

**COUNTY GOVERNMENT OF KISUMU
THE KISUMU COUNTY ASSEMBLY**



THIRD ASSEMBLY – SECOND SESSION

**COMMITTEE ON EARLY CHILDHOOD EDUCATION, ADULT
EDUCATION AND VOCATIONAL TRAINING**

**REPORT ON THE 1ST QUARTERLY REPORT AND FINANCIAL
STATEMENTS OF KISUMU COUNTY EDUCATION FUND FOR THE
PERIOD ENDED 30TH SEPTEMBER, 2023**

MAY, 2024

Directorate of Committee Services
The County Assembly of Kisumu
KISUMU

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Report on the Quarterly Report and Financial Statements of Kisumu County Education Fund for the Period Ended 30th
September, 2023

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CHAPTER ONE

PREAMBLE

Mr. Speaker and Hon. Members

1. Article 185 of the Constitution of Kenya gives the County Assembly powers to oversight the County Government and its Expenditure. In fulfillment of these constitutional provisions, Standing Order No. 193 and the Second Schedule of the Kisumu County Assembly Standing Orders has established the Sectoral Committee on ECDE, Adult Education and Vocational Training whose mandate is to examine the operations of the Department on Education and Social Services to ascertain whether public funds domiciled within the Department have been utilized in a lawful, authorized, effective, efficient, economical and transparent manner.
2. This report therefore contains the Committee's proceedings of its consideration of the 1st Quarter Report and Financial Statements for the Period Ended 30th September, 2023 pursuant to the provisions of Standing Order No. 193 and the Second Schedule of the Kisumu County Assembly Standing Orders.
3. The Kisumu County Education Fund is established by and derives its authority and accountability from the Kisumu County Education Fund Act, 2014 and its attendant amendment; the Kisumu County Education Fund (Amendment) Act, 2016. The Fund has specific mandates provided for in the Act and is currently managed in pursuant to the following objectives:
 - i. To support students to join VTCs for market driven Skills acquisition
 - ii. To register more artisans in the informal sector with NITA for Certification
 - iii. To address middle level skill-gaps and train for market uptake
 - iv. To carry out intense monitoring and mentorship for the beneficiaries to ensure return on investment,
 - v. To source for more funds to meet the rising demand for bursaries and scholarships as specified in the Act,

- vi. To train students in Marine and;
 - vii. To review the Fund Regulations to align with the current needs of the Fund.
4. Based on the important role that the Education Fund play towards County development, there is need for proper utilization and accountability of public resources invested towards realization of mandates of the educational institutions used by residents of Kisumu County. It is on this basis that the Committee considered the Quarterly Report. Based on the findings from the analysis of the Report, the Committee was able to come up with various recommendations for consideration by the House.
 5. The Committee has held a total of three meetings where it has received and considered various analysis of the Quarterly Financial Statements from its secretariat. The submissions received from the Fund Management forms the basis of the observations, findings and recommendations of the Committee as outlined in this Report. These can also be obtained from the Minutes of the Committee and Hansard Reports of the Committee Proceedings.

Mandate and Composition of the Committee.

6. The Sectoral Committee on ECDE, Adult Education and Vocational Training is established pursuant to Standing Order No. 193 of the Kisumu County Assembly Standing Orders. Under the Second Schedule to the said Standing Orders, the Committee is mandated to consider all matters related to:

All matters relating to pre-primary education, adult education, village polytechnics, home craft centres and childcare facilities.

7. The Committee was formally constituted in 18th October, 2022 and re-adjusted in April, 2023. It is currently composed of the following members:

- | | |
|--------------------------------|-------------------------|
| 1. Hon Seth Okumu | Chairperson |
| 2. Hon. Vitalis Komudho | Vice Chairperson |
| 3. Hon Samwel Onyango | Member |
| 4. Hon Ken Ouko | Member |
| 5. Hon Henrietta Bodo | Member |

6. Hon James Omolo Member
 7. Hon Benson Adegga Member
8. The Secretariat of the Committee is composed of the following:
1. Mr. Harman Moses Clerk Assistant
 2. Mrs. Rose Baraza Serjeant-At-Arm
 3. Ms. Jacklyne Akinyi Hanasard Reporter

ACKNOWLEDGEMENT

I would like to express my special gratitude to the Offices of the Speaker and the Clerk of the County Assembly for the logistical and technical support offered to the Committee during its consideration of the 1st Quarterly Report and Financial Statement for the Education Fund for the Period ended 30th September, 2023.

