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OF

THE AUDITOR-GENERAL

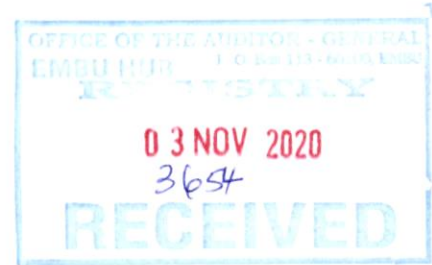
ON

**THARAKA NITHI COUNTY BURSARY
DEVELOPMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2020**



REPUBLIC OF KENYA



THARAKA NITHI COUNTY BURSARY DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

**Tharaka Nithi County Bursary Development Fund
Reports and Financial Statements
For the year ended June 30th, 2020**

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**Tharaka Nithi County Bursary Development Fund
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For the year ended June 30th, 2020**

**1. KEY THARAKA NITHI COUNTY BURSARY DEVELOPMENT FUND
INFORMATION AND MANAGEMENT**

a) Background information

Tharaka Nithi County Bursary Development Fund is established by and derives its authority and accountability from Tharaka Nithi County Bursaries Fund Act, 2014. The Fund is wholly owned by the County Government of Tharaka Nithi and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide assistance to needy and bright students in payment of school fees.

c) The Bursaries Management Board

Ref	Name	Position
1	Alfred Nthia Riara	Chairman
2	Beatrice M. Galvasio	Member
3	Stanley Kabira	Member
4	Humphrey Maguta	Member
5	Aggrey Karani	Administrator

d) Key Management

Ref	Name	Position
1	Aggrey Karani	CO Education / Administrator
2	Sheila Kiganka	CEC Education, Youth, Sports, Culture and Tourism
3	Nduati E.K.	Director Accounting Services

e) Registered Offices and Contacts

Tharaka Nithi County Bursary Development Fund
County Headquarters Building
Kathwana Town
P.O. Box 10-60406
KATHWANA

Tharaka Nithi County Bursary Development Fund Contacts
Telephone: **0723 806556**
E-mail treasury@tharakanithi.go.ke
Website: www.tharakanithicounty.go.ke

f) Tharaka Nithi County Bursary Development Fund Bankers

Family Bank
Chuka Branch
P.O. Box 60000 - 00400
CHUKA

g) Independent Auditors

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

h) Principal Legal Adviser

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

**Tharaka Nithi County Bursary Development Fund
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For the year ended June 30th, 2020**

2. THE BURSARIES MANAGEMENT BOARD




Name	Details of qualifications and experience
Alfred Nthia Riara	Chairman
Beatrice M. Galvasio	Member
Stanley Kabira	Member
Humphrey Maguta	Member
Aggrey Karani	Administrator

3. STATEMENT OF PERFORMANCE AGAINST COUNTY THARAKA NITHI COUNTY BURSARY DEVELOPMENT FUND'S PREDETERMINED OBJECTIVES

During the financial year 2019/20 Tharaka Nithi County Bursary Development Fund managed to support over 5,000 students to whom some were from vulnerable displaced, informal settlements and the marginalized, in both secondary schools and tertiary institutions. Since Education is the equalizer of all backgrounds, empowers and enlightens societies the County fund ensures access to Education to all children in the county and smooth transition from primary to Secondary and to Tertiary levels maintaining the 100% transition rate.

**Tharaka Nithi County Bursary Development Fund
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4. MANAGEMENT TEAM

Name	Details of qualifications and experience
 <p>Sheila Mwendu Kiganka</p>	<p>Mrs. Kiganka is CECM– Education, Youth, Sports, Culture and Tourism</p> <p>She holds Masters’ Degree in International Studies (UoN) and Bachelor Degree in Economics and Finance (Kenyatta University)</p>
 <p>Aggrey Karani</p>	<p>Mr. Karani is the County Chief Officer in charge of Education, Youth, Sports and Tourism and also the Bursary Fund Administrator</p> <p>He holds Master’s Degree in Business Administration and Bachelor of Education</p>
 <p>CPA, CS Nduati E.K.</p>	<p>CPA, CS Nduati is the County Deputy Director - Accounting Services.</p> <p>He is professional Accountant and member of ICPAK (No. 6720) and Certified Secretary ICPSK (No. 2253)</p> <p>He holds Master’s Degree in Finance (UoN) and B.A. Econ (UoN)</p> <p>He has over 10 years’ experience working with Public Sector in Finance Management</p>

5. BURSARY MANAGEMNT BOARD CHAIRPERSON’S REPORT

On behalf of the Bursary Management Board, it is with great honour that I present to you the annual report and financial statements of the Tharaka Nithi County Bursary Development Fund for the year ended 30th June, 2020.

