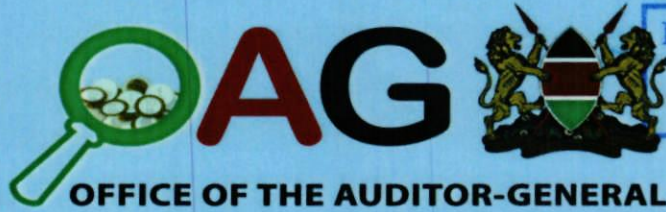


REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

NYERI COUNTY ELIMU FUND

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

PAPERS LAID	
DATE	23/02/2022
TABLED BY	SML
COMMITTEE	—
CLERK AT THE TABLE	CAROLYNE CIFOROP





NYERI COUNTY ELIMU FUND

ANNUAL REPORT 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)**

10/10/10

Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020

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Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Nyeri County Elimu Fund is established by and derives its authority and accountability from Nyeri County Elimu Fund Act 2015 on 23rd February, 2016. The Fund is wholly owned by the County Government of Nyeri and is domiciled in Kenya.

The objective of the Nyeri County Elimu Fund is to provide funds to be used for granting money to assist students to pursue education at such recognized institutions not leaving out persons with disabilities who deserve support to pursue their education at recognized schools and educational institutions.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide funds to be used for granting money to assist students to pursue education.

c) Board Members

Ref	Name	Position
1	Mr Jackson Karugu Njogu	Chairperson
2	Mr Simon Wachira Ngatia	Chief Officer Education, Sports, Science and Technology/ Fund Administrator
3	Mr James Kiretai	Director of Education and Training/ Secretary
4	Mr. Moses Gachanja Githinji	Fund Manager
5	Mr Joseph Kagunda Mwangi	PWLD Representative
6	Mr. Samson Wanjiku	PTA Representative
7	Mr Steve Maina Nderi	Youth Representative
8	Fr Moses Kanyingi	Faith Based Organizations Representative
9	Ms Joan Mathenge	Self Help Group Representative
10	Mrs Rosemary W. Ngunu	Head teachers Associations Representative

d) Key Management

Ref	Name	Position
1	Mr Simon Wachira Ngatia	Chief Officer Education, Sports, Science and Technology/ Fund Administrator
2	Mr James Kiretai	Director of Education and Training/ Secretary
3	Mr. Moses G. Githinji	Fund Manager
4	Mr. Francis Kibuka	Fund ICT Officer

(Include all positions regarded as top management for the Fund).



Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020

e) Registered Offices

P.O. Box 1112-10100
Regional Commissioners Complex Nyeri Block C
Kamakwa Road
Nyeri, KENYA