Finally, I wish to express my appreciation to the Honorable Members and Secretariat of the Committee who made useful contributions towards the preparation and production of this Report.

On behalf of the Committee on ECDE, Adult Education and Vocational Training and pursuant to provisions of Standing Orders No. 182, it is my pleasant privilege and honor to present to this Hon. House the Report of the Committee on its consideration of the 1st Quarterly Report and Financial Statements for the Education Fund for the period ended 30th September, 2023.

**HON. SETH OKUMU
CHAIRPERSON, COMMITTEE ON ECDE, ADULT EDUCATION AND
VOCATIONAL TRAINING**

CHAPTER TWO

2. BACKGROUND INFORMATION

2.1 LEGAL FRAMEWORK

Mr. Speaker and Hon. Members

9. The basis of this inquiry is founded on Constitutional and legal provisions which define the mandatory Financial Reporting criteria and holds Accounting Officers directly and personally liable for any loss of public funds under their trust. The Committee has and will continue to invoke these provisions in its recommendations to ensure that public resources channeled to the Education Fund in furtherance of its mandates is utilized to the benefits of the residents of Kisumu County. These legal provisions were as follows:

- a) Article 185 of the Constitution of Kenya, 2010 which provides the Mandates of the County Assembly in regards to all matters related to the Fourth Schedule of the Constitution. In particular, Article 185 (3) of the Constitution provides as follows:

185 (3) A county assembly, while respecting the principle of the separation of powers, may exercise oversight over the county executive committee and any other county executive organs.

- b) Article 201 of the Constitution of Kenya 2010 which provides for the fundamental principles that guide all aspects of Public Finance. These principles are *inter alia*: -
 - i. Article 201 (a) which states that there shall be openness and accountability, including public participation in financial matters;
 - ii. Article 201 (d) which states that public money shall be used in a prudent and responsible way; and
 - iii. Article 201 (e) which require that financial management shall be responsible, and fiscal reporting shall be clear.
- c) Article 226(5) of the Constitution of Kenya which places a direct personal liability on the Management and administration of public funds on the responsible person. This legal provision has established the premise on the concept of individual and personal

liability or responsibility; meaning that the act or omission complained of must have been done or undertaken with the knowledge, consent or connivance of the person accused. Article 226 (5) provides as follows:

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.

- d) Section 116 (1) of the Public Finance Management Act, 2012 which gives the County Executive Committee Member for Finance the power to establish public funds with the approval of the County Executive Committee and the County Assembly.
- e) Section 166 of the Public Finance Management Act, 2012 which provides that Accounting Officer for a County Government entity shall prepare a report for each quarter of the financial year in respect of the entity.

Further this section requires the accounting Officers to ensure that a quarterly Report: -

- i. Contains Information on the Financial and Non-financial performance of the entity and;
- ii. Is in a form that complies with the Standards prescribed and published by the Public Sector Accounting Standards Board from time to time.

Section 166 of the Public Finance Management Act, 2012 further requires that not later than fifteen (15) days after the end of each quarter, the Accounting Officer shall submit the quarterly report to the County Treasury who shall consolidate the Financial Statements within one month after the end of the Quarter and submit the Financial Statements to the County Assembly with a copy to the National Treasury, Controller of Budget and the Commission of Revenue Allocation.

- f) The National Treasury Circular No. 21 of 2016 on Compliance with Quarterly Reporting as Outlined in the Public Finance Management Act, 2012 which provides for an illustrative Quarterly Financial Statements for the County Executive and;
- g) The provisions of the Kisumu County Education Fund Act, (No.1 of 2014) which established the Education Fund and provided for the procedures for the management and administration of the Fund and the Kisumu County Education Fund (Amendment) Act, 2016 which amended the Principal Act No. 1 of 2014.

2.2 - MANAGEMENT OF THE KISUMU COUNTY EDUCATION FUND.

