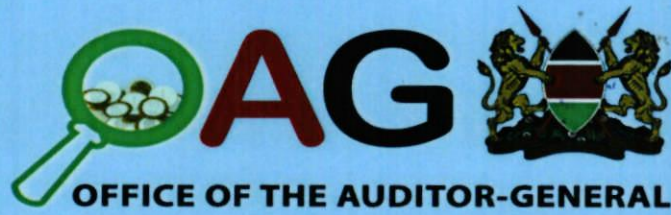


REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

OF

THE AUDITOR-GENERAL

ON

NYANDARUA COUNTY BURSARY FUND

FOR THE YEAR ENDED
30 JUNE, 2020

PAPERS LAID	
DATE	1/3/2022
TABLED BY	LEADER OF MAJORITY
COMMITTEE	—
CLERK AT THE TABLE	M. ADJIBODU



NYANDARUA COUNTY BURSARY 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)



Amended Nyandarua County Bursary Fund Reports and Financial Statements For the year ended June 30, 2020

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Nyandarua County Bursary Fund Reports and Financial Statements For the year ended June 30, 2020

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Nyandarua County Bursary Fund is established by and derives its authority and accountability from Nyandarua County Bursary Fund Act of 2015. The Fund is wholly owned by the County Government of Nyandarua and is domiciled in Kenya.

The Fund's objective is to assist the Needy students within Nyandarua with bursary for all levels of Education

The Fund's principal activity is issue of Bursary to the needy students

2. Principal Activities

The principal activity/mission/ mandate of the Fund is to issue of Bursary to the needy students

3. Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Hon. Stephen Mwaura Njoroge	CECM Education
2	Hon. Mary Mugwanja	CECM Finance
3	Sarah Ndegwa	CO Education - Fund Administrator
4	Joseph Njoroge	Fund Director

4. Key Management

Ref	Name	Position
1	Sarah Ndegwa	CO Education - Fund Administrator
2	Joseph Njoroge	Director-Education
3	Fredrick Irungu	Fund Accountant
4.	Joyce Maina	Fund secretariat

b) Registered Offices

Nyandarua County Government
Headquarter Building
P.O. Box 701-20303
Olkalou, KENYA



**Nyandarua County Bursary Fund Reports and Financial Statements For the year ended
June 30, 2020**

c) Fund Contacts

Telephone: (254) 02-2580002
E-mail: info@nyandarua.go.ke
Website: www.nyandarua.go.ke

d) Fund Bankers

1. Family Bank
Account Number-037000006218
Olkalou Branch

2. Equity bank
Account Number -0620275330770
Olkalou Branch





e) Independent Auditors

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

f) Principal Legal Adviser

County Attorney
Nyandarua County Government
Headquarter Building
P.O. Box 701-20303
Olkalou, KENYA

5. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)

Name	Details of qualifications and experience
<p>1. Hon. Stephen Mwaura Njoroge</p> 	<p>Hon. Njoroge was born in 1958 around Njabini area. He went to St. Christopher Primary School and later in 1974 joined Nyahururu High School for his 'O' Level studies. He joined Njiri's High School in Murang'a County in 1978 for his 'A' Level studies and later Kenyatta University College,</p>
<p>2. Hon. Mary Mugwanja</p> 	<p>Mary Mugwanja holds Bachelor's degree in Leadership and Management from Strathmore University –(Double Major in Public Administration & NPO Management) & a Certificate in Leadership & Management from the same Campus. Additionally, she holds a Diploma in Secretarial Duties</p>
<p>3. Sarah Ndegwa</p> 	<p>Holds Master of Business Administration (Strategic Management Option) from Kenyatta University, BA(Social Work) form Nairobi University. Currently holding position of Chief Officer; Department of Education Culture and the Arts in Nyandarua County. Previously worked as a senior Programme Manager with NGOs in the Eastern region(Embu and Machakos), Nairobi and metropolitan Counties. Also has had experience of teaching in the early years</p>
<p>4. Joseph Njoroge</p> 	<p>Holder of Masters Degree in Curriculum and instruction; Bed. Arts both at Egerton university. Currently the Director of Education in the Country Government. Previous worked as County Quality assurance and standards officer in Nyandarua County; District Quality assurance and standards officer at Loitokitok ; Deputy Quality assurance and standards officer Rift valley ; a teacher in various schools.</p>



Nyandarua County Bursary Fund Reports and Financial Statements For the year ended June 30, 2020

6. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Nyandarua County Government Bursary Fund in the CIDP2 (2018-2022) are to:





- a) Increase access to education
- b) Support the needy students
- c) raise the levels of education of the needy students across the county