f) Fund Contacts

Telephone:(254) 0771320143
E-mail: educationnyeri.go.ke
Website: www.go.ke

g) Fund Bankers

Kenya Commercial Bank
Nyeri Branch
P.O. Box 192
Nyeri 10100
Nyeri, Kenya

h) Independent Auditors

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

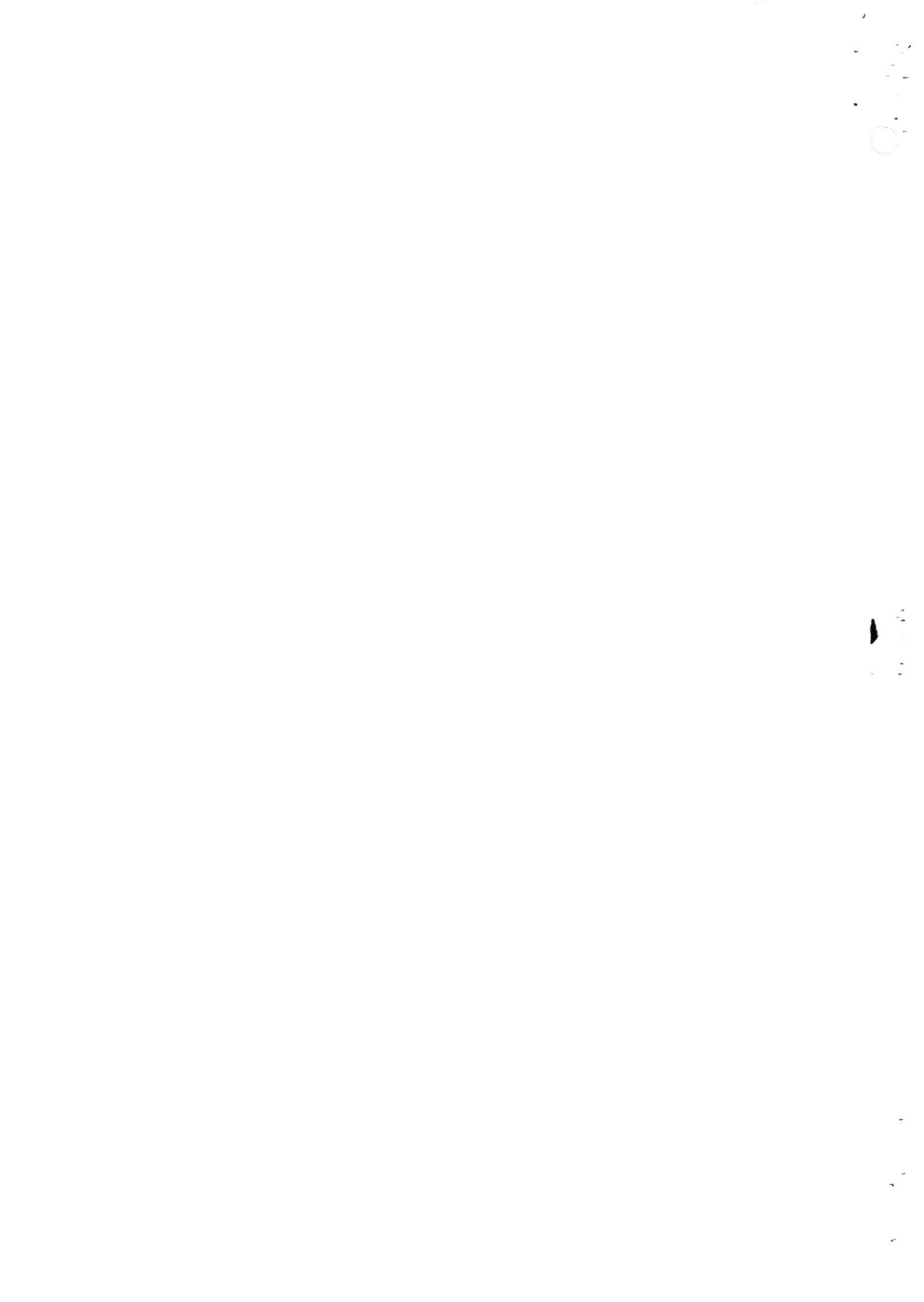
i) Principal Legal Adviser

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

Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020

2. MANAGEMENT TEAM

Name	
1. Simon Wachira Ngatia	Fund Administrator
2. James Kiretai	Director of Education
3. Moses G Githinji	Fund Manager
4. Francis Kibuka	Fund ICT Officer
<i>Note: The Fund Administrator will feature under both the 'Board' and 'Management'.</i>	



3. BOARD/FUND CHAIRPERSON'S REPORT

It is my pleasure to present, on behalf of the board, the Nyeri County Elimu Fund financial statements for the year ended 30th June 2020. The financial statements present the financial performance of the fund over the past year.

Board and Management Changes

During the year the new board was appointed by CEC education as per the Act.

Review of performance

Income

The fund received KShs.100, 000,000 from County Government of Nyeri.

Disbursements and Expenditures

The total bursary disbursed to needy students during the period amounted to KShs.90, 988,973 out of which the normal bursary amounted to Kshs 83, 642, 000, balance utilisation for the previous year Kshs506, 545 and special cases amounted to Kshs 6,840,428 broken down as full scholarship Kshs 5,564,811 and special Kshs 1,275,617. Administration expenses amounted to KShs. 4,283,580 for the year.

Future outlook

The future of the Fund looks brighter. The fund rolled out a 4 year scholarship programme with 60 students benefitting last year. This financial year the fund was able to support the second cohort of 60 new beneficiaries in addition to the last year first cohort of 60 students totalling to 120 students.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the county government, stakeholders, management, staff and the board for their continued support which made us achieve these results.

I look forward to your continued support in the year 2020/2021.

Signed: _____


Jackson Karugu Njogu

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Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020

Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020

4. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present the Nyeri County Elimu Fund financial statements for the year ended 30th June 2020. The financial statements present the financial performance of the fund over the past year.

The fund was established on 21st December 2015 and the Fund Administrator was appointed on 8th March 2016. Since then, a total of Kshs 427,000,000 has been received from County Government and disbursed to needy students in Nyeri County.

Financial Performance

a) Revenue

In the year ended 30th June 2020, the fund had projected transfer from County Government of KShs 100,000,000. Out of the projected transfer, the fund was able to realise/receive KShs 100,000,000 in actual transfer, representing 100% performance.

In the table below, we present an analysis of transfer/ issue performance during the year.

Revenue classification	Transfer/Issue Budget (KShs)	Actual (KShs)	Realisation (%)
Revenue	KShs	KShs	
Transfers from County Govt.	100,000,000	100,000,000	100%
Total income	100,000,000	100,000,000	100%

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Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020

b) Disbursements and Expenditures

During the financial year 2019/2020, the fund disbursed KShs.90, 482,428 bringing the total number of beneficiaries to students. Broken down as follows; normal bursary Kshs 83,642,000/= 17,888 beneficiaries, special cases Kshs1, 275,617/= 116 beneficiaries and full scholarship Kshs 5,564,811/= 120 beneficiaries.

The summary of the beneficiaries is tabulated as follows:

i. **Normal Bursary.**

Categories	No. of Students	Amount
Secondary	13648	58,952,000
University	1879	11,274,000
College	1274	7,644,000
Polytechnic	750	3,750,000
Special Institution	337	2,022,000
TOTAL	17888	83,642,000

ii. **Special cases**

Categories	No. of Students	Amount
Secondary	72	827,674
University	17	160,000
College	18	167,700
Polytechnic	9	120,243
Special Institution	0	
TOTAL	116	1,275,617

iii. **Full Sponsorship**

Categories	No. of Students	Amount
Secondary	120	5,564,811
University	0	0
College		0
Polytechnic	0	0
Special Institution	0	
TOTAL	120	5,564,811

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Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020

iv. Conclusion

FY 2019/2020 was a good year in general. We were able to add 60 more needy students for full sponsorship programme. and by this the momentum has been created to enable the fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

I take this opportunity to thank the board for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Elimu fund achieves its objectives.