First, I would like to acknowledge the Support of the County Government of Tharaka Nithi headed by H.E. Hon. Onesmus Muthomi Njuki for the support, solid commitment and political goodwill which created an enabling environment to the Fund in its endeavour to deliver on its mandate.


During the financial year 2019/20 Tharaka Nithi County Bursary Development Fund managed to support over 5,000 students from vulnerable background, informal settlements and the marginalized in both secondary schools and institutions of higher learning

Tharaka Fund mission and vision is to offer support to needy and bright students in both secondary and to tertiary levels. This complements with National Government policy of 100% transition rate from primary to secondary education.

The Fund ensures fairness, transparency, and accountability are adhered to in awarding of the financial support to successful applicants. Tharaka Nithi Bursary Fund allocated a total amount of Ksh. 20 Million as bursary to needy and bright students in the County, distributed as per the needs of every ward in the county.

The Board endeavours to continue offering their services in management of the Fund and will continue ensuring the bursary funds are allocated equitably to needy cases.

Thank you and God bless Tharaka Nithi County

Signed: 
Alfred Nthia Riara
Chairman– Bursary Management Board

6. REPORT OF THE FUND ADMINISTRATOR


During the financial year 2019/20 Tharaka Nithi County Bursary Development Fund managed to support over 5,000 students from vulnerable background, informal settlements and the marginalized in both secondary schools and institutions of higher learning

Tharaka Nithi County Bursary Development Fund mission and vision is to offer support to needy and bright students in both secondary and to tertiary levels. This complements with National Government policy of 100% transition rate from primary to secondary education.

The Fund ensures fairness, transparency, and accountability are adhered to in awarding of the financial support to successful applicants. Tharaka Nithi Bursary Fund allocated a total amount of Ksh. 20 Million as bursary to needy and bright students in the County, distributed as per the needs of every ward in the county.

The Fund intends to approach several stakeholders such as business community, financial institutions and civil society to extend financial support in order to enable the Fund offer more financial support to more needy cases.

I take this opportunity to appreciate H.E. The Governor, Members of County Assembly, Bursary Fund Committee, Management Team and ward committees for your commitment and immense support in the process of award of bursary during the year. Your invaluable input made the process a huge success. God bless you.

Signed: 

Aggrey Karani

Administrator – Tharaka Nithi County Bursary Development Fund

7. CORPORATE GOVERNANCE STATEMENT

The Fund strategic leadership led by Bursaries Management Board established in accordance to Tharaka Nithi County Bursaries Act, 2014 Section 7, while the Management Team helps in coordinating the activities of the Fund.

The Bursaries Management Board consist of the following persons appointed by the Governor with the approval of the County Assembly-

- Chairman;
- Administrator / Chief Officer; and
- such other persons not more than three

The members of the Board other than the Secretary and persons appointed under subsection 1(c) members shall hold office for a period of three consecutive years and may be eligible for re-appointment for another term.

Meetings of the Board

The Chairman shall preside at all the meetings of the Board unless he is absent from a particular meeting in which case the members present shall elect one of themselves to preside at that particular meeting or part thereof.

The Board shall meet at least, three times per year but the Chairman shall, upon requisition in writing by at least four members, convene a special meeting of the Board at any time.

Establishment of Committees

There is established Ward Bursaries Committee in each Ward

Members of the Committee

The Committee shall consist of-

- Ward Administrator who shall be the Chairperson;
- A person representing religious community;
- Additional three members of the community, bearing into consideration gender balance, representation of the youth and persons with disability.

