers**  
**County Assembly Buildings**  
**PO BOX 1886,**  
**BUNGOMA, KENYA.**

RECORDS SECTION  
COUNTY ASSEMBLY OF BUNGOMA  
26 OCT 2023  
RECEIVED  
P O Box 1886 50200, BUNGOMA

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*27/10*

*31/10/23*  
*the*  
*subject*  
*the*  
*31/10/23*

COUNTY ASSEMBLY OF BUNGOMA  
(LPCS)  
08 NOV 2023  
TABLED  
By: Hon. JK Nanyama

COUNTY ASSEMBLY OF BUNGOMA  
(LPCS)  
08 NOV 2023  
NOTICE ISSUED  
By: Hon. JK Nanyama

**October, 2023**



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## **1.0. CHAPTER ONE**

### **1.1 PREFACE**

**Mr. Speaker sir,**

On behalf of the Members of Public Accounts and Investments Committee and pursuant to the provisions of Standing Order No. 209 and in accordance with Article 227(8) of the Constitution of Kenya, 2010, it is my pleasure and duty to present to this Assembly, the Committee report on the Auditor General's Reports on the Financial Statements of the Bungoma County;

1. The Bungoma County Education Support Scheme for the period ended 30<sup>th</sup> June, 2021

### **1.2 MANDATE OF THE COMMITTEE**

The mandate of Public Accounts and Investments Committee is drawn from Standing Order number, 209 (5) with the functions to:

- a) Pursuant to Article 185 (3) of the Constitution of Kenya to exercise oversight over the County Executive Committee and any other County Executive Organ.
- b) Pursuant to Article 229 (7) and (8) of the Constitution to examine the reports of the Auditor General on the annual accounts of the County Government.
- c) To examine special reports if any, of the Auditor General on County Government Funds
- d) To examine the reports if any of the of the Auditor General on the County Public Investments
- e) To exercise oversight over County Public Accounts and Investments



### **1.3 POWERS**

**Mr. Speaker Sir,**

The Committee pursuant to the provisions of Article 185(3) is mandated to exercise oversight over the County Executive Committee and any other County organs and also to examine special reports of the Auditor-General on County Government Funds in respect of the appropriation of sums granted by the County Assembly to meet the public expenditure, and to enforce adherence to the fiscal responsibility principles as provided under *Article 201* of the Constitution of Kenya, 2010. The Committee executes its mandate on the basis of annual and special audit reports prepared by the Office of the Auditor-General (OAG).

### **1.4 GUIDING PRINCIPLES**

#### **1.4.1. AUDIT OF PUBLIC ACCOUNTS**

According to Article 229(4) (b) of the Constitution of Kenya, within six months after the end of each financial year, the Auditor General is required to examine the Financial Report on the Accounts of all funds and authorities of the National and County Governments and express an opinion on the report on whether money appropriated by Parliament or the relevant County Assembly and disbursed;

- i) Has been applied for the purpose for which it was appropriated or raised;
- ii) Was expended in conformity with the authority that governs it; and was expended economically, efficiently and effectively.
- iii) The Audit reports shall then be submitted to Parliament or the relevant County Assembly for debate and consideration.



#### **1.4.2. OBLIGATIONS OF ACCOUNTING OFFICERS**

**Section 149(1), of the PFM Act, 2012 stipulates that:** *“An accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized; effective, efficient, economical and transparent.”*

#### **1.4.3. DIRECT PERSONAL LIABILITY**

Article 226(5) of the Constitution is emphatic that “If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not”.

**Mr. Speaker Sir,**

Section 116(1) of the Public Finance Management Act provides that, the County Executive Committee Member for Finance may, with the approval of the County Executive Committee and the County Assembly, establish Public Funds.

Section 116 (7)(a) (b) (c) of the same Act directs that “The administrator of a County Public Fund shall prepare accounts for the fund for each financial year and not later than three months after the end of each financial year, submit financial statements relating to those accounts to the Auditor-General and the County Assembly.”

Furthermore, the *Public Audit Act, No. 34 of 2015* stipulates that;

- 1) All reports of an Audit shall be submitted to Parliament or the relevant County Assembly.



- 2) Within seven days of receiving the report, Parliament shall publicize it on its official website and other public spaces.
- 3) Within fourteen days after submitting the report to Parliament or the relevant County Assembly, the Auditor-General shall publicize the report on the official website and other public spaces.