Signed:  _____

Mr Simon Wachira

Fund Administrator



5. CORPORATE GOVERNANCE STATEMENT

THE BOARD

The Nyeri County Elimu Fund is established by and derives its authority and accountability from Nyeri County Elimu Fund Act 2015 on 23rd February, 2016. The Fund shall be managed and administered by a board.

The objective of the Nyeri County Elimu Fund is to provide funds to be used for granting money to assist students to pursue education at such recognized institutions not leaving out persons with disabilities who deserve support to pursue their education at recognized schools and educational institutions.

NYERI COUNTY ELIMU FUND MANAGEMENT BOARD

Established by Nyeri County Elimu Fund Act, 2015 part III sec 7 (1) and it consists of 10 members appointed by the Executive in –charge of Education in consultation with the Governor. The members of the board shall hold office for a period of three consecutive years and may be eligible for re-appointment for one further and final term.

The board is provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. Whereas the day-to-day running of the operations of the fund is delegated to the fund administrator.

During FY 2019/2020 the term for the new board members started on 14th march 2020.

BOARD MEETINGS

The board meets at least , three times in a year but the Chairperson shall upon requisition in writing by at least four members convene a special meeting of the board at any time when need arise.

The board held three full board meetings and did not held any special meeting during the FY 2019/2020. The first meeting was held on 5th November 2019 and it was attended by nine members with one apology. The second meeting was held on 3rd January 2020 and was attended by nine members with one apology. And the third meeting was held on 15th February 2020 and it was attended by 8 members.

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6. MANAGEMENT DISCUSSION AND ANALYSIS

The fund has continued to grow over the years and the management has put measures in place to safeguard against risks.

BUSINESS PERFORMANCE

Revenue

The fund received Kshs 100,000,000.00 from the County Government and it was transferred to Fund Bank account no.1181214947 on 10th March 2020.

Cash flow

The cash and cash equivalents increased from KShs 18,940,416.00 as at 30 June 2019 to KShs 24,215,863.00 as at 30 June 2020.

