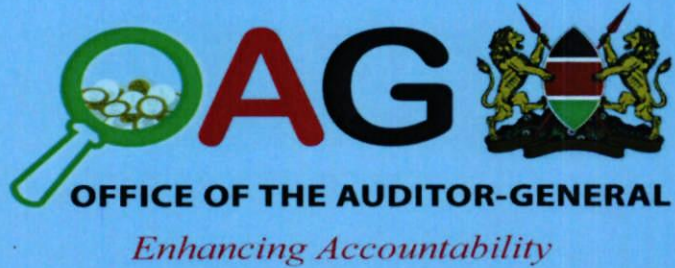


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**KIAMBU COUNTY EDUCATION
BURSARY FUND**

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

PARTIES LAID	
DATE	15/01/2020
TABLED BY	LEADER OF MAJORITY
COMMITTEE	MAJORITY
CLERK AT THE TABLE	M. ADJIBSAYI

Revised Template June 2018



KIAMBU COUNTY EDUCATION BURSARY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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KIAMBU COUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

For the year ended June 30, 2019

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

1(a) Kiambu County Education Bursary Fund is established by and derives its authority and accountability from Kiambu County Education Bursary Fund Act 2014, *Assented on : 19th May, 2014 and Commenced on : 24th June, 2014*. The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kenya.

The Fund's objective is to

(a) provide financial assistance to the needy, orphaned and vulnerable students in Kiambu County, enrolled in secondary schools, universities, colleges and special primary or secondary schools.

b) Principal Activities

The principal activity / mandate of the Fund is to: -

- a) Grant scholarships in accordance with the criteria established under the Act; and
- b) Meet any expenditure related to administration of the Fund as may be approved by the Executive Member:

Fund Administration Committee (JULY 2018- 30 JUNE 2019)

Ref.	Name	Position
1	Emily Nkoroi	Member
2	Mary W.Kirobi	Member

Ref	Name	Position
1.	Faith Harison	Chairman (Chair and C.O. Finance
2.	Muiru Mwangi	Secretary/Fund Administrator (C.O. Education)
3.	Catherine Nduati	Director-Social services
4.	Erick Ranja	Legal Officer
5.	Peter Gichuki	Community Member
6.	Mary Kirobi	Director Gender, Culture & Social Services
7.	Emily Nkoroi	Director Vocational Training

Key Management

Ref	Name	Position
1.	Faith Harrison	Chairperson (C.O. Finance)
2.	Muiru Mwangi	Secretary/Fund Administrator/ Account Signatory
3.	Mary Kirobi	Director Gender, Culture & Social Services
4.	Emily Nkoroi	Director Vocational Training
5.	Susan Kimando/John Kahuria	Bursary Accountant
6.	Scola Wanjohi	Account Signatory
7.	Solomon Waweru	Account Signatory

KIAMBU COUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

For the year ended June 30, 2019

e) Registered Offices

P.O. Box 2344-00900

Kiambu, Kenya

f) Fund Contacts

Telephone: (254) 0675858141

E-mail: ifmis@fep.kiambu.go.ke

Website: www.kiambu.go.ke

g) Fund Bankers

Cooperative Bank of Kenya

Kiambu Branch, 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

KIAMBU COUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

For the year ended June 30, 2019

2. THE BOARD OF TRUSTEES (N/A)

Name		Details of qualifications and experience
1. Insert each Trustee's passport-size photo and name		Provide a concise description of each Trustee's date of birth, key academic and professional qualifications and work experience. Indicate whether the trustee is independent or an executive director and which committee of the Board the trustee chairs where applicable.
2. Trustee 2		
3. Trustee 3		
4. Trustee 4		
5. Etc.		

10. 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 Fund should state the appropriate legislation establishing the Fund*) shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of 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, 2018. 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 *Kiambu County Education Fund*. 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, 2018, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements






The Fund's financial statements were approved by the Board on 26th September 2018 and signed on its behalf by:









Administrator of the County Public Fund

KIAMBU COUNTY EDUCATION BURSARY FUND
Reports and Financial Statements
For the year ended June 30, 2019

1. MANAGEMENT TEAM

Ref	Name	Position
1.	 Isaac Muiru Mwangi	Chief Officer Fund Administrator/ Account Signatory D.O.B-19 th July 1968 M.ED Career teacher, quality assurance officer, Educational Manager
2.	 Faith Harrison	Chief Officer Finance, ICT & Economic Planning Chair - County Bursary Committee D.O.B -11-07-1977 Bcom MBA CPA(K) CPS
3.	 Catherine Nduati	Director Social Services County Bursary Committee Member D.O.B – 18 th June 1968 Bachelor of Education
4.	 Mary Kirobi	Director Gender, Culture County Bursary Committee Member D.O.B -18 th December 1971 MA-International Studies (Women & Development) Career teacher, Gender, Youth and Community Development
5.	 Emily Nkoro	County Bursary Committee Member D.O.B - 29 th December 1965 Master of Education Director Vocational Education & Training.