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Bursary fund/ endowment & scholarship	To promote access to education	Increased access to education	Number of beneficiaries from the bursary fund	In FY 19/20, the number of beneficiaries of Bursary fund increased by 20%
Program 2	Objective	outcome	indicator	Performance

7. MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>Sarah Ndegwa</p> 	<p>SARAH WAITHIRA NDEGWA ID NO. 7002400. Master of Business Administration (Strategic Management Option) from Kenyatta University, BA(Social Work) form Nairobi University. Currently holding position of Chief Officer; Education Culture and the Arts in Nyadarua County. Previously worked as a senior Programme Manager with NGOs in the former Eastern region, Nairobi and metropolitan Counties. Also has and experience of teaching in the early years</p>
<p>Joseph Njoroge</p> 	<p>Holder of Masters Degree in Curriculum and instruction; Bed. Arts both at Egerton university. Currently the Director of Education in the Country Government. Previous worked as County Quality assurance and standards officer in Nyandarua County; District Quality assurance and standards officer at Loitokitok ; Deputy Quality assurance and standards officer Rift valley ; a teacher in various schools.</p>
<p>Fredrick Irungu</p> 	<p>Born 24th January 1987, holds a bachelors degree in Agribusiness Management, MBA Finance and CPA(K). Currently the fund accountant and performing other duties as directed by the chief officer Finance. Previously, Fredrick Worked with Equity Bank as a Banker.</p>
<p>Joyce Maina</p> 	<p>Holder of degree in Education Arts at Kenyatta University, currently the Ass, director ECD in the county government, previously worked as ECD coordinator and Examination officer in kipipiri sub county. A teacher in various secondary school.</p>



**Nyandarua County Bursary Fund Reports and Financial Statements For the year ended
June 30, 2020**

8. BOARD/FUND CHAIRPERSON'S REPORT

The Bursary Fund was established in 2015 with the gazettelement of the Nyandarua County Bursary Fund act of 2015, 457,340,200 million has so far been disbursed to 159,850 beneficiaries in form of bursary. This has assisted needy and bright students. Through this Fund entrance, retention and completion rate in education has been enhanced at all levels

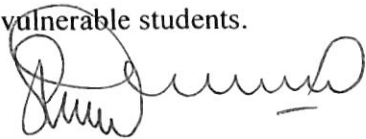
The challenges faced by the Fund include:

- Beneficiaries could not be traced after the cheques are written (They remain uncollected at the Ward Admin's Office)
- Too many cheques being spoilt due to the misspelling of the beneficiaries Institutions
- Closure of schools due to COVID 19 pandemic outbreak
- High number of applicants in relation to the available funds

The way forward:

- Use of EMS from the postal Corporation to deliver the Cheques to the beneficiaries Institutions to reduce the number of uncollected cheques
- Thorough verification of the List of Beneficiaries Institutions from the Ward to avoid cases of misspelt names.
- There is need to source for Funds from donors and well-wishers to avoid reliance on the exchequer disbursement.

Going forward to the next Financial Year, there is need to enhance this kitty in order to support more vulnerable students.



Sarah Ndegwa

CHIEF OFFICER -EDUCATION-FUND ADMINISTRATOR

9. CORPORATE GOVERNANCE STATEMENT

In the FY 2019/20, the Board of Management Committee held meetings quarterly to deliberate and channel the best methods of administering the Fund. The Committee comprised of CECM Education-Fund Administrator, Chief officer- Education, Fund Director, Fund Secretariat, Fund Accountant and Ward Administrators who are Members and chair of Ward Committees. The ward committees meet severally to evaluate the bursary applications in their wards. The committees select the very needy students and write reports with recommendations of the selected students which are discussed by the Board of Management Committee.

The Board of Management Committee evaluates the recommendations and writes cheques to the selected needy student institutions based on the available funds.