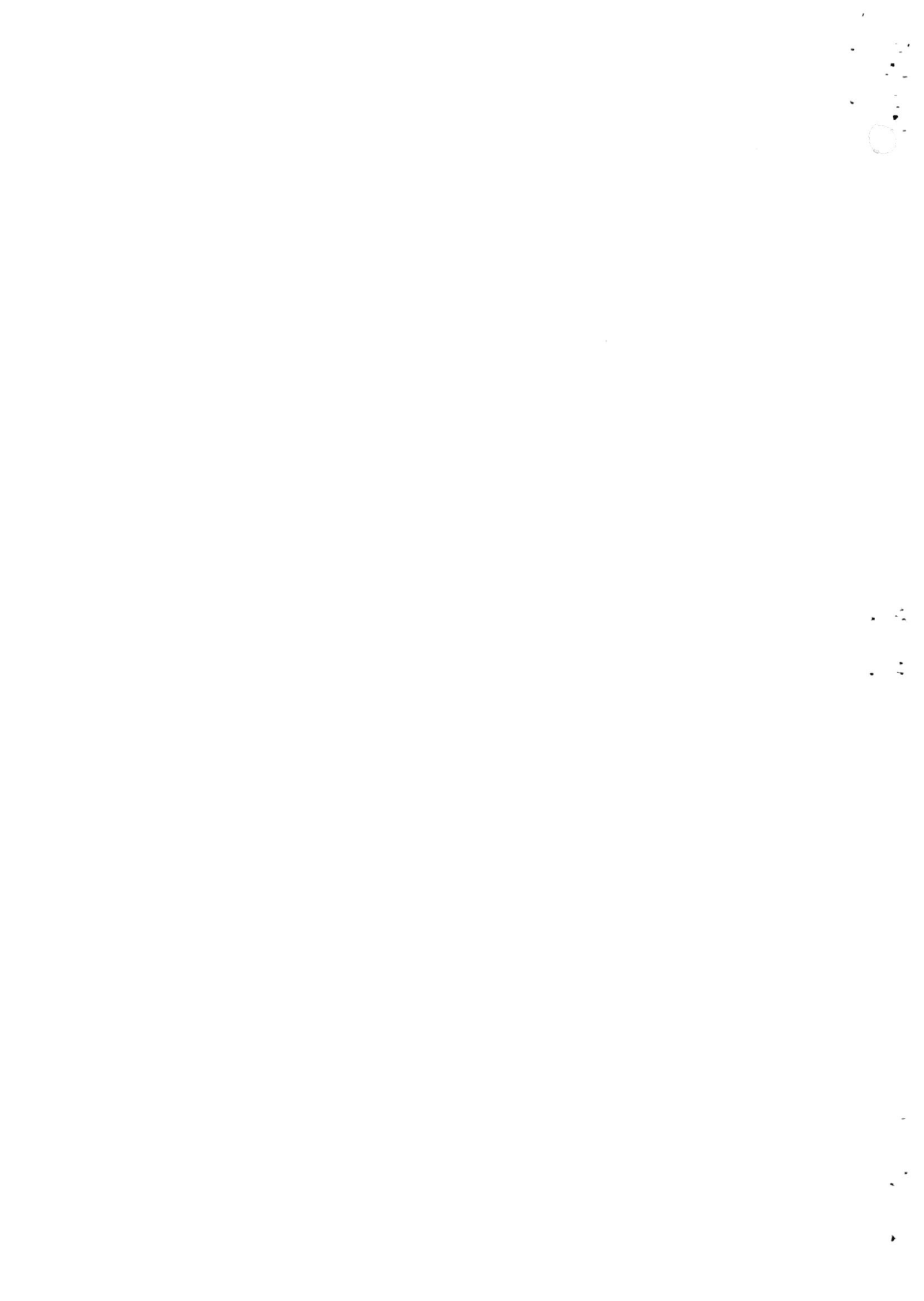
OPERATIONAL PERFORMANCE

The fund's core operating activity is to assist financially needy students to pursue their studies.

During the financial year the fund disbursed KShs.90, 482,428 bringing the total number of beneficiaries' to 18124 students. Tabulated as follows; normal bursary Kshs 83,642,000/= 17888 beneficiaries, special cases Kshs1, 275,617/= 116 beneficiaries and full scholarship Khs 5,564,811/= 120 beneficiaries.

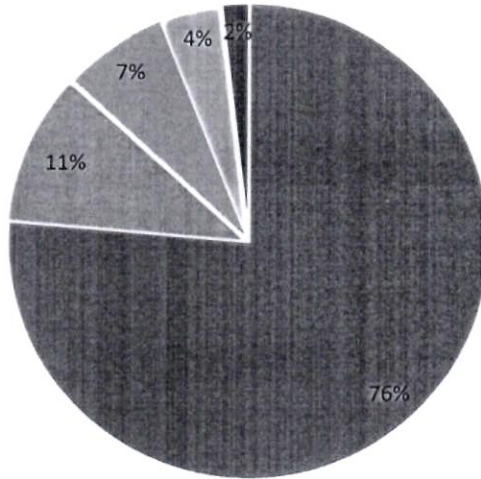
TOTAL NO. OF BENEFICIARIES AND TOTAL AMOUNT DISBURSED

Categories	No. of Students	Amount
Secondary	13840	65,344,485
University	1896	11,434,000
College	1292	7,811,700
Polytechnic	759	3,870,243
Special Institution	337	2,022,000
TOTAL	18124	90,482,428



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

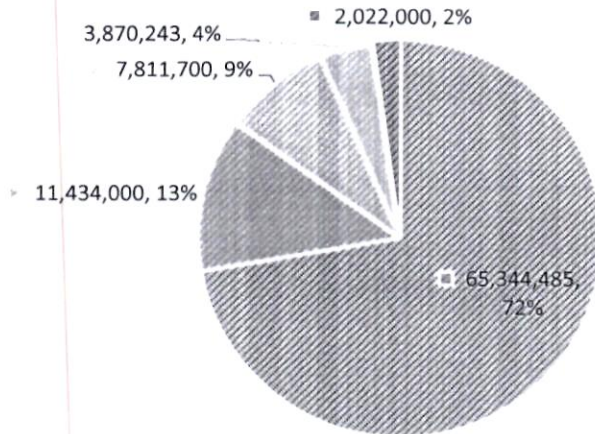
No. Of Students



■ Secondary ■ University ■ College ■ Polytechnic ■ Special Inst. ■

AMOUNT DISBURSED KSHS

■ Secondary ■ University ■ College ■ Polytechnic ■ Special Institution ■



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Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The summary of the total beneficiaries and total amount disbursed are further broken down and tabulated as follows:

i. **Normal Bursary.**

Categories	No. of Students	Amount
Secondary	13648	58,952,000
University	1879	11,274,000
College	1274	7,644,000
Polytechnic	750	3,750,000
Special Institution	337	2,022,000
TOTAL	17888	83,642,000

ii. **Special cases**

Categories	No. of Students	Amount
Secondary	72	827,674
University	17	160,000
College	18	167,700
Polytechnic	9	120,243
Special Institution	0	
TOTAL	116	1,275,617

iii. **Full Sponsorship**

Categories	No. of Students	Amount
Secondary	120	5,564,811
University	0	0
College	0	0
Polytechnic	0	0
Special Institution	0	0
TOTAL	59	5,564,811