6.	 Erick Ranja	County Bursary Committee Member D.O.B - 20 th August 1987 M.A. International Studies Post Graduate Diploma in Armed Conflict & Peace Studies Advocates Training Programme LL. B 2 nd Class (Hons) Legal Officer
7.	 Peter Wanjuki Gichuki	County Bursary Committee Member DOB- 21/04/1976 Education - Degree, BED Science Experience- 16 years of teaching Accountant
8.	 Susan Wambui Kimando	Bursary Accountant D.O.B: 24-07-1968 CPA(K) Accountant
9.	 Scola Njeri Wanjohi	Account Signatory D.O.B 11/08/1989 Bachelor of Business Administration MBA CPA Accountant
10.	 Solomon Waweru	Account Signatory D.O.B 07/05/1984 Bcom Finance CPA(K) MSC Finance (On Going) Senior Finance Officer, Financial Reporting.
11.	 John Kahuria	Bursary Accountant D.O.B 20/02/1985 BCom Accounting CPA (K) Accountant

KIAMBU COUNTY EDUCATION BURSARY FUND
Reports and Financial Statements
For the year ended June 30, 2019


5. REPORT OF THE FUND ADMINISTRATOR

The scheme is aimed at ensuring that Students especially those from vulnerable grounds access education and are retained in school after enrolment, reducing disparities and inequalities in the provision of education.

The balance brought forward from 2017-2018 FY was Kshs 16,362,105.20. The fund received Kshs 102,500,000 totaling to 118,862,105.20 for the FY 2018/19. A total amount of Kshs 106,018,556 was spent on bursary while Kshs 3,882,370 was spent on administration, leaving a balance of Kshs 8,961,179.20 as at 30th June 2019.

The County Treasury shall make payments directly to the institution where the beneficiaries are enrolled not later than fourteen days after approval by the County Committee.

Several clauses have been amended in the 2014 Act to comply with the PFM Act and to improve the management of the fund as recorded in the Kiambu County Bursary Fund Amendment Act 2016 and 2018.


Muiru Mwangi.....
Fund Administrator

4. BOARD/FUND CHAIRPERSON'S REPORT

4. Forward

Kiambu County Education Bursary Fund was established under the PFM Act 2012 and County Government of Kiambu Act, 2014. In the year under review, the management of the fund changed its membership following the change in the top leadership of the County and the expiry of the term of the Ward Committees. The changes included the County Executive Committee Member and the Chief Officer, County Bursary Committee, Fund Account Signatories and Ward Committees.

The balance brought forward from 2017-2018 FY was Kshs 16,362,105.20. The fund received Kshs 102,500,000 totaling to 118,862,105.20 for the FY 2018/19. A total amount of Kshs 106,018,556 was spent on bursary while Kshs 3,882,370 was spent on administration, leaving a balance of Kshs 8,961,179.20 as at 30th June 2019.

Following the increased capitation in secondary education, a greater percentage of the bursary fund will be expended in the Youth Polytechnics, Colleges, Universities and the extremely needy and vulnerable students.

The challenge facing the fund include the increased number of needy cases and the competing needs in the County.

Signed: _____



CEC EDUCATION, GENDER, CULTURE & SOCIAL SERVICES

6. CORPORATE GOVERNANCE STATEMENT

The County Bursary Committee holds not less than four times meetings in every financial year, and not more than four months should elapse between the date of one meeting and the date of the next one.

The chairperson may, and upon requisition in writing by at least five members, convene a special meeting of the Committee at any time for the transaction of the business of the Committee. Unless three quarters of the total members of the Committee otherwise agree, at least fourteen days' written notice of every meeting of the Committee is given to every member of the Committee. The quorum for the conduct of the business of the Committee is five members including the chairperson or the person presiding. The chairperson presides at every meeting of the Committee at which he is present but, in his absence, the members present elect one of their numbers to preside, who, with respect to that meeting and the business transacted, assumes all the powers of the chairperson.