Mr. Speaker and Hon. Members

10. The Kisumu County Education Fund is currently managed and administered in accordance with Section 5 of the Kisumu County Education Fund (Amendment) Act, 2016 by a Fund Administration Committee and a Key Management Committee comprising of the following:

Board of Trustees/Fund Administration Committee:

Ref.	Name	Position
1.	Oliver Oloo Otunga	Chairperson
2.	Domnic Odipo	Member
3.	Rosemary Akinyi Yande	Member
4.	Hildah Odah	Member
5.	Richard Okech	Member

Key Management

Ref.	Name	Position
1.	Oloo Otunga	Chairman
2.	Fredrick Asewe	Fund Administrator
3.	Japheth Orwa	Fund Accountant
4.	Rosemary Akinyi	Committee Member

Fiduciary Oversight Arrangements

Ref.	Name	Position
1.	CPA Geoffrey Dienya	Directorate of Internal Audit
2.	CPA Keziah Okoth	Directorate of Accounting Services

2.3 – ANALYSIS OF THE 1ST QUARTERLY REPORT AND FINANCIAL STATEMENT FOR EDUCATION FUND FOR THE PERIOD ENDED 31TH SEPTEMBER, 2023.

Mr. Speaker and Hon. Members

11. The Education Fund is established and administered in accordance with the Kisumu County Education Fund (Amendment) Act, 2016 and currently operates on a key development objective set out in the Kisumu County Government Integrated Development Plan, which is to improve the education standard and increase the number of student’s intake by granting bursaries and scholarships to eligible students.
12. This Quarterly Financial Statement has thus been submitted in accordance with Section 166 of the Public Finance Management Act, 2012 which require that at the end of each quarter, the Administrator of a County Public Fund shall prepare financial statements for the fund in accordance with the Standards and formats prescribed by the Public Sector Accounting Standards Board.
13. During the analysis of the Quarterly Financial Statement, the committee deliberated on the following subject matters of the fund:
 - i. Statement of Financial Position
 - ii. Statement of Cash Flows
 - iii. Statement of comparison of Budgets and Actual amounts
 - iv. Notes to the financial statement
 - v. Disbursements.

Statement of Financial Position

14. The Fund’s Statement of Financial Position as at 30th September, 2023 reflected receivables from non-exchange transactions of Kshs. 94,241,980.00 at the end of the quarter while the following assets and liabilities recorded zero balance within the period under review:
 - a) Prepayments
 - b) Inventories
 - c) Non-current Assets and

d) Non-Current liabilities

The Committee has noted that a comparative data of the Financial Position of the Fund in the same period during the Financial Year 2022/2023 was not provided.

Statement of Changes in Net Assets

15. The Fund's statement of Changes in Net Assets during the period under review indicated that the Fund had an opening balance of Kshs. 141,671,469 as at 1st July, 2023 and a surplus deficit of Kshs. 97,186,127.

16. The Funds received during the period under review has been recorded as NIL.

Statements of Cash flows for the Period

17. The Fund's Statements of Cash flows for the period under review has recorded a transfer amount of Kshs. 102,500,000.00 received from the County Government within the period under review. The Fund has so far expended Kshs. 61,158,851 incurred on following Payments:

Ref.	Expenditure	Amount Paid (Kshs.)
1	Disbursements	102,696,274
2	Fund Administration expenses	3,075,000
Total		105,771,274

Statement of Comparison of Budget and Actual Amounts for the Period Ended 30th September, 2023.

18. The Committee has noted that the Management of the Fund has only realized a 53% utilization of the Fund Budget for Disbursements and 55% of the Fund Budget on Fund Administration.

19. There was however no comparative data of utilization of the Fund during the same period in the previous financial Year.

Disbursements

Mr. Speaker and Hon. Members

20. The Quarterly Report and Financial Statements for the period under review shows a Disbursement breakdown as follows:

	Period ended Sep. 2023 (Kshs.)	Comparative Period,2022 (Kshs.)
Scholarships	105,771,274	57,751,400
Total Disbursements	105,771,274	57,751,400

3.1 - FINDINGS AND OBSERVATIONS.