Further, Section 35 of the same Act stipulates that, the Auditor-General shall conduct audits of financial statements under Article 229 of the Constitution for State Organs and public entities and report annually to Parliament and the relevant County Assembly.

Section 36(1) states provide, that the Auditor-General shall conduct performance audit to examine the economy, efficiency and effectiveness with which public money has been expended pursuant to Article 229 of the Constitution.

Further and without prejudice to the foregoing, PART II of the (Bungoma County Education Support Scheme) Regulations, 2019, and in particular Section(5) provides that, the establishment of the fund shall be a scheme to provide for Scholarship and Bursaries to Students from the County.

Section (6) of the Regulations provides that, the sources of the funds shall include-

- a) Monies appropriated from the County exchequer account
- b) Gifts, donations and endowments from legal sources made to the fund;and
- c) Such Funds as may vest in or accrue to the scheme in the performance of its functions under this regulations or any other written law.

Section(7)(1) of the Regulations stipulates that, the initial capital of the scheme shall be allocated on the following basis;



- a) An amount not exceeding three(3) per cent of total fund shall be allocated for administrative purposes of the Scheme
- b) An amount not less than fifty seven(57)per cent and not exceeding eighty seven(87)per cent of the fund shall be disbursed as Bursaries to needy students
- c) An amount not less than ten(10)per cent and not exceeding forty (40)per cent of the fund shall disbursed as scholarship targeting secondary school students with outstanding performance.

(2)The County Executive Committee Member in charge of Education shall in consultation with stakeholders issue guidelines on the allocation of scheme taking into consideration the limits provided in (1)(a-c),above with priority given to the devolved functions.

**Mr. Speaker Sir,**

The Public Accounts and Investments Committee strongly holds the view that these provisions of the law were meant to ensure prudent and responsible use of public funds. The Committee has accordingly applied these provisions to recommend varying actions. The committee also places a premium on these principles, among others, and has been guided by them in the entire process that has culminated to this report.

**1.4.4. CONFIDENTIALITY UNDERTAKING BY THE COMMITTEE**

To enhance the integrity of the Committee and its work, Members of the Public Accounts and Investments Committee have signed a confidentiality undertaking in accordance with Bungoma County Assembly Standing Order No 98.In relation to the provisions of the said Standing Order; Members



have undertaken that in relation to this report, no Member of the Committee shall refer to the substance of the proceedings touching on the subject matter which shall include any evidence or documents presented to the Committee and any information under discussion or deliberation at its meetings before it is tabled in the County Assembly.

1. MEMBERS OF PUBLIC ACCOUNTS AND INVESTMENTS  
COMMITTEE

1. Hon Everton Nganga	Chairperson
2. Hon. Timothy Chikati	Vice Chairperson
3. Hon. Bernard Kikechi	Member
4. Hon. Evelyne Mutiembu	Member
5. Hon. Metrine Nangalama	Member
6. Hon. Stephen Kaiser	Member
7. Hon. Jerusa Aleu	Member
8. Hon. Anthony Lusenaka	Member
9. Hon. Violet Makhanu	Member
10.Hon. Alfred Mukhanya	Member
11.Hon. John K. Wanyama	Member



1.1 ACKNOWLEDGMENT

**Honorable Speaker**, the Committee wishes to express its gratitude to your office for allowing us sit outside the precincts of the County Assembly to prepare this report, further our great thanks goes to the office of the Clerk for facilitating the committee to execute its mandate. The committee also extends its gratitude to the County Executive teams that appeared before it for interrogations and lastly the secretariat of the committee and the officers from the office of Auditor General for exemplary technical and logistical support that led to the production of this report.

**Mr. Speaker Sir**, on behalf of the Public Accounts and Investments Committee, I now wish to table this report and urge the Honorable House to adopt it with the recommendations therein.

SIGNED..........DATE.....16/10/2023

**HON. EVERTON S NGANGA, MCA- EAST SANGALO WARD  
(CHAIRMAN, PUBLIC ACCOUNTS AND INVESTMENT  
COMMITTEE).**



## CHAPTER TWO

### REPORT OF THE AUDITOR- GENERAL ON FINANCIAL STATEMENTS OF BUNGOMA COUNTY BURSARY FUND FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019

#### 1. Irregular Bursary to Vocational College Students

##### Qualified Opinion

The scholarships and other educational benefits expenditure of Kshs.178,112,129 reflected in the statement of financial performance includes bursaries totaling Kshs.9,296,000. However, the bursary application forms were not supported with evidences of approval of the County Education Support Scheme Committee. This was contrary to Section 17 of the Public Finance Management (Bungoma County Education Support Scheme) Regulations, 2019 that require the Committee to Vet and recommend eligible scholarship applicants.