The Kiambu County Education Bursary Fund Act 2014 guides the conduct of the meetings.

The Amendment Act 2016 provides for the appointment of the County and Ward Bursary Committee members as follows:-

Ward Bursary Committee:- chairperson appointed by the Executive Member through a competitive process, the county officer in charge of education in the ward is the secretary to the committee, one person with experience in education matters nominated by a joint forum on faith based organizations in the ward, one person experienced in education matters nominated by a joint forum of Non-Governmental Organizations in the ward, one person experienced in education matters nominated by joint organizations of persons with disability in the ward; and one person nominated by a joint forum of youth in the ward.

Their roles and functions include: receiving, reviewing and approving applications for education grant, bursary or scholarship, as the case may be, under the Act; determining the amount of education grant, bursary or scholarship, as the case may be, to be awarded to each approved applicant; monitoring and evaluating the progress and performance of the eligible students supported under the Act.

The County Bursary Committee on the other hand is appointed as follows- (a) the Chief Officer responsible for matters relating to Finance or a designated alternate not being below the level of a finance director; (b) the officer administering the Fund who is an ex-officio member with no right to vote and the secretary to the Committee; (c) the Director of social services in the County Government; (d) Director of polytechnics in the County Government; and (e) two other persons qualified in matters relating to education, community development or law appointed by the Executive Member through a competitive process.

The Committees' functions include (a) approve the disbursement of the education grant, bursary and scholarships to beneficiaries; (b) monitor and evaluate the activities of the Ward committees to ensure the implementation of this Act in a manner that promotes the objects of the Fund; (c) receive and address complaints that may arise from the implementation of the Act; (d) consider appeals from the Ward Committees; (e) make recommendations to the Executive Member on any matter relating to the Fund; (f) compile, update and forward reports to the Executive Member; (g) perform any other function as the Executive Member may determine.

A member of the Committee may at any time resign from office by notice in writing to the Executive Member or be removed from office by the Executive Member, if the person has been absent for three consecutive meetings of the Committee without the permission of the chairperson, is convicted of a criminal offence, and sentenced to imprisonment, is convicted of an offence involving dishonesty or fraud, is adjudged bankrupt, or enters into a composition scheme of arrangement with his or her creditors, is incapacitated by prolonged physical or mental illness, or is deemed otherwise unfit to discharge his or her duties as a member of the Committee, or fails to comply with any of the provisions of the Act.

On conflict of interest, if a member is directly or indirectly interested in any contract, proposed contract or other matter before the Committee, and is present at a meeting of the Committee at which the contract, proposed contract or other matter is the subject of consideration, the member should disclose the fact before the meeting starts, and is barred from taking part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the contract or matter: Provided that, if the majority of the members present are of the opinion that the experience or expertise of such a member is vital to the deliberations of the meeting, the Committee may permit the member to participate in the deliberations subject to such restrictions as it may impose, but the member is not eligible to vote on the matter in question. A member of the Committee shall be considered to have a conflict of interest for the purposes of the Act if he or she acquires any pecuniary or other interest that could conflict with the proper performance of his or her duties as a member of the Committee. Where the Committee becomes aware that a member has a conflict of interest in relation to any matter before the Committee, the Committee shall direct the member to refrain from taking part, or taking any further part, in the consideration or determination of the matter.

If the chairperson has a conflict of interest he should, in addition to complying with the other provisions of this section, disclose the conflict in writing to the Executive Member. Upon the Committee becoming aware of any conflict of interest, it decides as to whether in future the conflict is likely to interfere significantly with the proper and effective performance of the functions and duties of the member or the Committee, and the member with the conflict of interest does not vote on this determination.

Upon their appointment, members of both Committees are inducted and briefed on all the related bursary procedures. They carry out their roles and functions as outlined in the act. The allowances paid are determined by the County Treasury in consultation with the Salaries and Remuneration Commission.

KIAMBU COUNTY EDUCATION BURSARY FUND
Reports and Financial Statements
For the year ended June 30, 2019

7. MANAGEMENT DISCUSSION AND ANALYSIS

The Kiambu County Education Funds discussion and analysis provides an overview of the Funds financial activities for the fiscal year ended 30th June 2018. Since this information is designed to focus on the current years activities resulting changes and currently known facts, it should be read in conjunction with the Funds Financial Statements. The financial report is prepared using appropriate accounting policies and in conformity with the IPSAS

CASH RECEIVED FROM COUNTY

The statement shows a decrease of the transfers from the County Government from Kshs 135,000,000 to Kshs 102,500,000 translating to more 24% decrease.