The persons under subsection (1) (b) –(d) shall be appointed by the Governor and with the approval of the County Assembly.

The members of the Committee shall hold office for a period of three consecutive years and may be eligible for re-appointment for another one term.

**Tharaka Nithi County Bursary Development Fund
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For the year ended June 30th, 2020**

Application for Bursaries

Every student wishing to be considered for the grant of bursary shall make an application to the Committee in a prescribed form to be prepared by the Bursaries Management Board.

The Committee may accept or reject any application for a bursary. If the Committee accepts the application, it shall recommend to the Board to grant bursary to the eligible student.

If the Committee rejects the application, it shall notify the applicant such rejection in writing and the reasons thereof within two weeks upon making the decision.

Appeal to the Board

Any applicant aggrieved by the decision of the Committee may appeal to the Board within thirty days of the Committee's decision and the Board shall deliver a determination on the same within twenty one (21) days.

8. MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the County Government of Tharaka Nithi allocated an amount of Ksh.23,702,667 as grant to Bursary Fund. The full amount was transferred and received by the Fund.

The total expenditure from the Fund amounted to Ksh.22,788,709 been amount utilised in award of scholarship and school bursaries and administration cost.

The Fund intends to approach other institutions for financial support and sponsorship.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/ SUSTAINABILITY REPORTING

The Fund focus on providing support to bright and needy students within the County by exercising an at most good faith, transparency and high integrity. The fund ensured that the financial support awarded to successful applicants is equitably distributed by receiving and approving applications from every ward all over the county.

**Tharaka Nithi County Bursary Development Fund
Reports and Financial Statements
For the year ended June 30th, 2020**

10. REPORT OF THE BURSARIES MANAGEMENT BOARD

The Bursaries Management Board hereby submit unaudited Financial Statements for the year ended June 30, 2020.

Principal activities

The principal activity/mission/ mandate of the Fund is to provide assistance to needy and bright students in payment of school tuition fees

Results

The results of the Fund for the year ended June 30, 2020 are set out on pages 1-5 of the Financial Statements.

Bursaries Management Board Members

The members of the Bursaries Management Board who served during the year are shown on page ii (*refer to the key entity information and management page*). There were no changes in the Board during the financial year.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2020.

By Order of the Board



Alfred Nthia Riara

Chairman– Bursary Management Board

Date: 25th August 2020

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Tharaka Nithi County Bursaries Fund Act, 2014 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 Tharaka Nithi County Bursary Development 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 30th, 2020. 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 Tharaka Nithi County Bursary Development 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 Tharaka Nithi County Bursary Development Fund Act, 2014. 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, 2020, 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 Tharaka Nithi County Bursary Development 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 25th August 2020 and signed on its behalf by:



Aggrey Karani

ADMINISTRATOR – THARAKA NITHI COUNTY BURSARY DEVELOPMENT FUND

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON THARAKA NITHI COUNTY BURSARY DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tharaka Nithi County Bursary Development Fund set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2020, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Tharaka Nithi County Bursary Development Fund as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Tharaka Nithi County Bursary Fund Act, 2014.

Basis for Qualified Opinion

1.0 Unsupported Expenditure - Scholarship and Student Bursaries

The statement of financial performance reflects general expenses of Kshs.22,753,631 as disclosed in Note 3 to the financial statements. Included in the balance is Kshs.20,160,831 in respect to scholarship and student bursaries. However, bursaries totalling Kshs.14,595,499 (72%) were acknowledged by the respective beneficiary schools while bursaries totalling Kshs.5,565,332 (28%) were not supported by acknowledgement from the recipient schools.

Further, included in the Kshs.20,160,831 was Kshs.217,000 issued as bursaries to seventy (70) students whose admission numbers were not provided for audit review.

In the circumstances, the validity of Kshs.20,160,831 expenditure in respect to scholarship and student bursaries for the year ended 30 June, 2020 could not be ascertained.

2.0 Understated Cash and Cash Equivalents-Stale Cheques

The statement of financial position as at 30 June 2020 reflects cash and cash equivalent balance of Kshs.913,958 as disclosed in Note 6 to the financial statements. However, the respective bank reconciliation statement reflects unrepresented cheques totalling to Kshs.3,571,500 which further includes stale cheques totalling to Kshs.1,245,000 that had not been replaced or reversed in the cashbook as at 30 June, 2020 thereby understating the cashbook balance by the same amount.