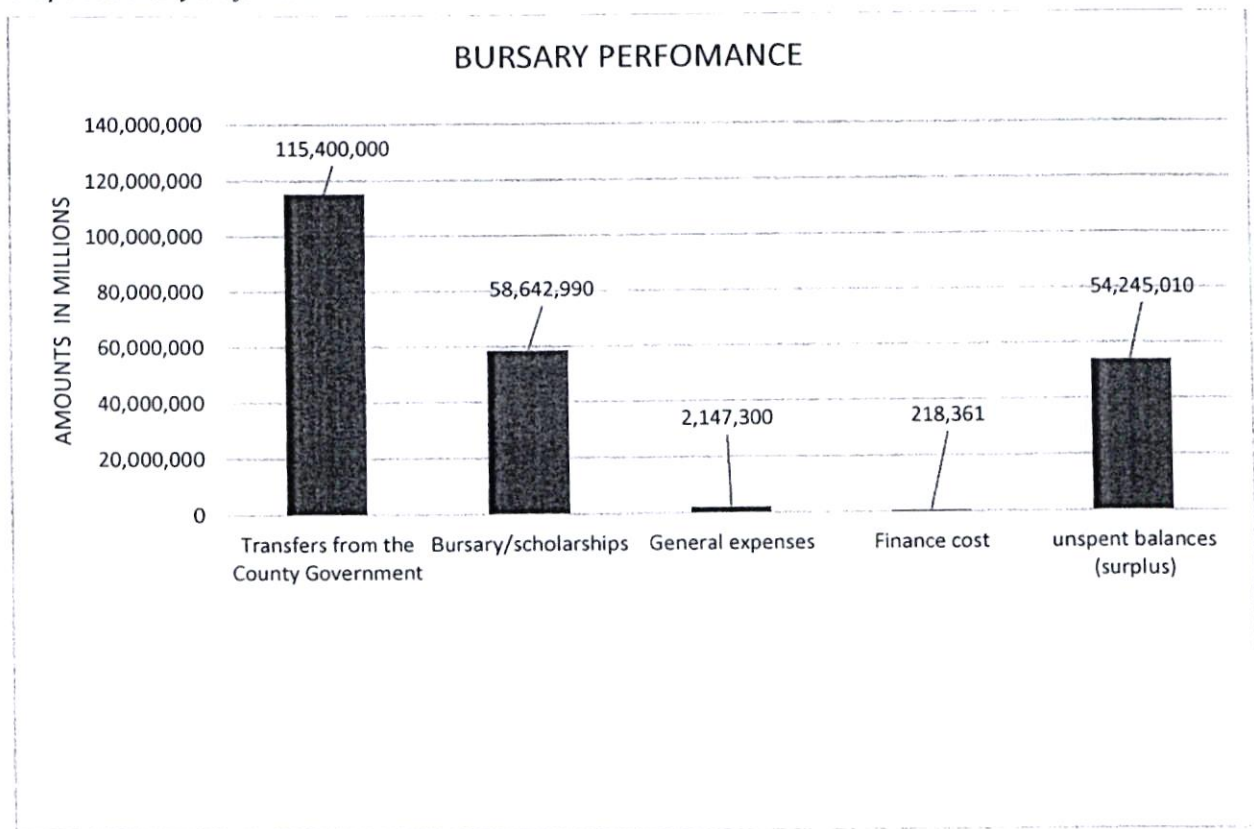


10. MANAGEMENT DISCUSSION AND ANALYSIS

The County Assembly approved the FY 2019/20 budget and appropriated ksh. 113,400,000 to the bursary fund kitty. However, the amounts changed in the 2nd Supplementary budget due to cash balance of Ksh 2,347,201 brought forward from the FY 2018/19 and an additional amount of Ksh 2,000,000 in the Supplementary budget. The total funds in the kitty during the Financial Year amounted to ksh. 117,747,201.

The total expenditures of the funds in the year amounted to ksh. 61,154,990 with kshs. 58,642,990 as bursary/ scholarships, kshs. 2,147,300 as general expenses and kshs. 218,361 as Finance cost.