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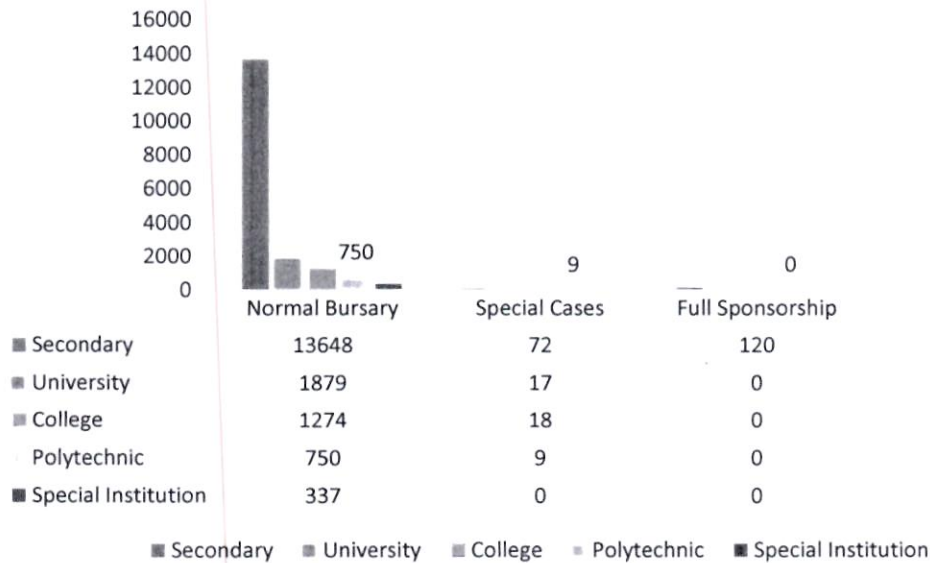
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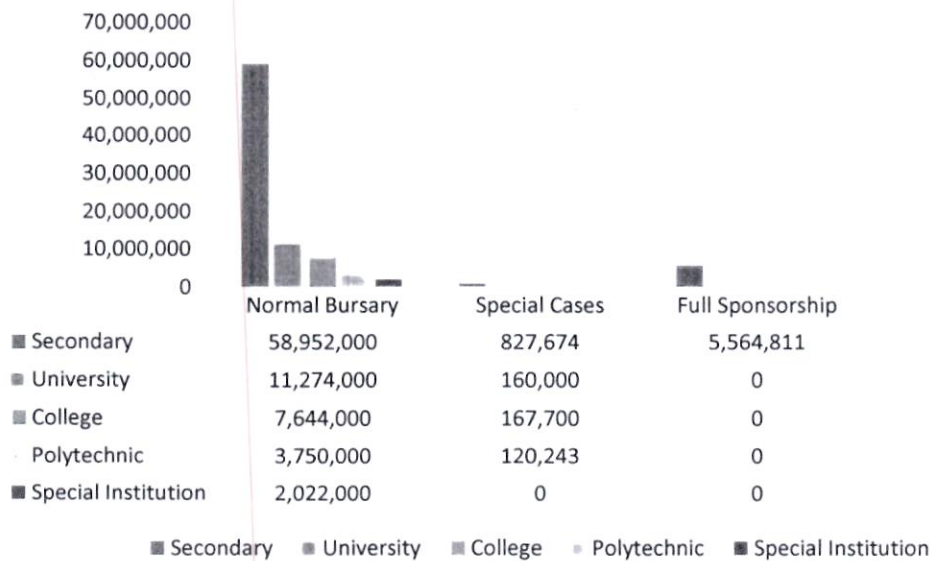
Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

NO. OF BENEFICIARIES



TOTAL AMOUNT DISBURSED



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MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Employees

Human capital is a critical ingredient towards ensuring realisation of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services.

Conclusion

We appreciate the unrelenting support from the board, staff, the county government and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2019/2020.

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.

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7. 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 Nyeri County Elimu Fund established by Nyeri County Elimu Fund Act 2015 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 Nyeri County Elimu Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2019.

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

The Administrator of the Nyeri County Elimu 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 Nyeri County Elimu Fund Act 2015. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2019, and of the Fund’s financial position as at that date. The Administrator further 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 Nyeri County Elimu 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 _____ 2020 and signed on its behalf by:

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NYERI COUNTY ELIMU FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyeri County Elimu Fund set out on pages 19 to 52, 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 effects of the matter 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 Nyeri County Elimu 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 Public Finance Management Act, 2012 and the Nyeri County Elimu Fund Act, 2015.

Basis for Opinion

1. Inaccurate and Unsupported Bursaries and Scholarships

The statement of financial performance for the year ended 30 June, 2020 reflects Kshs.90,988,973 in respect of bursaries and scholarships. As disclosed under Note 4 to the financial statements, however, the schedule of bursary beneficiaries provided for audit reflected a total of Kshs.90,123,811 and hence resulting to an unreconciled variance of Kshs.865,162.

Further, disbursements totalling Kshs.87,237,072 were not supported by acknowledgement letters from beneficiary institutions.

Consequently, the accuracy and validity of the expenditure of Kshs.90,988,973 for the year ended 30 June, 2020 could not be confirmed.

2. Unsupported Fund Administration Expenses

As disclosed under Note 5 to the financial statements, the statement of financial performance for the year ended 30 June, 2020 reflects fund administration expenses of Kshs.4,283,580. However, records provided indicated that imprest totalling Kshs.380,000 was issued to an officer to pay for allowances to officers and board members preparing bursary cheques outside the county in the month of March, 2020. However, there was no evidence provided to support booking of the venue and evidence of travel by the team. Further, prudence would require that the activity of preparing bursary cheques for issue, would have been economically carried out within the County's premises designated for such routine activities so as to save on subsistence allowances and hotel charges which would otherwise be used to issue more bursaries.

Further, the administrative expenses included an amount of Kshs.76,000, Kshs.100,000 and Kshs.127,780 in respect of lunch allowances, fuel expenses and office supplies respectively and which were not supported by the relevant documents.

Therefore, it has not been possible to confirm that the County obtained value-for-money on the expenditure of Kshs.380,000.

Consequently, the validity, and efficient use of the expenditure of Kshs.683,780 on administrative expenses could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nyeri County Elimu 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 our professional judgment, are of most significance in the audit of the financial statements of the current year. There were no key audit matters to report in the year under review.