As a result, the validity of the bursary of Kshs.9, 296,000 awarded during the year under review could not be confirmed.

##### Management response

**The accounting officer in his written response submitted that;**

The bursary disbursement of Ksh 9,296,000 to Vocational College Students was done after receipt and verification of the bursary application forms by the County Education Support Scheme Committee. The county Education Support Committee ascertained student names in the Vocational Training Centers (VTC) and vetted the forms. Minutes of vetting were kept by the department. By the time of audit those minutes had been taken by the Ethics and Anticorruption Commission (EACC) hence could not be availed. The



department commits to forward the said minutes once it receives them from EACC.

### **Oral submission by the accounting officer**

At the time of interrogation, the accounting officer was unable to provide the application forms for verification as it had been highlighted by the auditor General, however the CEC Member stated that the forms had been taken by the EACC for investigations and promised to follow-up by writing to the agencies so that the documents are availed for audit purposes.

### **Committee observations**

1. The committee notes that Section 17 of the Public Finance Management (Bungoma County Education Support Scheme) Regulations, 2019 was not adhered to by the accounting officer while implementing the scheme. The scholarships were awarded to the students minus the approval of the County Education support scheme committee since no minutes of the committee were availed for verification by the Public Accounts and Investment committee.
2. The accounting officer submitted that the said documents were taken away by EACC and efforts to get the same have not been achieved. This committee however observes that despite the documents request by EACC, no inventory of the submitted documents acknowledged by EACC was presented for confirmation.



## **Recommendation**

The accounting officer having failed to submit the requested documents to confirm the scholarship awards by the Bungoma County Education Support Scheme of Kshs.9, 296,000, contrary to regulation 17 of the Bungoma County Education support scheme regulations 2019, The propriety of these amount cannot be confirmed and therefore its recommend that the Ethics and Anti-corruption commission being in custody of the bursary minutes, takes up the matter for investigation on the award procedures for all the beneficiaries of the Kshs. 9,296,000. (Nine Million two hundred and ninety six thousands)

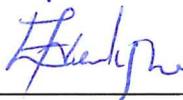
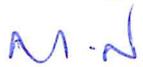
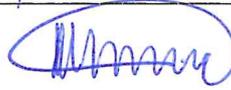
## **CONCLUSION**

The committee recommends the department to review the Bungoma County education support scheme fund 2019 to clearly and distinctly provide for the beneficiaries for scholarship and/or bursary.



### ADOPTION SCHEDULE

We the undersigned members of the Public Accounts and Investment Committee affix our signatures adopting this report with the contents therein.

	MEMBERS NAME	DESIGNATION	SIGN
1	Hon. Everton Nganga	Chairperson	
2	Hon. Timothy Chikati	Vice Chairperson	
3	Hon. Everlyne Mutiembu	Member	
4	Hon. Metrine Nangalama	Member	
5	Hon. Stephene Kaiser	Member	
6	Hon. Jerusa Aleu	Member	
7	Hon. Anthony Lusenaka	Member	
8	Hon. Violet Makhanu	Member	
9	Hon. Bernard Kikechi	Member	
10	Hon. Alfred Mukhanya	Member	
11	Hon. John k. Wanyama	Member	



REPUBLIC OF KENYA

COUNTY ASSEMBLY OF BUNGOMA  
CLERK



17 JAN 2022

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OFFICE OF THE AUDITOR-GENERAL

1886-50200. BUNGOMA

HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
Box 30084-00100  
NAIROBI

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

Enhancing Accountability

BCBF/2018/2019/ (17)

12 January, 2022

Mr. John Mosongo  
Clerk to the Bungoma County Assembly  
P.O. Box 1886-50200  
BUNGOMA

*TABLED ON  
AN 10.17 NOV. 2022  
AT 2.00 P.M.  
Committee  
PARC*

Dear Mr. Mosongo,

**REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF  
BUNGOMA COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2019**

I transmit the report of the Auditor-General on the examination of the financial statements of Bungoma County Bursary Fund for the year ended 30 June 2019. The report is submitted in accordance with the provisions of Article 229(7) of the Constitution for the necessary action as required by Article 229(8) of the Constitution.