EXPENDITURE

The amount of expenditure reported in the current year also decreased from Kshs 4,335,152 to Kshs 3,882,370.

CASH AND CASH EQUIVALENT

This consists of cash in funds bank account. The amount of cash and cash equivalent reported in the current year is Kshs 8,961,179.20

8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING

N/A

KIAMBU COUNTY EDUCATION BURSARY FUND
Reports and Financial Statements
For the year ended June 30, 2019

9. REPORT OF THE TRUSTEES (N/A)

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 are *(continue to be)*

Results

The results of the Fund for the year ended June 30, 2017 are set out on page

Trustees

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

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. OR [XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Kiambu County Education Bursary Fund for the year/period ended June 30, 2018 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board

XXX

Member of the Board

Date: _____

10. 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 Fund should state the appropriate legislation establishing the Fund)* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

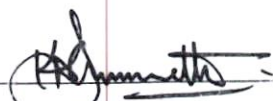
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) 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 *Kiambu County Education Fund*. 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, 2018, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 26th September 2019 and signed on its behalf by:



Karanja Kenneth Njihia

Administrator of the County Public Fund



REPUBLIC OF KENYA

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



Enhancing Accountability

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kiambu County Education Bursary Fund set out on pages 18 to 48, which comprise the statement of financial position as at 30 June, 2019 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Kiambu County Education 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 do not comply with the Public Finance Management Act, 2012 and the Kiambu County Education Bursary Fund Act, 2014.

Basis for Adverse Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Inaccurate Comparative Balances

The following differences were noted between the comparative balances for 2017/2018 reflected in the financial statements for the year ended 30 June, 2019 and the amounts and balances in the audited financial statements for 2017/2018:

Item	2017/2018 Comparatives Figures Kshs.	2017/2018 Audited Figures Kshs.	Difference Kshs.
Transfers from the County Government	147,362,164	147,198,714	163,450
General expenses	127,348,906	127,473,146	(124,240)
Surplus for the year	16,362,105	16,074,415	287,690
Cash and cash equivalents	16,362,105	16,074,415	287,690
Revolving Fund	12,362,164	16,074,415	(3,712,251)

Report of the Auditor-General on Kiambu County Education Bursary Fund for the year ended 30 June, 2019

No explanation or reconciliation has been provided for the above variances.

1.2. Inaccurate Statement of Changes in Net Assets

The statement of changes in net assets reflects funds received during the year amounting Kshs.135,000,000 and Kshs.102,500,000 for 2017/2018 and 2018/2019, respectively which have not been included in the closing balances for both years. The closing balances of Kshs.16,362,105.20 and Kshs.8,961,179.20 as at 30 June, 2018 and 30 June, 2019, respectively are therefore misleading.

No explanation has been provided for the above anomalies.

1.3. Variances Between the Financial Statements and Supporting Schedules

The following variances were noted on three expenditure items between the amounts in the financial statements and the figures in the supporting schedules as shown below:

Expenditure Item	Financial Statements Amounts Kshs.	Supporting Schedules Figures Kshs.	Variance Kshs.
Transfers from the County Government	118,862,105	102,500,000	16,362,105
Fund Administration Expenses	53,370	94,590	41,220
General Expenses	106,766,556	109,025,625	2,259,069

No explanation or reconciliation has been provided for the above variances. As a result, the accuracy and completeness of the expenditure reflected against the above items in the financial statements for the year ended 30 June, 2019 could not be confirmed.

2. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.8,961,179 as at 30 June, 2019. However, the cashbook shows a balance of Kshs.8,475,334 as at the same date. The resulting difference of Kshs.485,845 has not been reconciled or explained.

Further, included in bank reconciliation statement are unrepresented cheques amounting to Kshs.2,412,800 which were already stale as at 30 June, 2019 and could not therefore be presented for payment. The Fund Administrator has not given any justification for the delay in reversing the cheques in the cash book.

Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.8,961,179 as at 30 June, 2019 could not be confirmed.