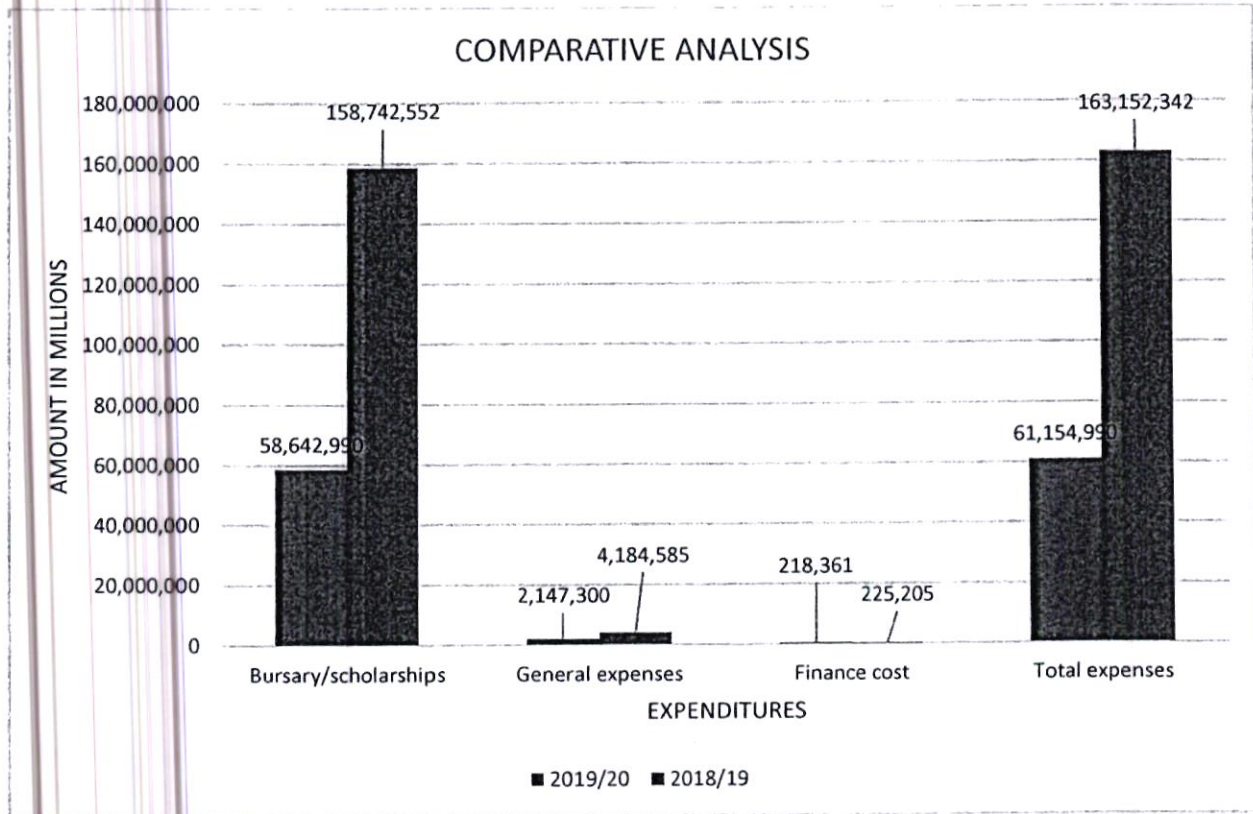
Graph 1: Bursary Performance



However, due to the emergence of COVID 19 pandemic, which saw all schools closed in March, the fund remained underutilized. The funds were utilized for only 9 months (2 terms). The underutilized monies are in the fund’s special purpose account and will be disbursed when learning resumes.

Nyandarua County Bursary Fund Reports and Financial Statements For the year ended June 30, 2020

The fund performed poorly in FY 2019/20 in comparison with the FY 2018/19 due to the aforementioned challenges. This is as presented in the graph below.



11. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Nyandarua County Bursary fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is putting the Citizen first and delivering quality services to the citizenry. The end result is to improve the quality of life of the people in the local community.

The main objective of establishing the fund was promoting the education standards to the needy bright students across the County. The fund was intended to support the very needy students to whose parents/ guardians cannot be able to cater for their studies.

First and foremost, issuance of bursaries to needy students is an evidence of how the County Government is committed in promoting education to its citizens. Offering of bursaries is an easy way for the County to have a significant impact on a student's life. Student's future gets a little brighter and the society becomes more enlightened. This in turn brings tangential and intangential benefits to society.

12. 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 Nyandarua County Bursary Fund Act of 2015 shall prepare Financial Statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

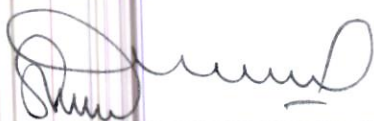
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's Financial Statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the Financial Year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Nyandarua County Bursary Fund Act of 2019. 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 the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the Financial Statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The Fund's Financial Statements were approved by the Board on 8th December, 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



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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyandarua County Bursary Fund set out on pages 14 to 48, which comprise the statement of financial position as at 30 June, 2020, 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 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 Nyandarua County Bursary 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 Nyandarua County Bursary Fund Act, 2019.

Basis for Qualified Opinion

1.0 Inaccuracy in the Financial Statements

The statement of financial performance for the year ended 30 June, 2020 reflects transfers from the county government of Kshs.115,400,000 while the statement of comparison of budget and actual amounts reflects Kshs.117,747,201, resulting to a variance of Kshs.2,347,201 which has not been explained.

Consequently, the accuracy and completeness of the transfers from the county government of Kshs.115,400,000 for the year ended 30 June, 2020 could not be confirmed.

2. Bursary Payments

The statement of the financial performance for the year ended 30 June, 2020 reflects bursary expense of Kshs.57,523,779. However, the schedule supporting the balance

included transactions amounting to Kshs.5,204,099 for 329 students whose registration/admission numbers were not indicated.

Consequently, the accuracy and occurrence of the bursary payments of Kshs.5,204,099 for the year ended 30 June, 2020 could not be confirmed.