Yours sincerely,

David M. Njoka  
For: AUDITOR-GENERAL

PCA  
HBC  
18/1/22

Copy to: The Principal Secretary  
National Treasury  
P.O. Box 30007-00100  
NAIROBI

Mr. Jeremiah Nyegenye, CBS  
Clerk to the Senate  
P.O. Box 41842-00100  
NAIROBI

H.E. Wycliffe Wafula Wangamati  
Governor  
Bungoma County Government  
P.O. Box 437-50200  
BUNGOMA

County Executive Member - Finance  
Bungoma County Government  
P.O. Box 1886- 50200  
BUNGOMA

*laid  
Committee  
to PAE*

STATE OF NEW YORK

IN SENATE  
January 15, 1913

REPORT OF THE  
COMMISSIONERS OF THE LAND OFFICE  
IN RESPONSE TO A RESOLUTION PASSED BY THE SENATE  
ON JANUARY 10, 1912

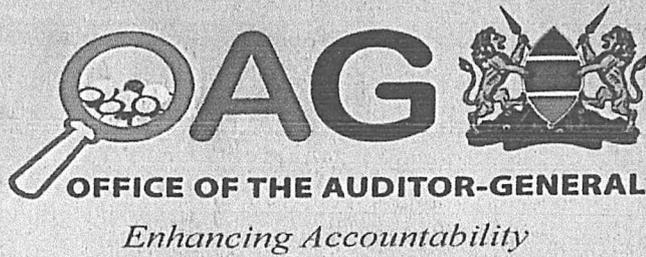
ALBANY: J.B. WARD, STATE PRINTER, 1913.

Price, 50 cents.

Published by the State of New York,  
under the authority of the Senate.

ALBANY: J.B. WARD, STATE PRINTER,  
1913.

Price, 50 cents.



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**BUNGOMA COUNTY BURSARY  
FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2019**

OFFICE OF THE ATTORNEY GENERAL

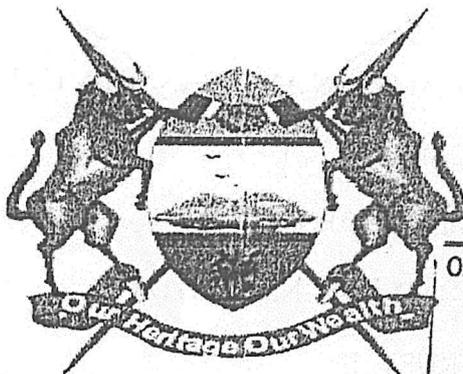
STATE OF TEXAS

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OFFICE OF THE AUDITOR-GENERAL  
P. O. P. 2105-50200, BUNGOMA

07 SEP 2020

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**BUNGOMA COUNTY BURSARY FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019**

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

**Bungoma County Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**Bungoma County Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**1. KEY BURSARY FUND INFORMATION AND MANAGEMENT**

**a) Background information**

Bursary Fund is established by and derives its authority and accountability from The Bungoma Bursary Fund Regulations, 2015 of Kenya (revised in 2018) on December, 2018. 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.

The Fund's principal activity is to disburse funds to schools and tertiary institutions for the support of needy students.

**b) Principal Activities**

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

**c) Fund Administrator**

Ref	Name	Position
1	Cyrus Wanyonyi	Fund administrator

**d) Key Management**

Ref	Name	Position
1	Betty Mayeku	CECM Education and Vocational Training
2	Rose Situma	Chief officer
3	Cyrus Wanyonyi	Director
4	Vickie Chesori	Finance officer
5	Mark Domian	Accountant

**Bungoma County Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**e) Registered Offices**

P.O. Box 437  
Blackhouse Building/House/Plaza  
Moi Avenue/Road/Highway  
Bungoma, KENYA

**f) Fund Contacts**

**g) Fund Bankers**

Kenya Commercial Bank

Bungoma

Moi Avenue 50200  
Bungoma, Kenya

**h) Independent Auditors**

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

**i) Principal Legal Adviser**

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

**Bungoma County Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**2. MANAGEMENT TEAM**

Name	Details of qualifications and experience
1. DR. Betty Mayeku	PHD
2. Rose Situma	Masters
3. Cyrus Wanyonyi	Masters
4. Vickie Chesori	Degree
5. Mark Domian	Degree
<i>Note: The Fund Administrator will feature under both the 'Board' and 'Management'.</i>	

**Bungoma County Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**3. FUND CHIEF OFFICER'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.