In the circumstances, the accuracy of the Kshs.913,958 in respect to cash and cash equivalents as at 30 June, 2020 cannot be ascertained.

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

Key Audit Matters

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

Other Matter

Presentation of the Financial statement

A review of financial statements, revealed that details of the Board members and the management team members' date of birth were not included in the financial statements contrary to the Public Sector Accounting Standards Board (PSASB) template issued in June, 2020.

In the circumstances, the presentation of the Fund's financial statements for the year under review is not in conformity with the PSASB prescribed format.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Criteria for Expenditure Ceilings on Disbursement of Bursaries

The statement of financial performance reflects general expenses totalling Kshs.22,753,631 as disclosed in Note 3 to the financial statements. The balance includes Kshs.2,592,800 (11%) in respect to subsistence allowance spent on disbursement of bursaries. However, criteria on expenditure ceiling for bursaries disbursements was not provided for audit review. The Fund therefore risk spending more funds on disbursement of bursaries instead of giving the same to the needy students.

Consequently, lack of criteria for expenditure ceilings on disbursement of bursaries may result in the Fund not optimally serving the needy students in future.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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, 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 Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to abolish 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 Fund's financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 with limited assurance as to 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 in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 Fund's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Tharaka Nithi County Bursary Development Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 February, 2022

**Tharaka Nithi County Bursary Development Fund
Reports and Financial Statements
For the year ended June 30th, 2020**

13. FINANCIAL STATEMENTS

**13.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30th JUNE 2020**

	Note	2019/2020
		Ksh.
Revenue from non-exchange transactions		
Transfers from the County Government	1	23,702,667
Other Income	2	-
Total Income		23,702,667
Expenses		
General Expenses	3	22,753,631
Finance Costs	4	35,078
Total Expenses		22,788,709
Other gains/losses		
Gain/loss on disposal of assets		-
Surplus/(deficit) for the period		913,958

The notes set out on page 21-24 form an integral part of these Financial Statements

Tharaka Nithi County Bursary Development Fund
Reports and Financial Statements
For the year ended June 30th, 2020

13.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2019/2020
		Ksh
Assets		
Current Assets		
Cash and Cash Equivalents	6	913,958
Prepayments		-
Total Current Assets		913,958
Non-current Assets		
Property, Plant and Equipment	5	-
Intangible Assets		-
Total Non Current Assets		-
Total Assets		913,958
Liabilities		
Current Liabilities		
Provisions		-
Current portion of borrowings		-
Employee benefit obligations		-
Non-current Liabilities		
Non-current employee benefit obligation		-
Long term portion of borrowings		-
Total Liabilities		-
Net Assets		913,958
Revolving Fund		-
Reserves		-
Accumulated Surplus		913,958
Total net assets and liabilities		913,958

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Tharaka Nithi County Bursary Development Fund Financial Statements were approved on **25th August 2020** and signed by:



Aggrey Karani
Fund Administrator



CPA Nduati E.K
Head of Accounts
ICPAK No. 6720

**Tharaka Nithi County Bursary Development Fund
Reports and Financial Statements
For the year ended June 30th, 2020**

13.3. STATEMENT OF CHANGES IN NET ASSETS FOR YEAR ENDED 30 JUNE 2020

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Ksh.	Ksh.	Ksh.
Balance as at 1 July 2018				
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	-	-	-	-
Balance as at 1 July 2019	-	-	-	-
Surplus/(deficit)for the period	-	-	913,958	913,958
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	-	-	913,958	913,958

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Tharaka Nithi County Bursary Development Fund Financial Statements were approved on 25th August 2020 and signed by:



Aggrey Karani
Fund Administrator



CPA Nduati E.K
Head of Accounts
ICPAK No. 6720

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13.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020
		Ksh.
Cashflows from Operating Activities		
Receipts		
Transfers from the County Government	1	23,702,667
Receipts from other Operating Activities	2	-
Total Receipts		23,702,667
Payments		
General expenses	3	22,753,631
Finance cost	4	35,078
		22,788,709
Adjusted for:		
Decrease/(Increase) in Accounts receivable: (outstanding imprest)		
Increase/(Decrease) in Accounts Payable: (deposits and retention)		-
		-
Net cash flows from operating activities	6	913,958
Cash flows from investing activities		-
Proceeds from sale of property, plant and equipment		-
Proceeds from loan principal repayments		
Net cash flows used in investing activities		
Cash flows from financing activities		-
Proceeds from revolving fund receipts		-
Additional borrowings		-
Repayment of borrowings		-
Net cash flows used in financing activities		
Net increase/(decrease)in cash and cash equivalents		913,958
Cashandcashequivalentsat1July 2019		-
Cash and cash equivalents at 30 June 2020	5	913,958

13.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2020

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% Utilization
	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020
	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	
Revenue						
Transfers from County Govt.	23,702,667	0	23,702,667	23,702,667	-	100%
Other Income	-	-	-	-	-	-
Total income	23,702,667	-	23,702,667	23,702,667	-	100%
Expenses						
General expenses	23,702,667	0	23,702,667	22,753,631	(949,036)	96%
Finance cost	-	-	-	35,078	35,078	100%
Total expenditure	23,702,667	0	23,702,667	22,788,709	(913,958)	96%
Surplus for the period	-	-	-	913,958	(913,958)	

Budget notes

- 1. The full amount budget receipt transfer from County was received*
- 2. There were no Changes in budget*
- 3. The total of actual on comparable basis tie to the statement of financial performance totals*

13.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

The Bursary 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 2020

Standard	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 are covered purely under Public Sector combinations as amalgamations. <i>No effect on this Bursary Fund financial reporting</i>

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of the Fund's future cashflows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>No effect on the Bursary Fund financial reporting</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Tharaka Nithi County Bursary Development Fund provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Fund; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Fund's financial performance, financial position and cash flows.</p> <p><i>No effect on this Bursary Fund financial reporting</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.

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Standard	Effective date and impact:
	<p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>
	<p>IPSAS 40, Public Sector Combinations. Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

c) Early adoption of standards

The Tharaka Nithi County Bursary Development Fund did not early – adopt any new or amended standards in year 2020.

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 Tharaka Nithi County Bursary Development Fund 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 2019/2020 was approved by the County Assembly on April 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. There were no additional appropriations added to the original budget by the Tharaka Nithi County Bursary Development Fund upon receiving the respective approvals in order to conclude the final budget.

The Bursary Fund 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.

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

- The 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 Tharaka Nithi County Bursary Development Fund 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 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 Tharaka Nithi County Bursary Fund.

9. Provisions

Provisions are recognized when the Tharaka Nithi County Bursary Development Fund 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 Tharaka Nithi County Bursary Development Fund 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

Tharaka Nithi County Bursary Development Fund 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 Tharaka Nithi County Bursary Development Fund 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 Tharaka Nithi County Bursary Development Fund 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 Tharaka Nithi County Bursary Development Fund does not create or maintain reserves in terms of specific requirements. *(there No effect on the fund financial reporting)*

11. Changes in accounting policies and estimates

The Tharaka Nithi County Bursary Development Fund 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 Entity pays fixed contributions into a separate 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.

Tharaka Nithi County Bursary Development Fund has not employed staff entitled to retirement benefit and thus does not contribute any funds.

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 Tharaka Nithi County Bursary Development Fund 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 Tharaka Nithi County Bursary Fund, 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. The year under review was the first reporting year and hence no comparative figures provided.

18. Events after the reporting period

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

19. Ultimate and Holding Tharaka Nithi County Bursary Fund

The Tharaka Nithi County Bursary Development Fund is a County Public Fund established by Tharaka Nithi County Bursary Development Fund Act, 2014 under the Education, Youth Sports, Culture and Tourism Sector. Its ultimate parent is the County Government of Tharaka Nithi.

20. Currency

The financial statements are presented in Kenya Shilling (Ksh.).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Significant judgments and sources of estimation uncertainty

The preparation of the Tharaka Nithi County Bursary Fund'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: No estimates were made during the year

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 Tharaka Nithi County Bursary Development Fund 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 Tharaka Nithi County Bursary Development Fund. 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 Tharaka Nithi County Bursary Fund
- 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.