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

Budgetary Control and Performance

During the year under review, the Nyandarua County Bursary Fund had a total expenditure budget of Kshs.117,747,201 against actual expenditure of Kshs.61,154,990, resulting to under absorption of Kshs.56,592,211 or 48%. However, Management explanation that the under-utilization was as a result of the closure of institutions of learning due to the effects of Covid-19 was not satisfactory.

Consequently, the Fund did not meet its objective to assist needy students due to the pandemic.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the 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 procedures performed, except for the matters described in the Qualified Opinion and Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections 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

1. Maintenance of Two Bank Accounts

The statement of financial position reflects cash and cash equivalents of Kshs.56,592,211 as at 30 June, 2020 as detailed under note 11 to the financial statements. The cash is held in two bank accounts. However, it was noted that the operations of the Fund can economically be carried out through a single account.

Consequently, the Fund could be incurring additional costs by operating a second account.

2. Failure to Develop Risk and Fire Management Strategy

The Nyandarua County Bursary Fund has not developed risk and fire management strategies. This is contrary to Section 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that 'the Accounting Officer shall ensure that (a) the county government entity develops risk management strategies, which include fraud prevention mechanism; and (b) the county government entity develops a system of risk management and internal control that builds robust business operations. Failure to develop a risk management strategy may impair the effectiveness of the Board in managing a robust business operation of the Fund'.

Consequently, the Fund Management did not comply with the Law and its effectiveness in handling risks.

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 Fund's effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue 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 terminate the Fund or to cease operations.

Management is also responsible for the submission of the Fund's 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 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 Fund's 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 Fund's 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 Fund's financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 Fund's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the Fund's 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

28 January, 2022

Nyandarua County Bursary Fund Reports and Financial Statements For the year ended June 30, 2020

14. FINANCIAL STATEMENTS

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

	Note	2019/2020	2018/2019
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	00	00
Transfers from the County Government	2	115,400,000	00
Fines, penalties, and other levies	3	00	00
		00	00
Revenue from exchange transactions			
Interest income	4	00	00
Other income	5	00	00
		00	00
Total revenue		115,400,000	00
Expenses			
Bursary	6	57,523,779	158,742,552
General expenses	8	3,412,850	4,184,585
Finance costs	9	218,361	225,205
Total expenses		61,154,990	163,152,342
Other gains/losses			
Gain/loss on disposal of assets			
Surplus/(deficit) for the period		54,245,010	(163,152,342)

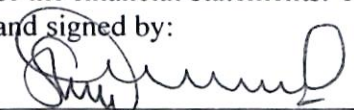
The notes set out on pages 35 to 50 form an integral part of these Financial Statements


Amended Nyandarua County Bursary Fund Reports and Financial Statements For the year ended June 30, 2020

14.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2019/2020	2018/2019
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	56,592,211	2,347,201
Current portion of long- term receivables from exchange transactions		00	00
Prepayments	12	00	00
Inventories	13	00	00
		00	00
Non-current assets			
Property, plant and equipment	14	00	00
Intangible assets	15	00	00
Long term receivables from exchange transactions		00	00
		00	00
Total assets		56,592,211	2,347,201
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	00	00
Provisions	17	00	00
Current portion of borrowings	18	00	00
Employee benefit obligations	19	00	00
		00	00
Non-current liabilities			
Non-current employee benefit obligation	19	00	00
Long term portion of borrowings	18	00	00
Total liabilities		00	00
Net assets		00	00
Revolving Fund		00	00
Reserves		00	00
Surplus/(deficit)for the period		54,245,010	(163,152,342)
Accumulated surplus/Deficit		2,347,201	61,199,543
Total net assets and liabilities		56,592,211	2,347,201

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 11/12/ 2020 and signed by:


 Administrator of the Fund
 Name: Sarah Ndegwa


 Fund Accountant
 Name: Fredrick Irungu
 ICPAK Member Number: 9102

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14.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2018	00	00	61,199,543	61,199,543
Surplus/(deficit) for the period	-	-	(58,852,342)	(58,852,342)
Funds received during the year	00	-	0	0
Revaluation gain	-	00	0	0
Balance as at 30 June 2019	00	00	2,347,201	2,347,201
Balance as at 1 July 2019	00	00	2,347,201	2,347,201
Surplus/(deficit) for the period		-	54,245,010	54,245,010
Funds received during the year	00	-	00	0
Revaluation gain	-	00	00	0
Balance as at 30 June 2020	00	00	56,592,211	56,592,211