In the financial year 2018/2019, the fund received a total of ksh 190,000,000.00 out of which ksh. 50,000,000.00 were received during the second quarter and ksh. 140,000,000.00 were received during the fourth quarter. An approximate of 50,000 beneficiaries have been supported from this kitty.

The bursary has however faced a lot of 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.

Signed: \_\_\_\_\_



Name: Rose Situma

Chief officer: Education and Vocational Training

**Bungoma County Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**4. REPORT OF THE FUND ADMINISTRATOR**

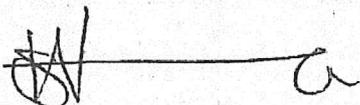
The ministry of Education plays an integral role in overseeing educational activities in the county. This is because by providing bursaries to many beneficiaries in their secondary school, literacy levels are achieved which sparks economic development. The number of students who remain in schools for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

In the financial year 2018/2019, the fund received a total of ksh 190,000,000.00 out of which ksh. 50,000,000.00 were received during the second quarter and ksh. 140,000,000.00 were received during the fourth quarter. An approximate of 30,000 beneficiaries have been supported from this kitty.

The bursary has however faced a lot of 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.

Signed: \_\_\_\_\_



Cyrus Wanyonyi

**Bungoma County Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**5. REPORT OF THE TRUSTEES**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Fund affairs.

**Principal activities**

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

**Results**

The results of the Fund for the year ended June 30, 2019 are set out on page 2.

**Trustees**

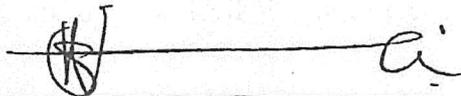
The members of the Board of Trustees who served during the year are shown on page iii.

**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.

The report of the trustees was signed on its behalf by the Fund Administrator

Signed: \_\_\_\_\_



**Bungoma County Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**6. 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 2018)*, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

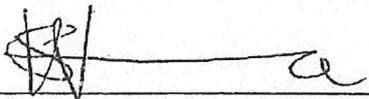
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) 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 2018)*. 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, 2019, 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.

**Approval of the financial statements**

The Fund's financial statements were approved by the committee on 04 September 2020 and signed on its behalf by:



Fund administrator of the Fund

THE UNIVERSITY OF CHICAGO

PH.D. THESIS

BY

THE AUTHOR

CHICAGO, ILLINOIS

1960

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
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HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON BUNGOMA COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Bungoma County Bursary Fund set out on pages 9 to 23, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, the 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, the financial statements present fairly, in all material respects, the financial position of Bungoma County Bursary Fund as at 30 June, 2019, 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 Public Finance Management Act, 2012.

#### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Bungoma County 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 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.

### 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 matter 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**

#### **Irregular Bursary to Vocational College Students**

The scholarships and other educational benefits expenditure of Kshs.178,112,129 reflected in the statement of financial performance includes bursaries totalling Kshs.9,296,000. However, the bursary application forms were not supported with evidence of approval of the County Education Support Scheme Committee. This was contrary to Section 17 of the Public Finance Management (Bungoma County Education Support Scheme) Regulations, 2019 that require the Committee to vet and recommend eligible scholarship applicants.

As a result, the validity of the bursary of Kshs.9,296,000 awarded during the year under review could not be confirmed.

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 are in compliance, 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 those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its 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 Fund Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