3. Failure to Prepare a Trial Balance

The Fund Administrator did not prepare a trial balance to support the balances reflected in the financial statements. As a result, the accuracy and completeness of the balances reflected in the financial statements could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kiambu County Education Bursary Fund 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 adverse 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, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Irregular Issuance of Bursaries

Included under the disclosures in Note 8 to the financial statements is an expenditure of Kshs.106,018,556 in respect of bursary disbursements to needy students in various secondary schools and colleges. Examination of records revealed the following irregularities:

- i. An amount of Kshs.5,267,423 was issued to students for full scholarships without proper assessment and vetting by sub-committees. The application forms also lacked vital information for categorization including family background, amount of fees and parent's and student's signatures contrary to Section 13 of Kiambu County Education Bursary Fund Act, 2014.
- ii. Some of the applicants who had requested for partial bursary for day secondary schools totalling Kshs.214,860 were awarded full bursary amounting to Kshs.435,095 for boarding secondary schools.
- iii. Several applicants were irregularly given bursary in both partial scholarship and full scholarship categories leading to double allocation of bursary amounting to Kshs.1,607,357, which unfairly denied other needy cases access to the bursary.

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 internal controls, risk management and 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 processes and systems of internal control, risk management and 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 control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the ability of Kiambu County Education Bursary Fund to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of 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 financial reporting process, reviewing the effectiveness of how the entity 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 non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Kiambu County Education Bursary Fund 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 sustaining 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 Kiambu County Education Bursary 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

17 November, 2021

KIAMBU COUNTY EDUCATION BURSARY FUND
Reports and Financial Statements
For the year ended June 30, 2019

12. FINANCIAL STATEMENTS

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

	Note	FY 2018/2019	
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	118,862,105.20	147,362,163.80
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	-	-
Other income	5	-	-
Total revenue		-	-
Expenses			
Fund administration expenses	6	53,370.00	738,402.60
Staff Costs	7	3,081,000.0	2,912,750.0
General expenses	8	106,766,556	127,348,906.0
Finance costs	9		
Total expenses		109,900,926	131,000,058.60
Other gains/losses			
Gain/loss on disposal of assets	10		-
Surplus (deficit) for the period		8,961,179.20	16,362,105.20

The notes set out on pages 37 to 47 form an integral part of these Financial Statements

KIAMBUCOUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

For the year ended June 30, 2019

12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	30/06/2018 KSh	30/06/2017 KSh
Assets			
Current assets			
Cash and cash equivalents	11	8,961,179.20	16,362,105.2
Current portion of long term receivables from exchange transactions	12	00	00
Prepayments	13	00	00
Inventories	14	00	00
Non-current assets			
Property, plant and equipment	15	00	00
Intangible assets	16	00	00
Long term receivables from exchange transactions	12	00	00
		00	00
		8,961,179.20	16,362,105.20
Total assets			
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	00	00
Provisions	18	00	00
Current portion of borrowings	19	00	00
Employee benefit obligations	20	00	00
Non-current liabilities			
Non-current employee benefit obligation	20	00	00
Long term portion of borrowings	19	00	00
		00	00
Total liabilities			
		00	00
Net assets		8,961,179.20	16,362,105.20
Revolving Fund		8,961,179.20	12,362,163.80
Reserves		(7,400,926)	3,999,941.40
Accumulated surplus		16,362,105.20	16,362,105.20
Total net assets and liabilities			

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The entity financial statements were approved on 26TH SEPTEMBER 2019 and signed by:



Administrator of the Fund
Name: Muiru Mwangi



Fund Accountant
Name: John Kahuria
ICPAK Member
Number:23571

KIAMBUCOUNTY EDUCATION
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The accounting policies and explanatory notes to these financial statements an integral part of the financial statements.

KIAMBU COUNTY EDUCATION BURSARY FUND

Reports and Financial Statements

For the year ended June 30, 2019

12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2019

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	R Shs	R Shs	R Shs	R Shs
Balance as at 1 July 2017	16,362,163.8	00	00	16,362,163.80
Surplus/(deficit) for the period	-	-	-	3,999,941.40
Funds received during the year	135,000,000.0	-	-	135,000,000.00
Revaluation gain	-	00	-	00
Balance as at 30 June 2018	16,362,105.20	00	00	16,362,105.20
Balance as at 1 July 2018	16,362,105.20	00	00	16,362,105.20
Surplus/(deficit) for the period	8,961,179.20	-	00	8,961,179.20
Funds received during the year	102,500,000	-	-	102,500,000.00
Revaluation gain	-	00	-	00
Balance as at 30 June 2019	8,961,179.20	00		8,961,179.20