Mr. Speaker and Hon. Members

21. Following the analysis on the Quarterly Report, the Committee made the following findings

- i. THAT the Fund Administrator did not provide the status of Bursary disbursement. The Committee is therefore unable to determine whether the Fund has incurred payment of any Bursary to the various needy students within the County during the period under review.
- ii. THAT the Fund Administrator did not provide a breakdown of how the Fund Administration expenditure has been spent so far.
- iii. THAT the Fund Administrator is currently implementing the Kisumu County Education Fund (Amendment) Act, 2016 without a Regulation providing procedures for the management and administration of the Fund. However, a draft copy of the Regulation was adduced before the Committee.

4.1 - RECOMMENDATIONS.

Mr. Speaker and Hon. Members

22. The Committee therefore recommends:

- i. THAT the Fund Management should forward an implementation matrix for the Fund indicating the number of beneficiaries of the fund and the institutions within 21 days of the adoption of this Report for further scrutiny.
- ii. THAT the Fund Administrator should provide Comparative Data of the Fund for the period ended 30th September, 2023 during the FY 2022/2023 for future comparative analysis for the Fund.
- iii. THAT the Fund Administrator should submit to this Hon. House an Implementation Status of recommendations of previous Audited Reports within 21 days of the adoption of this Report for consideration.

5.1 – CONCLUSION

23. It is therefore my honor and privilege, on behalf of the Committee on Early Childhood Development Education, Adult Education and Vocational Training to move this Motion for Adoption of the Report on the 1st Quarter Report and Financial Statements for the Period Ended 30th September, 2023.

Thank you.

**HON. SETH OKUMU, MCA
CHAIRPERSON, COMMITTEE ON EARLY CHILDHOOD DEVELOPMENT
EDUCATION, ADULT EDUCATION AND VOCATIONAL EDUCATION**



*Herman
Seal
Osewe*

*1. Education
Commissioner*

THE COUNTY GOVERNMENT OF KISUMU

Office of the Chief Officer Education, Technical Training & Innovation and Social Services

Ref: CGK/CO/EDU/TTI/SS/42/Vol. 1

Date: 11th October, 2023

The Clerk of the County Assembly,
County Assembly of Kisumu,
P.O Box 86-40100,
KISUMU



THE COUNTY ASSEMBLY OF KISUMU 3 rd ASSEMBLY		Time:
DATE:	Day:	
TABLED BY:	CLERK AT THE TABLE	

Dear Sir,

**RE: SUBMISSION OF 1ST QUARTER REPORT AND FINANCIAL STATEMENTS-
KISUMU COUNTY EDUCATION FUND-FY 2023/2024**

I wish to submit to your office the 1st quarter Report and Financial statements of Kisumu County Education Fund covering the period 1st July, 2023 to 30th September, 2023.

Yours faithfully,

Osewe F.M.

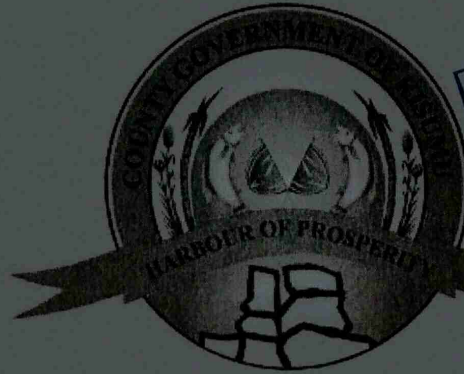
FUND ADMINISTRATOR – KISUMU COUNTY EDUCATION FUND

Cc

1. The Auditor General
Office of the Auditor General
P.O Box 1188
KISUMU.
2. The Accountant General
The National Treasury
NAIROBI.
3. The Controller of Budget
Office of the Controller of Budget
P.O Box 35616-00100
NAIROBI.
4. Commission on Revenue Allocation,
P.O Box 1310-00200
NAIROBI.