Unresolved Prior Year Issues

In the audit of the previous year, several issues were raised under Report on the Financial statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, although the Management has indicated that all the issues had been responded to, the matters remained unresolved as the County Assembly was yet to deliberate.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Endowment Fund

As disclosed under Note 11 to the financial statements, the statement of financial position as at 30 June, 2020 reflects an endowment fund balance of Kshs.21,350,000. As stipulated in Section 5(5) of the Nyeri County Elimu fund Act, 2015, the accumulated fund over a period of five years since 2015/2016 financial year, should be equivalent to 5% of the monies allocated for bursary fund and maintained in a separate bank account. However, the Fund Management has not created a separate bank account for the endowment fund as required and instead, the endowment funds are held in the same operation bank account of the Fund. No reason was provided for the failure to open a separate endowment account as required by the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 overall governance.

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

Auditor-General's Responsibilities for the Audit

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

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

Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease 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 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

04 February, 2022

Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020

9. FINANCIAL STATEMENTS

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

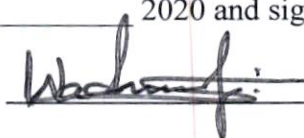
	Note	FY2019/2020	FY2018/2019
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1		0
Transfers from the County Government	2	100,000,000.00	100,000,000.00
		100,000,000.00	100,00,000.00
Revenue from exchange transactions			
Interest income	3		0
Other income			0
			0
Total revenue		100,000,000.00	100,00,000.00
Expenses			
Bursaries Issued	4	90,988,973.00	96,061,501.00
Fund administration expenses	5	4,283,580.00	4,151,414.80
Provision for Endowment	6	5,000,000.00	5,000,000.00
Prior Year Adjustment	7		400,903.00
Finance costs	8		0
Total expenses		100,272,553.00	105,613,819.00
Other gains/losses			
Gain/loss on disposal of assets	9		0
Surplus/(deficit)for the period		-272,553.00	-5,613,819.00

Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020

9.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	FY2019/2020	FY2018/2019
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	10a	2,865,863.00	2,590,416.00
Endowment Fund Bank Balance	10b	21,350,000.00	16,350,000.00
Outstanding Transfer from County	12	3,000,000.00	3,000,000.00
		27,215,863.00	21,940,416.00
Non-current assets			
Property, plant and equipment	13		0
Intangible assets	14		0
Long term receivables from exchange transactions	15		0
Total assets		27,215,863.00	21,940,416.00
Liabilities			
Current liabilities			
Non-current liabilities			
Non-current employee benefit obligation		0	0
Long term portion of borrowings		0	0
Total liabilities		0	0
Net assets			0
Endowment Fund Balance	11	21,350,000.00	16,350,000.00
Accumulated Bursary Fund surplus/Deficit		5,865,863.00	5,590,416.00
			0
Total net assets and liabilities		27,215,863.00	21,940,416.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2020 and signed by:



Administrator of the Fund
Name:



Chief Officer Finance
Name: JOHN NGULI
ICPAK Member Number: 2613

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Nyeri County Elimu Fund
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9.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020

	Endowment Fund	Accumulated surplus	Total
		KShs	KShs
Balance as at 1 July 2018	11,350,000.00	4,267,535.00	15,617,535.00
Surplus/(deficit) for the period	0	(5,613,819.00)	(5,613,819.00)
Endowment Fund	5,000,000.00		5,000,000.00
Reversal of stale Cheques		6,936,700.00	6,936,700.00
Balance as at 30 June 2019	16,350,000.00	5,590,416.00	21,940,416.00
Balance as at 1 July 2019	16,350,000.00	5,590,416.00	21,940,416.00
Surplus/(deficit) for the period		-272,553.00	(272,553.00)
Endowment Fund	5,000,000.00		5,000,000.00
Reversal of stale Cheques	-	548,000.00	548,000.00
Balance as at 30 June 2020	21,350,000.00	5,865,863.00	27,215,863.00

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Nyeri County Elimu Fund
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9.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	FY2019/2020	FY2018/2019
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	0	0
Transfers from the County Government	2	100,000,000.00	100,000,000.00
Reversal of Stale Cheques/Payments	16	548,000.00	6,936,700.00
Total Receipts		100,548,000.00	106,936,700.00
Payments			
Bursaries Issued	4	90,988,973.00	96,061,501.00
Fund administration expenses	5	4,283,580.00	4,151,414.80
Prior year Adjustment-Other expenses	7		400,903.00
Total Payments		95,272,553.00	100,613,818.80
Net cash flows from operating activities		5,275,447.00	6,322,881.20
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		0	0
Proceeds from sale of property, plant and equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursement paid out			0
Net cash flows used in investing activities		-	0
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0
Repayment of borrowings		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease)in cash and cash equivalents		5,275,447.00	6,322,881.20
Cash and cash equivalents at 1 JULY 2019		18,940,416.00	12,794,416.00
Cash and cash equivalents at 30 JUNE 2020	10	24,215,863.00,	18,940,416.00

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9.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th
 JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2020	2020	2020	2020	2020	2020
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	0	0	0	0	0	
Transfers from County Govt.	100,000,000	0	100,000,000	100,000,000	0	100%
Interest income	0	0	0	0	0	
Other-Reversal of stale Cheques	0	548,000	548,000	548,000	0	
Total income	100,000,000	548,000	100,548,000	100,548,000	0	100.55%
Expenses						
Fund administration expenses	3,000,000	-	3,000,000	4,283,580.00	(1,283,580.00)	(142.79%)
Bursary issued	92,000,000		92,000,000	90,988,973.00	1,011,027.00	98.90%
General expenses						
Endowment Fund	5,000,000		5,000,000	5,000,000.00	0	100%
Total expenditure	100,000,000	(0)	100,000,000	100,272,553.00	-272,553.00	100.27%

Budget Note.