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

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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 minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

a) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Tharaka Nithi County Bursary Fund'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 Tharaka Nithi County Bursary Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Ksh.	Fully performing Ksh.	Past due Ksh.	Impaired Ksh.
At 30 June 2020				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	913,958	913,958	-	-
Total	913,958	913,958		
At 30 June 2019				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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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 Tharaka Nithi County Bursary Development Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Tharaka Nithi County Bursary Development Fund has no significant concentration of credit risk.

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 Tharaka Nithi County Bursary Fund's short, medium and long-term funding and liquidity management requirements. The Tharaka Nithi County Bursary Development Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Ksh.	Ksh.	Ksh.	Ksh.
At 30 June 2020				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2019				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

The Management has put in place an internal audit function to assist it in assessing the risk faced by the Tharaka Nithi County Bursary Development Fund 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 Tharaka Nithi County Bursary Development Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

There has been no change to the Tharaka Nithi County Bursary Fund's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

Tharaka Nithi County Bursary Development Fund did not have foreign 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.

Tharaka Nithi County Bursary Development Fund did not have foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period:

		Other currencies	Total
	Ksh.	Ksh.	Ksh.
At 30 June 2020			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables			
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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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 surplus/ deficit	Effect on Equity
	Ksh.	Ksh.	Ksh.
2020			
Euro	10%	-	-
USD	10%	-	-
2019			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

The end of the year figures, the sensitivity analysis has no impact on the statement of comprehensive income.

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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 Tharaka Nithi County Bursary Development Fund capital structure comprises of the following funds:

	2019/2020
	Ksh.
Revaluation reserve	-
Revolving fund	-
Accumulated surplus	913,958
Total funds	913,958
Total borrowings	-
Less: cash and bank balances	-
Net debt/(excess cash and cash equivalents)	-
Gearing	0%

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13.7. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government

Description	2019/2020
	Ksh.
Transfers from County Govt. – operations	23,702,667
Total	23,702,667

2. Other Income

Description	2019/2020
	Ksh.
Other Receipts	-
Total	-

3. General Expenses

Description	2019/2020
	Ksh.
Scholarship and Student Bursaries	20,160,831
Subsistence Allowances	2,592,800
Administration Expenses	-
Depreciation and amortization costs	-
Total	22,753,631

4. Finance costs

Description	2019/2020
	Ksh.
Bank Charges	35,078
Total	35,078

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5. Property, Plant and Equipment

Cost	Buildings	Motor Vehicles	Furniture and Fittings	Computers and Office Equipments	Total
	Ksh	Ksh	Ksh	Ksh	Ksh
At 1st July 2019					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2020	0	0	0	0	0
Depreciation and impairment					
At 1 st July 2018	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2019	-	-	-	-	-
At 1st July 2019					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
Net book values	0	0	0	0	0
At 30th June 2019	-	-	-	-	-
At 30th June 2020	0	0	0	0	0

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6. Cash and Cash Equivalents

Description	2019/2020
	Ksh.
Tharaka Nithi County Bursary Development Fund A/c	913,958
Total cash and cash equivalents	913,958

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

Financial institution	Account number	2019/2020
		Ksh.
a) On - call deposits		
Family Bank	054000007495	913,958
Grand total		913,958

7. Cash Generated from Operations

	2019/2020
	Ksh.
Surplus/ (deficit) for the year before Tax	913,958
Adjusted for:	
Depreciation	-
Amortisation	-
Gains/ losses on disposal of assets	-
Interest income	-
Finance cost	-
Working Capital adjustments	-
Increase in inventory	-
Increase in receivables	-
Increase in payables	-
Net cash flow from Operating Activities	913,958

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. 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

b) Related party transactions

	2019/2020
	Ksh.
Transfers from related parties'	23,702,667
Transfers to related parties	-

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14 PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR’S RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
The fund had not been audited before hence no Audit report follow up					

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Tharaka Nithi County Bursary Development Fund responsible for implementation of each issue;
- d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.