KIAMBU COUNTY EDUCATION BURSARY FUND
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12.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		00	00
Transfers from the County Government		118,862,105.2	147,362,163.80
Interest received		00	00
Receipts from other operating activities		00	00
Total Receipts		118,862,105.20	147,362,163.80
Payments			
Fund administration expenses			
General expenses		109,900,926.20	131,000,058.80
Finance cost			
Total Payments			
Net cash flows from operating activities	21	8,961,179.20	16,362,105.2
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible Assets		00	00
Proceeds from sale of property, plant and equipment		00	00
Proceeds from loan principal repayments		00	00
Loan disbursements paid out			00)
Net cash flows used in investing activities		00	00)
Cash flows from financing activities			
Proceeds from revolving fund receipts		00	00
Additional borrowings		00	00
Repayment of borrowings		00	00
Net cash flows used in financing activities		00	00
Net increase/(decrease) in cash and cash Equivalents		(7,400,926)	3,999,941.40
Cash and cash equivalents at 1 JULY	11	16,362,105.20	12,362,163.80
Cash and cash equivalents at 30 JUNE	11	8,961,179.20	16,362,105.20

Reports and Financial Statements
For the year ended June 30, 2019

12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE
2019

	Budget	Actual	Variance	%
Revenue	KShs	KShs	KShs	KShs
Public contributions and donations				
Transfers from County Govt.	200,000,000	NIL	200,000,000	97,500,000
Interest income	00	-	00	00
Balance b/f	16,362,105.20	-	xxx	16,362,105.20
Total income	200,000,000	(xxx)	200,000,00	81,137,894.80
Expenses				
Fund administration expenses	6,000,000.00	-	6,000,000.00	2,117,630.00
Staff costs	00	-	00	00
General expenses	194,000,000		194,000,000	87,981,444.00
Finance cost	00	00	00	00
Total expenditure	200,000,000		200,000,000	90,099,074
Surplus for the period	NIL	xxx	8,961,179.20	8,961,179.20
				55%

12.6. 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 2019

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 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	Applicable: 1st January 2019: 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 2018.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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.

4. Budget information

The original budget for FY 2018/2019 was approved by the County Assembly on March 2017. 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 on the 2018-2019 budgets following the governing body's approval.

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

6. 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.

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor 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.

9. Provisions

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

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

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

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. Nature and purpose of reserves

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

11. 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.

12. Employee benefits – Retirement benefit plans

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

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

13. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Borrowing costs

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

15. 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.

16. 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.

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The entity is a County Public Fund established by Kiambu County Education Bursary Fund Act under the Department of Education Culture , Gender and Social services. Its ultimate parent is the County Government of KIAMBU.

20. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Significant judgments and sources of estimation uncertainty

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

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

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

Useful lives and residual values

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

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

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

KIAMBU COUNTY EDUCATION BURSARY FUND
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

22. Financial risk management

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

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

a) Credit risk

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

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

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

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2019				
Receivables from exchange transactions	00	00	00	00
Receivables from non exchange Transactions	00	00	00	00
Bank balances	00	00	00	00
Total	00	00	00	00
At 30 June 2018				
Receivables from exchange transactions	00	00	00	00
Receivables from non exchange Transactions	00	00	00	00
Bank balances	00	00	00	00
Total	NIL	NIL	NIL	NIL

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1 3 months	Over 3 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2018				
Trade payables	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Employee benefit obligation	00	00	00	00
Total	00	00	000	00
At 30 June 2017				
Trade payables	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Employee benefit obligation	00	00	00	00
Total	00	00	00	00

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

	KShs	Other currencies KShs	Total KShs
At 30 June 2018			
Financial assets (investments, cash ,debtors)	00	00	00
Liabilities			
Trade and other payables	00	00	00
Borrowings	00	00	00
Net foreign currency asset/(liability)	00	00	00

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on profit	Effect on equity
	KShs	KShs	KShs
2018			
Euro	10%	00	00
USD	10%	00	00
2017			
Euro	10%	00	00
USD	10%	00	00

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2017: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2017 – KShs xxx)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

	2019		2018
	KShs		KShs
Revaluation reserve	00		00
Revolving fund	00		00
Accumulated surplus	00		00
Total funds			
			00
Total borrowings			00)
Less: cash and bank balances			00
Net debt/(excess cash and cash equivalents)			00
Gearing	00		00

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12.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY 2018/2019	FY 2017/2018
	KShs	KShs
Donation from development partners	NIL	NIL
Contributions from the public	00	00
Total	NIL	NIL