1. The difference between actual and budgeted on administration expenses amounted to Kshs 1,283,580.00 translating to 142.79 % was caused by extra costs on public participation activities.

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9.6 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	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.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

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 an entity's future cash flows. 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;

Nyeri County Elimu Fund
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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’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<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 entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows.</p>

c) Early adoption of standards

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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 2019/2020 was approved by the County Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the 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 a 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 labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

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. The Fund created Endowment reserve to be used as bursary when the County will be not in position to fund the entity.

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 CEC 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 Nyeri County Elimu Fund Act 2015 under the Department of Education. Its ultimate parent is the County Government of Nyeri.

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.

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 xxx.

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

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 entity'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 2020				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2019				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

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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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due.

The board 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 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2020				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2019				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

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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 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 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:

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2020			
Financial assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ receivables	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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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
	KShs	KShs	KShs
2020			
Euro	10%	0	0
USD	10%	0	0
2019			
Euro	10%	0	0
USD	10%	0	0

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 entity'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.

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 (2019: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2018 – 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:

	2020	2019
	KShs	KShs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	(0)	(0)
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0%	0%

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9.7 NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners	0	0
Contributions from the public	0	0
Total	0	0

2. Transfers from County Government

Description	2019/2020	2018/2019
	KShs	KShs
Transfers from County Govt. – operations	100,000,000	100,000,000
Payments by County on behalf of the entity	0	0
Total	100,000,000	100,000,000

3. Interest income

Description	2019/2020	2018/2019
	KShs	KShs
Interest income from Mortgage loans	0	0
Interest income from car loans	0	0
Interest income from investments	0	0
Interest income on bank deposits	0	0
Total interest income	0	0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Bursaries Issued

Description	2019/2020	2018/2019
	KShs	KShs
Normal Bursary- 2018/19	506,545.00	5,404,119.00
Special Cases-2018/2019	0	1,780,060.00
Normal Bursary-2019/20	83,642,000.00	84,377,000.00
Special Cases- 2019/20	6,840,428.00	4,500,322.00
Total	90,988,973.00	96,061,501.00

5. Fund administration expenses

Description	2019/2020	2018/2019
	KShs	KShs
Board Allowance	275,000.00	342,090.00
Rapporteurs Expenses		
Stationaries	282,280.00	861,950.00
Catering Expenses	748,300.00	95,580.00
Public Participation-Daily subsistence allowance	2,878,000.00	1,306,750.00
Data Entry-Casual Wages		638,710.40
Bank Charges		
Telephone Expenses-Air Time		43,000.00
Workplan Expenses		
Conference Expenses		135,000.00
Radio Announcement		304,300.00
Hire of Tents Toilets & Public Address		132,000.00
Maintenance of Office Equipment		217,058.00
Fuel	100,000.00	74,976.40
Staff and Ward Administrators Allowance		
Total	4,283,580.00	4,151,414.80

100

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100

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Finance costs

Description	2019/2020	2018/2019
	KShs	KShs
Interest on Bank overdrafts	0	0
Interest on loans from banks	0	0
Total	0	0

9. Gain/(loss) on disposal of assets

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0

10. Cash and cash equivalents

Description	2019/2020	2018/2019
	KShs	KShs
Bank Balance –Note 10a	2,865,863.00	2,590,416.00
Endowment bank balance- Note 10b	21,350,000.00	16,350,000.00
Total cash and cash equivalents	24,215,863.00	18,940,416.00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial institution	Account number	2019/2020	2018/2019
		KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank		0	0
Equity Bank, etc		0	0
Sub- total		0	0
		0	0
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank - etc		0	0
Sub- total		0	0
c) Current account			
Kenya Commercial bank	1181214947	24,215,863.00	18,940,665.90
Bank B		0	0
Sub- total		24,215,863.00	18,940,665.90
d) Others(specify)			
Cash in transit		0	0
Cash in hand		0	0
M Pesa		0	0
Sub- total		0	0
Grand total		24,215,863.00	18,940,665.90

11. Endowment

Description	2019/2020	2018/2019	Total
	KShs	KShs	
FY 2019/2020 5% of Kshs 100 Million	5,000,000.00		5,000,000
FY 2018/2019 5% of Kshs 100 Million		5,000,000.00	5,000,000
FY 2017/2018 5% of Kshs 100 Million		2,000,000.00	2,000,000
FY 2016/2017 5% of Kshs 100 Million		4,850,000.00	4,850,000
FY 2015/2016 5% of Kshs 100 Million		4,500,000.00	4,500,000
	5,000,000	16,350,000	21,350,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Outstanding Transfer from County Treasury

Description	2018/2019
	KShs
Expected amount to be transferred	100,000,000.00
Actual amount transferred	97,000,000.00
Outstanding Amount	3,000,000.00