Prosperity House (Former Nyanza Provincial Headquarters Building) 8th Floor
P.O. Box 2738-40100 Kisumu,

Revised Template 30th June 2021



THE COUNTY ASSEMBLY OF KISUMU 3 RD ASSEMBLY	
DATE 18/10/23	Time: 10:00H Day: Wed.
TABLED BY: [Signature]	How: Emily O. [Signature]
CLERK AT THE TABLE	

KISUMU COUNTY EDUCATION FUND

QUARTERLY REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

SEPTEMBER 30, 2023

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

KISUMU EDUCATION FUND
Reports and Financial Statements
For the period ended September 30, 2023

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KISUMU COUNTY EDUCATION FUND
Reports and Financial Statements
For the period ended September 30, 2023

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Kisumu County Education Fund is established by and derives its authority from Kisumu County Education Fund Act 2014 (Amendment Act 2016). The Fund is wholly owned by the County Government of Kisumu and is domiciled in Kenya.

The fund's objective is to recognise and support bright needy students in the county.

The Fund's principal activity is support education to needy students

b) Principal Activities

- To grand bursary and scholarship to eligible students.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Oliver Oloo Otunga	Chairman
2	Richard Oketch	Member
3	Rosemary Akinyi Yande	Member
4	Hildah Aoko Ohore	Member
5	Domnic Odipo	Member

d) Key Management

Ref	Name	Position
1	Oliver Oloo Otunga	Chairman
2	F.M Osewe	Fund Administrator
3	Japheth Orwa	Accountant
4	Rosemary Akinyi Yande	Committee member

(e) Fiduciary Oversight Arrangements

1	Directorate Internal Audit	Geofrey Dienya
2	Directorate of Accounting Services	Martin Otieno
3		

KISUMU COUNTY EDUCATION FUND
Reports and Financial Statements
For the period ended September 30, 2023

e) Registered Offices

P.O. Box 2837
PROSPERITY HOUSE Building
Kisumu- KENYA

f) Fund Contacts

Telephone: (254) 0721750964
E-mail: japhochieng@gmail.com

g) Fund Bankers

1. Kenya Commercial Bank
A/C NO 1151900184
KISUMU BRANCH

h) Independent Auditors

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

i) Principal Legal Adviser

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

KISUMU COUNTY EDUCATION FUND
Reports and Financial Statements
For the period ended September 30, 2023

2. MANAGEMENT DISCUSSION AND ANALYSIS

PREAMBLE

This Fund was established vide ACT 2014 of Kisumu County Assembly. The Fund, which has been in operation since 2016, is provided for by Kisumu County Education Fund (Amendment) Act, 2016.

Management of the Fund

The Fund is managed by a committee of nine (9) constituted in accordance with section 5 of Kisumu County Education Fund (Amendment) Act, 2016. The present County Fund Committee was set up in January 2019. A board member is appointed for one term of three years renewable once.

Review of the Fund's performance

For the FY 2023/2024, the Fund had a budget estimate of KShs 205,000,000.00 million. At the time of reporting, the fund had not received any funding from the County Treasury.

Future Outlook of the Fund

We are preparing bills that will enable this Fund address core devolved functions of education covering Pre-school Education and Vocational Training. This will call for some amendment on the existing Act and the creation of other Fund by means of which the Act is operational zed.

In the meantime, we hope to; -

1. Support students to join VTCs for market driven skills acquisition.
2. Register more artisans in the informal sector with NITA for certification.
3. Address middle level skills gaps and train for market uptake.
4. Carry out intense monitoring and mentorship for the beneficiaries to ensure return on investment.
5. Source for more funds to meet the rising demand for bursaries and scholarships as specified in the Act 2014.
6. Review the Act to make it more responsive to the unique and emerging demand of Kisumu County.
7. Train students in Marine.

Conclusion

The Fund plays a key role in achieving socio- economic equality as is evidenced by the many applicants and the deserving cases that take it up. It has vindicated the County Government's commitment and responsiveness to educational needs of its youth. The Fund should therefore be maintained, sustained, improved and monitored to ensure return on investment.

KISUMU COUNTY EDUCATION FUND
Reports and Financial Statements
For the period ended September 30, 2023

3. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 166 of the Public Finance Management Act, 2012 requires that, at the end of each quarter, the Administrator of a County Public Fund established by KISUMU COUNTY EDUCATION ACT 2016,) 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 period ended *September 30, 2023*. This responsibility includes) 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.

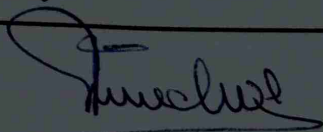
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and KISUMU COUNTY EDUCATION ACT 2016, 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 period ended *September 30, 2023* and of the Fund's financial position as at that date.