#### **Auditor-General's Responsibilities for the Audit**

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

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

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

2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

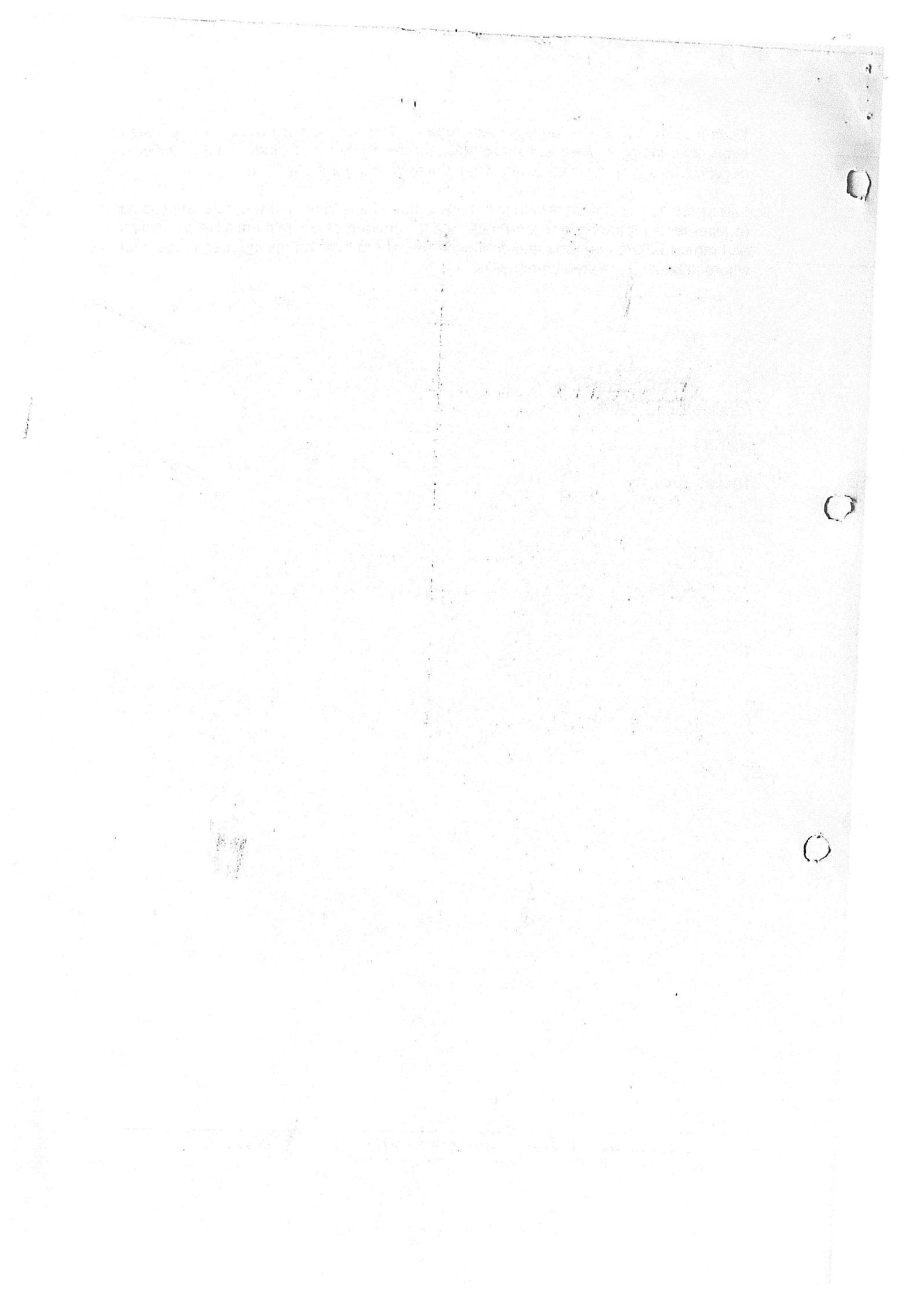
I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and 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, SBS  
AUDITOR-GENERAL

Nairobi

10 January, 2022



**Bungoma County Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**7. FINANCIAL STATEMENTS**

**7.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th  
JUNE 2019**

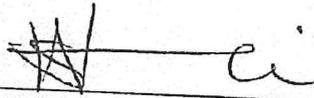
			Restated
	Note	FY2018/2019	FY2017/2018
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	1	190,000,000	378,985,893
<b>Total revenue</b>		<b>190,000,000</b>	<b>378,985,893</b>
<b>Expenses</b>			
Scholarships and other educational benefits	2	178,112,129	371,526,171
Administrative expenses	3	4,887,030	11,369,577
<b>Total expenses</b>		<b>182,999,159</b>	<b>382,895,748</b>
<b>Surplus/(Deficit) for the year</b>		<b>7,000,841</b>	<b>(3,909,855)</b>

**Bungoma County Bursary Fund  
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**7.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	Note	FY2018/2019	Restated FY2017/2018
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents			
<b>Total assets</b>	4	6,187,871	212,210,187
		6,187,871	212,210,187
<b>Liabilities</b>			
Trade and other payables			
<b>Total Liabilities</b>	5	-	213,023,157
<b>Net assets</b>			
Accumulated surplus/(deficit)		6,187,971	(812,870)
<b>Total net assets and liabilities</b>		6,187,871	212,210,187

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund's revised financial statements were approved on 04 September 2020 and signed by:



Administrator of the Fund  
Name: *CHRIS MATHIAS*



Fund Accountant  
Name: *Mark Dorian*

**Bungoma County Bursary Fund  
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**7.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2019**