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1st July 2018	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	(0)	(0)	(0)	(0)	(0)
Transfers/adjustments	0	(0)	0	(0)	(0)
At 30th June 2019	0	0	0	0	0
At 1st July 2019					
Additions	0	0	0	0	0
Disposals	(0)	0	0	0	(0)
Transfer/adjustments	(0)	0	0	(0)	(0)
At 30th June 2020	0	0	0	0	0
Depreciation and impairment					
At 1 st July 2018	(0)	(0)	(0)	(0)	(0)
Depreciation	(0)	(0)	(0)	(0)	(0)
Impairment	(0)	(0)	(0)	(0)	(0)
At 30th June 2019	(0)	(0)	(0)	(0)	(0)
At 1st July 2019					
Depreciation	(0)	(0)	(0)	-	(0)
Disposals	0	0	0	0	0
Impairment	(0)	(0)	-	-	(0)
Transfer/adjustment	0	(0)	(0)	0	0
At 30th June 2020	0	0	0	0	0
Net Book Values					
At 30th June 2019	0	0	0	0	0
At 30th June 2020	0	0	0	0	0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Intangible Assets

Description	AMOUNT
	KShs
Total	

15. Long term receivables from exchange transaction

Description	2019/2020	2018/2019
	KShs	KShs

16. Reversal of Stale Cheques/ Payment

Description	FY 2019/2020	FY2018/2019
Reversal of Returned and cancelled	548,000.00	6,936,700.00
	548,000.00	6,936,700.00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Overdrawn

Description	2019/2020	2018/2019
	KShs	KShs

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18. Borrowings

Description	2019/2020	2018/2019
	KShs	KShs

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

	2019/2020	2018/2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	0	0
Sterling Pound denominated loan from 'yyy organisation'	0	0
Euro denominated loan from zzz organisation'	0	0
Domestic Borrowings	0	0
Kenya Shilling loan from KCB	0	0
Kenya Shilling loan from Barclays Bank	0	0
Kenya Shilling loan from Consolidated Bank	0	0
Borrowings from other government institutions	0	0
Total balance at end of the year	0	0

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

Description	2019/2020	2018/2019
	KShs	KShs
Short term borrowings(current portion)	0	0
Long term borrowings	0	0
Total	0	0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	0	0	0	0
Non-current benefit obligation	0	0	0	0
Total employee benefits obligation	0	0	0	0

20. Cash generated from operations

	2019/2020	2018/2019
	KShs	KShs
Surplus/ (deficit) for the year before tax		
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		

21. 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

	2019/2020	2018/2019
	KShs	KShs
Transfers from County Government	100,000,000	100,000,000
Transfers to related parties	0	0

c) Key management remuneration

	2019/2020	2018/2019
	KShs	KShs
Board of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

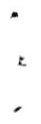
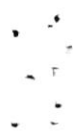
	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry	0	0
Due from County Government	0	0
Total	0	0

e) Due to related parties

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry	0	0
Due to County Government	0	0
Due to Key management personnel	0	0
Total	0	0

22. Contingent assets and contingent liabilities

Contingent liabilities	2019/2020	2018/2019
	KShs	KShs
Court case - against the Fund	0	0
Bank guarantees	0	0
Total	0	0



Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020

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**Nyeri County Elimu Fund
Reports and Financial Statements
For the year ended June 30, 2020**

10. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
CEN/HUB/NYL.C/EXEC/5B/2B 4.1	Failure to prepare and submit financial statements to the Auditor General for Financial Year 2015/2016 and 2016/2017	The financial statement for both years were prepared and submitted to Auditor General.	Moses Githinji Fund Manager	Resolved	10 th January 2020
CEN/HUB/NYL.C/EXEC/5B/2B 4.2	Accuracy and completeness of the financial statement could not be confirmed.	The financial statement was amended	Moses Githinji Fund Manager	Resolved	10 th January 2020
CEN/HUB/NYL.C/EXEC/5B/2B 4.3	Cash and cash equivalent balance could not be confirmed	The cash and cash equivalent balance was confirmed	Moses Githinji Fund Manager	Resolved	10 th January 2020

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
CEN/HUB/NYI.C/EXEC/5B/2B 4.4	Endowment fund cash balance could not be confirmed	The Endowment cash balance was determined	Moses Githinji Fund Manager.	Resolved	10 th January 2020
CEN/HUB/NYI.C/EXEC/5B/2B 4.5	Validity, completeness and accuracy of bursaries and scholarship expenditure could not be confirmed.	The validity and completeness if bursaries abd scholarship was determined and confirmed.	Moses Githinji Fund Manager	Resolved	10 th January 2020
CEN/HUB/NYI.C/EXEC/5B/2B 4.6	Payment made by Cash withdrawal Kshs 3,752,465.00 could not be explained and established	The payments were confimed and explained in the financial statements.	Moses Githinji Fund Manager	Resolved	10 th January 2020
CEN/HUB/NYI.C/EXEC/5B/2B 4.7	Unsuported expenditure of Kshs 4151414.80	The expenditure was supported	Moses Githinji Fund Manager.	Resolved	10 th January 2020
CEN/HUB/NYI.C/EXEC/5B/9/23 4.8	Budgetary controls and performnce could not be explained .	The budgetarycontrol and performance was explained in the financial statement	Moses Githinji Fund Manager.	Resolved	10 th January 2020

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Nyeri County Elimu Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

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 entity 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.

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