2. Transfers from County Government

Description	FY 2018/2019	FY 2017/2018
	KShs	KShs
Transfers from County Govt. Balance b/f	16,362,105.20	12,362,163.80
Payments by County on behalf of the entity	102,500,000.00	135,000,000
Total	118,862,105.20	147,362,163.80

3. Fines, penalties and other levies

Description	FY 2018/2019	FY 2017/2018
	KShs	KShs
Late payment penalties	00	00
Fines	00	00
Total	00	00

4. Interest income

Description	FY 2018/2019	FY 2017/2018
	KShs	KShs
Interest income from loans(mortgage or car loans)	00	00
Total interest income	00	00

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5. Other income

Description	FY 2018/2019	FY 2017/2018
	KShs	KShs
Insurance recoveries	00	00
Income from sale of tender documents	00	00
Miscellaneous income		
Total other income	NIL	NIL

6. Fund administration expenses

Description	FY 2018/2019	FY 2017/2018
	KShs	KShs
Bank Charges	53,370	738,402.60
Total	53,370	738,402.60

7. Staff costs

Description	FY 2018/2019	FY 2016/2017
	KShs	KShs
Salaries and wages	00	00
Staff gratuity		00
Staff training expenses	3,081,000.00	2,912,750.00
Social security contribution	00	00
Other staff costs	00	00
	3,081,000.00	2,912,750.00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Consumables	NIL	00
Electricity and water expenses	NIL	00
Fuel and oil costs	NIL	00
Insurance costs	NIL	00
Postage	NIL	00
Printing and stationery	748,000.00	684,000.00
Rental costs	NIL	00
Security costs	NIL	00
Telecommunication	NIL	00
Hospitality	NIL	00
Depreciation and amortization costs	NIL	00
Other expenses – Bursary disbursements	106,018,556	126,664,906.20
Total	106,766,556	127,348,906.20

KIAMBU COUNTY EDUCATION BURSARY FUND

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY 2018/2019	FY 2017/2018
	KShs	KShs
Interest on Bank overdrafts		
Interest on loans from banks		
Total		

10. Gain on disposal of assets

Description	FY 2018/2019	FY 2017/2018
	KShs	KShs
Property, plant and equipment	00	00
Intangible assets	00	00
Total	00	00

11. Cash and cash equivalents

Description	FY 2018/2019	FY 2017/2018
	KShs	KShs
Fixed deposits account	00	00
On – call deposits	00	00
Current account	8,961,179.20	16,362,105.20
Others	00	00
Total cash and cash equivalents	8,961,179.20	16,362,105.20

KIAMBU COUNTY EDUCATION BURSARY FUND

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

		FY2018/2019	FY2017/2018
Financial institution	Account number	kShs	kShs
a) Fixed deposits account			
Kenya Commercial bank		00	00
Equity Bank, etc		00	00
Sub- total		00	00
b) On - call deposits			
Kenya Commercial bank		00	00
Equity Bank - etc		00	00
Sub- total		00	00
c) Current account			
Cooperative BANK of Kenya	01141371814200	8,961,179.20	16,362,105.20
		00	00
Sub- total		8,961,179.20	16,362,105.20
d) Others(specify)			
Cash in transit		00	00
Cash in hand		00	00
M Pesa		00	00
Sub- total		00	00
Grand total		8,961,179.20	16,362,105.20

12. Receivables from exchange transactions

Description	FY2018/2019	FY2017/2018
	kShs	kShs
Current Receivables		
Interest receivable	00	00
Current loan repayments due	00	00
Other exchange debtors	00	00
Less: impairment allowance	00	00
Total Current receivables		
Non Current receivables		
Long term loan repayments due	00	00
Total Non-current receivables	00	00
Total receivables from exchange transactions	00	00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	FY 2018/2019	FY 2017/2018
	KShs	KShs
Prepaid rent	00	00
Prepaid insurance	00	00
Prepaid electricity costs	00)	00)
Total	00	00