KISUMU COUNTY EDUCATION FUND
Reports and Financial Statements
For the period ended September 30, 2023

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES (Continued)

Approval of the financial statements

The Fund's financial statements were approved by the Board on 08/10/2023 and signed on its behalf by:



Name: F.M Osewe

Administrator of the County Public Fund

KISUMU EDUCATION FUND
Reports and Financial Statements
For the period ended September 30, 2023

4. FINANCIAL STATEMENTS

4.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 SEPTEMBER 2023

Revenue from non-exchange transactions			
Public contributions and donations	1	0	0
Transfers from the County Government	2	102,500,000.00	0
Fines, penalties and other levies	3	0	0
		102,500,000.00	0
Revenue from exchange transactions			
Interest income	4	0	0
Other income	5	0	0
		0	0
Total revenue		102,500,000.00	0
Expenses			
Disbursements	5a	102,696,274.00	5,273,000.00
Fund administration expenses	6	3,075,000.00	703,575.00
General expenses	7	-	-
Finance costs	8	-	-
Total expenses		105,771,274.00	5,976,575.00
Other gains/losses			
Gain/loss on disposal of assets	9		
Surplus/(deficit)for the period		(3,271,274.00)	(5,976,575.00)

The notes set out on pages 20 to 31 form an integral part of these Financial Statements.

Notes:

*Sep** - This relates to transactions undertaken from 1st July to 30th September.

*Dec** - This relates to transactions undertaken from 1st July to 31st December.

*March** - This relates to transactions undertaken from 1st July to 31st March.

*June** - This relates to transactions undertaken from 1st July to 30th June.

*Comparative period relates to the same period prior year e.g quarter 1 compared against quarter 1 prior year.

KISUMU EDUCATION FUND
Reports and Financial Statements
For the period ended September 30, 2023

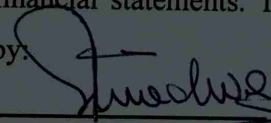
4.2 STATEMENT OF FINANCIAL POSITION AS AT 30 SEPT 2023

Assets			
Current assets			
Cash and cash equivalents	10	41,344,342	41,671,469
Current portion of long- term receivables from exchange transactions	11	0	0
Receivables from Non- Exchange Transactions	12	94,241,980	0
Prepayments	13	0	0
Inventories	14	0	0
Non-current assets			
Long term receivables from exchange transactions	11	0	0
Property, plant and equipment	15	0	0
Intangible assets	16	0	0
		0	0
Total assets		135,586,322	41,671,469
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	0	0
Provisions	18	0	0
Current portion of borrowings	19	0	0
Employee benefit obligations	20	0	0
		0	0
Non-current liabilities			

KISUMU COUNTY EDUCATION FUND
Reports and Financial Statements
For the period ended September 30, 2023

Long term portion of borrowings	19	0	0
Non-current employee benefit obligation	20	0	0
Total liabilities		0	0
Net assets			0
Revolving Fund			0
Reserves			0
Accumulated surplus		135,586,322	41,671,469
Total net assets and liabilities		135,586,322	41,671,469

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 08/10/2023 and signed by:



Administrator of the Fund

Name: F.M OSEWE



Fund Accountant

Name: JAPHETH ORWA

ICPAK Member Number: 9444

Notes:

Sep - This relates to transactions undertaken from 1st July to 30th September.*

Dec - This relates to transactions undertaken from 1st July to 31st December.*

March - This relates to transactions undertaken from 1st July to 31st March.*

June - This relates to transactions undertaken from 1st July to 30th June.*

** Prior year figures should be the audited figures of the previous financial statements for all quarters*

KISUMU EDUCATION FUND
Reports and Financial Statements
For the period ended September 30, 2023

4.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 SEPT 2023

Balance As At 1 July 2022	410,000,000	-	41,671,469	451,671,469
Surplus/(Deficit) For the Period	-	-	97,186,127	97,186,127
Funds Received During the Year	-	-		
Transfers	-		-	
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	410,000,000	-	138,857,596	548,857,596
Balance As At 1 July 2023	410,000,000	-	138,857,596	548,857,596
Surplus/(Deficit) For the Period	-	-	(3,271,274)	(3,271,274)
Funds Received During the Year	-	-	-	
Transfers	-		-	
Revaluation Gain	-	-	-	-
Balance As At 30 Sept 2023	-	-	135,586,322	545,586,322