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

	Note	2019/2020	2018/2019
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		00	00
Transfers from the County Government	2	115,400,000	104,300,000
Interest received		00	00
Receipts from other operating activities		00	00
Total Receipts		00	00
Payments			
Bursary/scholarships	6	57,523,779	158,742,552
General expenses	8	3,412,850	4,184,585
Finance cost		218,361	225,205
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	21	00	00
Increase/(Decrease) in Accounts Payable: (deposits and retention)	22	00	00
Net cash flows from operating activities		54,245,010	(58,852,342)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(00)	(00)
Proceeds from sale of property, plant and equipment		00	00
Proceeds from loan principal repayments		00	00
Loan disbursements paid out		(00)	(00)
Net cash flows used in investing activities		(00)	(00)
Cash flows from financing activities			
Proceeds from revolving fund receipts		00	00
Additional borrowings		00	00
Repayment of borrowings		(00)	(00)

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Net cash flows used in financing activities		(00)	(00)
Net increase/(decrease) in cash and cash equivalents		54,245,010	(58,852,342)
Cash and cash equivalents at 1 JULY 2019	15	2,347,201	61,199,543
Cash and cash equivalents at 30 JUNE	15	56,592,211	2,347,201



Amended Nyandarua County Bursary Fund Reports and Financial Statements For the year ended June 30, 2020

14.5. 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	% utilization
	2019	2020	2020	2020	2020	2020
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Transfers from County Govt.	113,400,000	4,347,201	117,747,201	117,747,201	0	100%
Interest income	0	0	0	0	0	
Other income	0	0	0	0	0	
Total income	113,400,000	4,347,201	117,747,201	117,747,201	0	100%
Expenses						
Bursary	109,998,000	3,916,785	113,914,785	57,523,779	56,391,006	51%
General expenses	3,102,000	330,416	3,432,416	3,412,850	19,566	67%
Finance cost	300,000	100,000	400,000	218,361	181,639	91%
Total expenditure	113,400,000	4,347,201	117,747,201	61,154,990	56,592,211	43%
Surplus for the period	0	0	0	54,245,010	0	

Budget notes

- 1. The Surplus for the period as per the statement of comparison is different to the deficit in the statement of financial performance because in the statement of comparison of budget, the capital injection from the County government has been included*
- 2. The underutilization of Bursary funds is caused by the effects of COVID-19, all learning institution are closed*
- 3. The Difference between Original and final budget is caused by a cash balance of Ksh 2,347,201 brought forward from the Financial year 2018/19 and an additional amount of Ksh 2,000,000 in the supplementary budget.*

14.6. 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 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.

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 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;

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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	Applicable: 1st January 2022 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: <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2022: <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. 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.
Other Improvements to IPSAS	Applicable: 1st January 2021: <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 entity 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 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 on 00x. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 00xx on the FY 2019/2020 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 00 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. 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.

11. 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.

12. 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)

13. 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.

14. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

15. 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.

16. Comparative figures

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

17. Events after the reporting period

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

18. Ultimate and Holding Entity

The entity is a County Public Fund established by 00 Act (*state the legislation establishing the Fund*) under the Ministry of 00. Its ultimate parent is the County Government of 00.

19. Currency

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



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

20. Significant judgments and sources of estimation uncertainty

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

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

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 00.

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)

21. 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 2019				
Receivables from exchange transactions	00	00	00	00
Receivables from non exchange transactions	00	00	00	00
Bank balances	00	00	00	00
Total	00	00	00	00
At 30 June 2018				
Receivables from exchange transactions	00	00	00	00
Receivables from non exchange transactions	00	00	00	00
Bank balances	00	00	00	00
Total	00	00	00	00

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2019				
Trade payables	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Employee benefit obligation	00	00	00	00
Total	00	00	00	00
At 30 June 2018				
Trade payables	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Employee benefit obligation	00	00	00	00
Total	00	00	00	00

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while 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 2019			
Financial assets	00	00	00
Investments	00	00	00
Cash	00	00	00
Debtors/ receivables			
Liabilities			
Trade and other payables	00	00	00
Borrowings	00	00	00
Net foreign currency asset/(liability)	00	00	00

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2020			
Euro	10%	00	00
USD	10%	00	00
2019			
Euro	10%	00	00
USD	10%	00	00

ii. Interest rate risk

Interest rate risk is the risk that the entity’s financial condition may be adversely affected as a result of changes in interest rate levels. The 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 00 (2020: KShs 00). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 00 (2019 – KShs 00)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

	2019/2020	2018/2019
	KShs	KShs
Revaluation reserve	00	00
Revolving fund	00	00
Accumulated surplus	00	00
Total funds	00	00
Total borrowings	00	00
Less: cash and bank balances	(00)	(00)
Net debt/(excess cash and cash equivalents)	00	00
Gearing	00%	00%