	Accumulated surplus	Total
	Kshs	Kshs
Balance as at 1 July 2017	3,096,985	3,096,985
Surplus/(deficit) for the period	(3,909,855)	(3,909,855)
Balance as at 30 June 2018	(812,870)	(812,870)
Balance as at 1 July 2018	(812,870)	(812,870)
Surplus/(deficit) for the period	7,000,841	7,000,841
Balance as at 30 June 2019	6,187,971	6,187,971

Bungoma County Bursary Fund  
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7.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government			
<b>Total receipts</b>	1	190,000,000	378,985,893
<b>Payments</b>		190,000,000	378,985,893
Scholarships and other educational benefits	2	(178,112,129)	(158,503,114)
Administrative expenses	3	(4,887,030)	(11,369,577)
<b>Total payments</b>		(182,999,159)	(169,872,691)
<b>Adjustment for:</b>			
Decrease in trade and other payables	5	(213,023,157)	-
<b>Total adjustments</b>		(213,023,157)	-
<b>Net cash flows from operating activities</b>		(206,022,316)	209,113,202
<b>Net decrease in cash and cash equivalents</b>		(206,022,316)	209,113,202
Cash and cash equivalents at 1 July		212,210,187	3,096,985
<b>Cash and cash equivalents at 30 June</b>	4	6,187,871	212,210,187

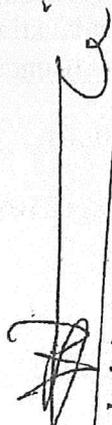
**Dungoma County Bursary Fund  
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**7.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2019**

Revenue	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from County Government	220,000,000	(30,000,000)	190,000,000	190,000,000	-	100%
Total revenue	220,000,000	(30,000,000)	190,000,000	190,000,000	-	100%
Expenses						
General expenses	220,000,000	(30,000,000)	190,000,000	182,999,159	7,000,841	
Total expenses	220,000,000	(30,000,000)	190,000,000	182,999,159	7,000,841	96%
Surplus/(deficit) for the period	-	-	-	7,000,841	(7,000,841)	56%

**Note**

- The adjustments of ksh. 30,000,000.00 from the original budget of ksh. 220,000,000.00 to the final budget of ksh 190,000,000.00 are due to the supplementary estimates.
- General expenses of ksh. 182,999,159.00 is represented by Scholarship and Other Educational Benefits of ksh. 178,112,129.00 and administrative expenses of ksh 4,887,030.00

  
 Administrator of the Fund  
 Name: **CHRIS WANJANYI**

  
 Fund Accountant  
 Name: **Mervin Domian**

**Bungoma County Bursary Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**7.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. 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.

**2. Adoption of new and revised standards**

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2018**

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2018</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018**

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

**c) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2019.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Budget information

The original budget for FY 2018/2019 was approved by the County Assembly on May, 2018. 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 190,000,000.00 on the 2018-2019 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 in the financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. 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.

**5. 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.

**6. 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. Events after the reporting period**

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

**8. Ultimate and Holding Entity**

The entity is a County Public Fund established by The Bungoma Bursary Fund Regulation, 2015 of Kenya (Revised in 2018) under the Ministry of Education and Vocational Training. Its ultimate parent is the County Government of Bungoma.

**9. Currency**

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

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7.7. NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from County Government

Description	FY2018/2019	FY2017/2018
	Kshs	Kshs
Transfers from County Govt. – operations	190,000,000	378,985,893
<b>Total</b>	<b>190,000,000</b>	<b>378,985,893</b>

2 Scholarships and Other Educational Benefits

Description	FY2018/2019	FY2017/2018
	Kshs	Kshs
Other grants and transfers		371,526,171
Secondary schools	95,292,985	-
National schools	30,173,558	-
Vocational Training Centres	31,192,000	-
Special Institutions	421,000	-
Colleges	10,829,000	-
Universities	10,203,586	-
<b>Total</b>	<b>178,112,129</b>	<b>371,526,171</b>

3 Administrative Expenses

Description	FY2018/2019	FY2017/2018
	Kshs	Kshs
Administrative expenses		11,369,577
Printing and stationery expenses	2,485,871	
Travel costs	900,000	
Hospitality	1,360,871	
Bank Charges	140,289	
<b>Total</b>	<b>4,887,031</b>	<b>11,369,577</b>