(Provide details on the nature and purpose of reserves)

Xxx: Where its explicit in the Fund Regulations that interest earned should form part of the revolving fund, then this interest should be included in the statement of changes in net assets under this section and not part of interest income in the statement of financial performance.*

*** The comparatives should be for the previous year full year in order to tie with the balance sheet.*

KISUMU EDUCATION FUND
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4.4 STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED 30 SEPT 2023

Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Transfers from the County Government		102,500,000.00	205,000,000
Interest received		0	0
Receipts from other operating activities		0	0
Total Receipts		102,500,000.00	205,000,000
Payments			
Disbursements	5a	102,696,274.00	189,178,947
Fund administration expenses	6	3,075,000.00	6,182,359
General expenses	7		
Finance cost	8		
Total Payments		105,771,274.00	195,361,306
Net cash flows from operating activities		(3,271,274.00)	9,638,694
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		0	
Proceeds from sale of property, plant and equipment		0	
Proceeds from loan principal repayments		0	
Loan disbursements paid out		0	
Net cash flows used in investing activities		0	
Cash flows from financing activities			

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Proceeds from revolving fund receipts		0	
Additional borrowings		0	
Repayment of borrowings		0	
Net cash flows used in financing activities		0	
Net increase/(decrease)in cash and cash equivalents		(3,271,274.00)	9,638,694
Cash and cash equivalents at 1 JULY 2023 *	10	41,671,469	32,032,775
Cash and cash equivalents at 30 SEPT 2023	10	41,344,342	41,671,469

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)

Notes:

Sep - This relates to transactions undertaken from 1st July to 30th September.*

Dec - This relates to transactions undertaken from 1st July to 31st December.*

March - This relates to transactions undertaken from 1st July to 31st March.*

June - This relates to transactions undertaken from 1st July to 30th June.*

** Prior year figures should be the audited figures of the previous financial statements for all quarter*

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4.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR PERIOD ENDED 30 SEPT 2022

	2023	2024	2024
	KShs	KShs	KShs
Revenue			
Public contributions and donations	0	0	0
Transfers from County Govt.	205,000,000	0.00	102,500,000.00
Interest income	0	-	0
Other income	0	-	0
Total income	205,000,000	0.00	102,500,000.00
			50%
Expenses			
Disbursements	198,850,000	0	102,696,274.00
Fund administration expenses	6,150,000	0	3,075,000.00
General expenses	0	0	0
Finance cost	0	0	0
Total expenditure	205,000,000	0	105,771,274.00
Surplus for the period	0	0	(3,271,274.00)
			52%

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.
4. Actual comparative relate to cumulative figures per quarter.

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5. 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.

1. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Budget information

The original budget for FY 2023/2024 was approved by the County Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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 actual as per the statement of financial performance has been presented under section xxx of these financial statements.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Property, plant and equipment

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

4. Intangible assets

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

Financial Instruments

Financial assets

a) Initial recognition and measurement

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Loans and receivables

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

c) Held-to-maturity

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

d) Impairment of financial assets

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

e. 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:

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- i) Raw materials: purchase cost using the weighted average cost method
- ii) 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.

f. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

g. Nature and purpose of reserves





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

h. 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.

Approval Schedule for the Report on the matter of the Report on the Kisumu County 1st Quarter Financial Statement for the Ended 30th September, 2023

We the undersigned Members of the Committee on Education, Technical Training, Innovation and Social Services having deliberated on the findings and Recommendations of this Report append our signatures to affirm that the matters herein addressed are the true deliberations of the Committee on the above subject matter.

1.	Hon Seth Okumu	Chairperson	
2.	Hon. Vitalis Komudho	Vice Chairperson	
3.	Hon Samwel Onyango	Member	
4.	Hon Ken Ouko	Member	
5.	Hon James Omolo	Member	
6.	Hon Benson Adega	Member	
7.	Hon. Henrietta Bodo	Member	