14.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners	00	00
Contributions from the public	00	00
Total	00	00

2. Transfers from County Government/ Capital Injection

Description	2019/2020	2018/2019
	KShs	KShs
Transfers from County Govt. – operations	115,400,000	104,300,000
Payments by County on behalf of the entity	00	00
Total	115,400,000	104,300,000

3. Fines, penalties and other levies

Description	2019/2020	2018/2019
	KShs	KShs
Late payment penalties	00	00
Fines	00	00
Total	00	00

4. Interest income

Description	2019/2020	2018/2019
	KShs	KShs
Interest income from Mortgage loans	00	00
Interest income from car loans	00	00
Interest income from investments	00	00
Interest income on bank deposits	00	00
Total interest income	00	00

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5. Other income

Description	2019/2020	2018/2019
	KShs	KShs
Insurance recoveries	00	00
Income from sale of tender documents	00	00
Miscellaneous income		
Total other income	00	00

6. Bursary

Description	2019/2020	2018/2019
	KShs	KShs
Staff costs (Note 7)	00	00
Loan processing costs	00	00
Professional services costs	00	00
Bursary	57,523,779	158,742,552
Administration fees	00	00
Total	57,523,779	158,742,552

7. Staff costs

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages	00	00
Staff gratuity	00	00
Staff training expenses	00	00
Social security contribution	00	00
Other staff costs	00	00
Total	00	00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	2019/2020	2018/2019
	KShs	KShs
Consumables	00	00
Electricity and water expenses	00	00
Fuel and oil costs	00	00
Insurance costs	00	00
Postage	00	00
Printing and stationery	00	00
Rental costs	00	00
Security costs	00	00
Telecommunication	00	00
Bank Charges	00	00
Hospitality	00	00
Depreciation and amortization costs	00	00
Other expenses	3,412,850	4,184,585
Total	3,412,850	4,184,585

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	2019/2020	2018/2019
	KShs	KShs
Interest on Bank overdrafts	00	00
Bank Charges	218,361	225,205
Interest on loans from banks	0	00
Total	218,361	225,205

10. Gain/(loss) on disposal of assets

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment	00	00
Intangible assets	00	00
Total	00	00

11. Cash and cash equivalents

Description	2019/2020	2018/2019
	KShs	KShs
00 Car loan account	00	00
00 County mortgage account	00	00
Fixed deposits account	00	00
On – call deposits	00	00
Current account	56,592,211	2,347,201
Others	00	00
Total cash and cash equivalents	56,592,211	2,347,201

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

		2019/2020	2018/2019
Financial institution	Account number	KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank		00	00
Equity Bank, etc		00	00
Sub- total		00	00
b) Current account			
Family Bank Account No. 0370 0000 6218		55,346,274	50,701
Equity Bank Account No. 0620 2753 30770		1,245,937	2,296,500
Sub- total		56,592,211	2,347,201
c) Others(specify)		00	00
Cash in transit		00	00
Cash in hand		00	00
M Pesa		00	00
Sub- total		00	00
Grand total		00	00

12. Receivables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Current Receivables		
Interest receivable	00	00
Current loan repayments due	00	00
Other exchange debtors	00	00
Less: impairment allowance	(00)	(00)
Total Current receivables		
Non-Current receivables		
Long term loan repayments due	00	00
Total Non- current receivables	00	00
Total receivables from exchange transactions	00	00

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Additional disclosure on interest receivable

Description	2019/2020	2018/2019
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	00	00
Accrued interest receivable from of long-term loans of previous years	00	00
Interest receivable from current portion of long-term loans issued in the current year	00	00
Current loan repayments due		
Current portion of long-term loans from previous years	00	00
Accrued principal from long-terms loans from previous periods	00	00
Current portion of long-term loans issued in the current year	00	00

13. Revenue from Non-Exchange transaction

Description	2019/2020	2018/2019
	KShs	KShs
Transfer to County Executive	00	00
Transfer to Bursary Fund	00	00
Total receivables from non-exchange transactions	00	00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Prepayments

Description	2019/2020	2018/2019
	KShs	KShs
Prepaid rent	00	00
Prepaid insurance	00	00
Prepaid electricity costs	00	00
Other prepayments(specify)	00	00
Total	00	00