4 Cash and Cash Equivalents

Description	FY2018/2019	FY2017/2018
	Kshs	Kshs
Current account	6,187,871	212,210,187
<b>Total cash and cash equivalents</b>	<b>6,187,871</b>	<b>212,210,187</b>

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

Financial institution	Account number	FY2018/2019	FY2017/2018
		Kshs	Kshs
<b>Current account</b>			
Kenya Commercial Bank	1188244041	6,187,871	212,210,187
<b>Total</b>		<b>6,187,871</b>	<b>212,210,187</b>

5 Trade and other payables

Description	FY2018/2019	FY2017/2018
	Kshs	Kshs
Accrued Expenses	-	213,023,157
<b>Total</b>	<b>-</b>	<b>213,023,157</b>

**6 PROGRESS ON FOLLOW UP OF AUDITOR 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	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p><b>REPORT ON THE FINANCIAL STATEMENTS</b>                      Basis for Disclaimer</p>					
	<p><b>Accuracy and Completeness of Financial Statements</b>                      included in the general expenditure of Kshs.169,872,691 under note 3 are scholarship and other educational benefits and other expenditures totaling Kshs.158,503,114 and Kshs.11,369,577 respectively. The management of the Fund did not provide the payment schedules, expenditure returns and a trial balance for audit verification. Further, there were Instances where payments were made without preparing payment vouchers and availing for audit verification hence irregular.</p>	<p>The scholarship was awarded under the provisions of the Bungoma County Bursary Regulations 2016 and is reviewed annually. The department has since developed the education scholarship and bursary policy to cater for both award of bursary and scholarship(revised 2018)</p>	<p>CECM, Chief Officer and Director</p>	<p>Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>					
<b>Basis for Conclusion</b>					
	<p><b>Budgetary Control and Performance</b>            During the year under review, the Fund spent Kshs.169, 872,691 against a budgeted amount of Kshs.378, 985,893 resulting in under-absorption of Kshs.209, 113,202 representing 55%.</p> <p>Consequently, the Fund did not provide all needy students with bursaries as budgeted for despite the funds being available during the year.</p>	<p>The fund is expected to spend according to its line budget and ensure that it does not exceed its budgetary allocation. Furthermore, Funds should be utilized as per the budget allocation and any re-allocation should be authorized by the accounting officer. However, in the financial year 2017/2018 the disbursement of the fund did not take place on time, we received the funds towards the end of</p>	Chief Officer and Fund Administrator	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>the financial year: The fund received ksh. 158,985,893 in the third quarter of the financial year. A further, ksh. 220,000,000.00 was received by the fund in the fourth quarter of the financial year under review. Due to the bulkiness of activities and the nature of operations, the fund did not utilize all the money within a period of two months taking into account the time at which this money was received. Therefore, the balance was carried forward to the next financial year and effectively utilized during that period.</p>			
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES					

Bungoma County Bursary Fund  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p><b>Bank Reconciliations</b>            The management of the Fund did not provide for audit verification bank reconciliations for the year under review.            Consequently, none preparation and approval of bank reconciliation highlights a major weakness in accounting of the bursary funds.</p>	<p>According to the PFM Act 2015 Section 90. (1)            Requires that the Accounting Officer should prepare a bank reconciliation of the account held in the bank and cash book. The bank reconciliation for the 2017/2018 financial year under review were now prepared.</p>	Chief Officer, Fund administrator and fund accountant	Resolved	

Bungoma County Bursary Fund  
 Reports and Financial Statements  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	<p><b>Submission of Financial Statements</b></p> <p>It was noted that the Fund failed to submit its financial statements to the Auditor-General for audit as required under Section 47(1) of the Public Audit Act, 2015 for a period of one year, 2016/2017. Further, for the year under review, the Fund submitted its financial statements to the Auditor-General on 5 December 2018, which is more than two months beyond the statutory deadline. This contravened Section 47(1) of the Public Audit Act, 2015 which stipulates the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation to be submitted to the Auditor-General within three (3) months after the end of fiscal year to which the accounts relate.</p> <p>In the circumstances, the Fund operated in breach of the law.</p>	<p>According to the PFM Act 2012 Section 81 (4a) the department submitted the financial statements of every fund to the auditor general. The Act, requires that financial statements are submitted by 30<sup>th</sup> September of every financial year. This is evidenced as per receipt no.</p>	Fund administrator	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		G4SWB4105159679026 on 28 <sup>th</sup> September, 2018 to Office of the Auditor General, Anniversary Towers-Nairobi. A copy is available for verification.			