14. Inventories

Description	FY 2018/2019	FY 2017/2018
	KShs	KShs
Consumable stores	00	00
Spare parts and meters	00	00
Catering	00	00
Total inventories at the lower of cost and net realizable value	00	00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Land and buildings	Minor vehicles	Furniture and fittings	Computers and office equipment	TOTAL
	KSh	KSh	KSh	KSh	KSh
At 1 st July 2016	00	00	00	00	00
Additions	00	00	-	-	00
Disposals	00	(00)	-	-	(00)
Transfers/adjustments	00	(00)	00	(00)	(00)
At 30 th June 2017	00	00	00	xxx	00
At 1 st July 2017					
Additions	00	00	00	-	00
Disposals	(00)	-	-	-	(00)
Transfer/adjustments	00	00	00	(00)	(00)
At 30 th June 2018	00	00	00x	00	00
Depreciation and impairment					
At 1 st July 2016	00	(00)	00	(00)	(00)
Depreciation	00	(00)	(00)	(00)	(00)
Impairment	00	-	-	-	(00)
At 30 th June 2017	00	00	00	00x	00
At 1 st July 2017					
Depreciation	00	(00)	(00)	-	(00)
Disposals	00	-	-	-	00
Impairment	(00)	00	-	-	(00)
Transfer/adjustment	00	(00)	(00)	00	00
At 30 th June 2018	00	xxx	00	00	00
Net book values					
At 30 th June 2017	00	00	00	00	00
At 30 th June 2018	00	00	00	00	00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	FY 2018/2019		FY 2017/2018	
		KShs		KShs
Cost				
At beginning of the year		00		00
Additions		00		00
At end of the year		00		00
Amortization and impairment				
At beginning of the year		00		00
Amortization		00		00
At end of the year		00		00
Impairment loss		00		00
At end of the year		00		00
NBV		00		00

17. Trade and other payables from exchange transactions

Description	FY 2018/2019		FY 2017/2018	
		KShs		KShs
Trade payables		00		00
Refundable deposits		00		00
Accrued expenses		00		00
Other payables		00		00
Total trade and other payables		00		00

18. Provisions

Description	Grants	Bonus	Other	Total
	provision	provision	provision	provision
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	00	00	00	00
Additional Provisions	00	00	00	00
Provision utilised	(00)	(00)	(00)	(00)
Change due to discount and time value for money	00)	(00)	(00)	(00)
Transfers from non -current provisions	00	00	00	00
Total provisions	00	00	00	00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Balance at beginning of the period	00	00
External borrowings during the year	00	00
Domestic borrowings during the year	00	00
Repayments of external borrowings during the period	(00)	(00)
Repayments of domestics borrowings during the period	(00)	(00)
Balance at end of the period	00	00x

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

	FY2018/2019	FY2017/2018
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	00	00
Sterling Pound denominated loan from 'yyy organisation'	00	00
Euro denominated loan from zzz organisation'	00	00x
Domestic Borrowings		
Kenya Shilling loan from KCB	00	00
Kenya Shilling loan from Barclays Bank	00	00
Kenya Shilling loan from Consolidated Bank	00	00
Borrowings from other government institutions	00	00
Total balance at end of the year	00	00

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

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Short term borrowings(current portion)	00	00
Long term borrowings	00	00
Total	00	00x

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	00	00	00	00
Non-current benefit obligation	00	00	00	00
Total employee benefits obligation	00	000	00	00

21. Cash generated from operations

	FY 2018/2019	FY 2017/2018
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	00	00
Gains/ losses on disposal of assets	00	00
Interest income	00	(00)
Finance cost	00	00
Working Capital adjustments		
Increase in inventory	00	(00)
Increase in receivables	00)	(00x)
Increase in payables	00	00
Net cash flow from operating activities	00	00

22. Related party balances

a) Nature of related party relationships

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	FY 2018/2019		FY 2017/2018	
		KShs		KShs
Transfers from related parties'		00		00
Transfers to related parties		00		00

c) Key management remuneration

	FY 2018/2019		FY 2017/2018	
		KShs		KShs
Board of Trustees		00		00
Key Management Compensation		00		00
Total		00		00

d) Due from related parties

	FY 2018/2019		FY 2017/2018	
		KShs		KShs
Due from parent Ministry		00		00
Due from County Government		00		00
Total		00		00

e) Due to related parties

	FY 2018/2019		FY 2017/2018	
		KShs		KShs
Due to parent Ministry		00		00
Due to County Government		00		00
Due to Key management personnel		00		00
Total		00		00

23. Contingent assets and contingent liabilities

Contingent liabilities	FY 2018/2019		FY 2017/2018	
		KShs		KShs
Court case against the Fund		00		00
Bank guarantees		00		00
Total		00		00

(Give details)

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13. 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. of the external auditor Report	Issue / Observations from Auditor	Management comment	Focal Point person to resolve the issue (Name and designation)	Status (Resolved, Not Resolved, aspect of the issue to be resolved)	Time frame resolved