15. Inventories

Description	2019/2020	2018/2019
	KShs	KShs
Consumable stores	00	00
Spare parts and meters	00	00
Catering	00	00
Other inventories(specify)	00	00
Total inventories at the lower of cost and net realizable value	00	00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. 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	00	00	00	00	00
Additions	00	00	00	-	00
Disposals	(00)	(00)	-	-	(00)
Transfers/adjustments	00	(00)	00	(00)	(00)
At 30th June 2019	00	00	00	00	00
At 1st July 2019					
Additions	00	00	00	-	00
Disposals	(00)	-	-	-	(00)
Transfer/adjustments	(00)	00	00	(00)	(00)
At 30th June 2020	00	00	00	00	00
Depreciation and impairment					
At 1 st July 2018	(00)	(00)	(00)	(00)	(00)
Depreciation	(00)	(00)	(00)	(00)	(00)
Impairment	(00)	-	-	-	(00)
At 30th June 2019	00	00	00	00	00
At 1st July 2019					
Depreciation	(00)	(00)	(00)	-	(00)
Disposals	00	-	-	-	00
Impairment	(00)	(00)	-	-	(00)
Transfer/adjustment	00	(00)	(00)	00	00
At 30th June 2020	00	00	00	00	00
Net book values					
At 30 th June 2019	00	00	00	00	00
At 30 th June 2020	00	00	00	00	00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Intangible assets-software

Description	2019/2020	2018/2019
	KShs	KShs
Cost		
At beginning of the year	00	00
Additions	00	00
At end of the year	00	00
Amortization and impairment		
At beginning of the year	00	00
Amortization	00	00
At end of the year	00	00
Impairment loss	00	00
At end of the year	00	00
NBV	00	00

18. Trade and other payables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Trade payables	00	00
Refundable deposits	00	00
Accrued expenses	00	00
Other payables	00	00
Total trade and other payables	00	00

19. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2018)	00	00	00	00
Additional Provisions	00	00	00	00
Provision utilised	(00)	(00)	(00)	(00)
Change due to discount and time value for money	(00)	(00)	(00)	(00)
Transfers from non -current provisions	00	00	00	00
Balance at the end of the year (30.06.2019)	00	00	00	00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Borrowings

Description	2019/2020	2018/2019
	KShs	KShs
Balance at beginning of the period	00	00
External borrowings during the year	00	00
Domestic borrowings during the year	00	00
Repayments of external borrowings during the period	(00)	(00)
Repayments of domestics borrowings during the period	(00)	(00)
Balance at end of the period	00	00

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 '00 organisation'	00	00
Sterling Pound denominated loan from 'yyy organisation'	00	00
Euro denominated loan from zzz organisation'	00	00
Domestic Borrowings		
Kenya Shilling loan from KCB	00	00
Kenya Shilling loan from Barclays Bank	00	00
Kenya Shilling loan from Consolidated Bank	00	00
Borrowings from other government institutions	00	00
Total balance at end of the year	00	00

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

Description	2019/2020	2018/2019
	KShs	KShs
Short term borrowings(current portion)	00	00
Long term borrowings	00	00
Total	00	00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CHANGES IN RECEIVABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Account receivable as at 1 st July 2019 (A)	00	00
Account receivable issued during the year (B)	00	00
Account receivable settled during the Year (C)	00	00
Net changes in account receivables D= A+B-C	00	00

22. CHANGES IN ACCOUNTS PAYABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Accounts Payable as at 1 st July 2019 (A)	00	00
Accounts Payable held during the year (B)	00	00
Accounts Payable paid during the Year (C)	00	00
Net changes in account receivables D= A+B-C	00	00

23. Employee benefit obligations

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Cash generated from operations

	2019/2020	2018/2019
	KShs	KShs
Surplus/ (deficit) for the year before tax	54,245,010	(58,852,342)
Adjusted for:		
Depreciation	00	00
Amortisation	00	00
Gains/ losses on disposal of assets	(00)	(00)
Interest income	(00)	(00)
Finance cost	00	00
Working Capital adjustments		
Increase in inventory	(00)	(00)
Increase in receivables	(00)	(00)
Increase in payables	00	00
Net cash flow from operating activities	54,245,010	(58,852,342)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	2019/2020	2018/2019
	KShs	KShs
Transfers from related parties'	00	00
Transfers to related parties	00	00

c) Key management remuneration

	2019/2020	2018/2019
	KShs	KShs
Board of Trustees	00	00
Key Management Compensation	00	00
Total	00	00

d) Due from related parties

	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry	00	00
Due from County Government	00	00
Total	00	00

e) Due to related parties

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry	00	00
Due to County Government	00	00
Due to Key management personnel	00	00
Total	00	00

25. Contingent assets and contingent liabilities

Contingent liabilities	2019/2020	2018/2019
	KShs	KShs
Court case 00 against the Fund	00	00
Bank guarantees	00	00
Total	00	00

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15. 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)

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.

