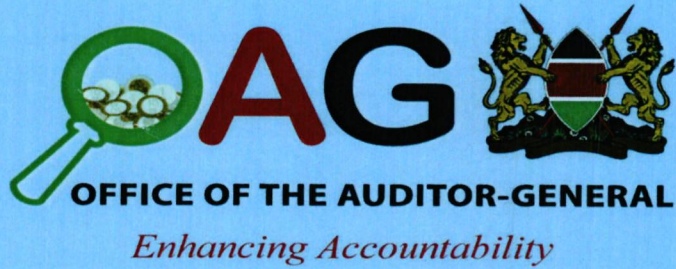


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REPORT

OF

THE AUDITOR-GENERAL

ON

NANDI COUNTY EDUCATION FUND

**FOR THE YEAR
ENDED 30 JUNE, 2021**

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NANDI COUNTY EDUCATION FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2021**

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

Nandi County Education Fund
Reports and Financial Statements
For the year ended June 30, 2021

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Nandi County Education Fund is established by and derives its authority and accountability from Nandi County Education Act 2016. The Fund is wholly owned by the County Government of Nandi, a county domicile in Kenya.

The fund's objectives is to:

- Improved access to Education by all residents of Nandi County by providing funds to grant bursaries;
- Enhanced equity in education for all residents of Nandi County;
- Improvement of literacy level within Nandi County; and
- Ensuring that a specific portion of the County annual budget is devoted to the Education Fund for the purposes of this Act.

b) Principal Activities

Improving access to Education by all residents of Nandi County by providing funds to grant bursaries.

c) Key Management

Ref	Name	Position
1	Christopher Ngetich Yego	Chair Person
2	Rev. Jepkorir Bitok	Vice Chair Person/ Representing of religious group
3	Rev. Peter K.Lelmengit	Member – Representing Emgwen sub County
4	Simion Kipkirong Kemei	Member- Representing Aldai Sub County
5	Stephen K. Kipkering	Member – Representing Chesumei Sub County
6	Rev. Julius K. Kemei	Member – Representing Nandi Hills Sub County
7	Brian K. Kurgat	Member – Representing Tindiret Sub County
8	Charles Kipchirchir Koech	Member – Representing Mosop Sub County
9	Priscillah Rotich	Member – Representing PWD
10	Violah Jerono	Member – Representing Youth
11	Julius K. Too	Member- Representing Education Department
12	Scolastica Tuwei	Secretary- C.O Education Department
13	Nicholas K. Kosgei	Fund Administrator

d) Registered Offices

Nandi County Education Fund,
P.O. Box 802-30300,
Education Department Buildings,
Kapsabet.

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1.	County Assembly Committee on Education	Emmanuel Rono
2.	Head of Internal Audit	CPA Edwin Maiyo
3.	CECM Education and Vocational Training	Grace Sugut

f) Fund Contacts

Telephone: 0720-826 069
Website: www.nandicounty.go.ke

g) Fund Bankers

Equity Bank
Kapsabet Branch
P. o Box 272-30300
Kapsabet.

h) Independent Auditors

Auditor General
Office of the Auditor General
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

2. THE BOARD OF TRUSTEES

Name	Date of Birth	Qualifications	Work Experience
<p>1. Christopher Kipkemei Ngetich Yego</p> 	24/12/1981	<p>PhD Candidate (Moi University), MBA (Strategic Management) KSU, BBM(Moi University), Dip in Personnel Management, Member IHRM.</p>	2017 to date – Lecturer Kisii University, previously he worked for the university in administrative positions, including Director Kabarnet Campus
<p>2. Jepkorir Bittok</p> 	01/01/1975	Certificate	Pastoral and Religious work for Over ten Years.
<p>3. Peter Kipyego Lelmengit</p> 	01/07/1969	Masters of arts in religious studies	Pastoral and Religious work for Over ten Years.
<p>4. Brian K Kurgat</p> 	20/05/1990	Diploma In Agriculture and Biotechnology	5- years' experience in Tea and Sugar Industries
<p>5. Charles Kipchirchir Koech</p> 	12/06/1977	Bachelor of Education Arts	15 Years Teaching Experience
<p>6. Violah Jerono</p>	01/04/1991	Bachelor of Arts(Community Development)	2 years Teaching Experience(Lecturer at African Institute of Development and

			Technology), 7 years as Children's Officer(Ministry of Labour, Social Services-Uasin-Gishu County)
7. Stephen kibiyege kipkering 	10/03/1988	Diploma in Security Management	Over 5 years in Security and Management.
8. Scholastica Tuwei 	25/11/1974	Post Graduate (MBA)	Over Twenty (20) years management and Teaching experience. Currently serving as the Chief Officer-Education and Vocational Training and Secretary to the NACEF Committee).
9. Julius Too 	01/02/1970	Undergraduate	Over 25 years Teaching and Administration experience. He is currently serving as the County Director for Vocational Training Centres.
10. Nicholas Kosgei 	9/9/1984	Post graduate (MBA Strategic and Financial Management) From CUEA, B.COM(Accounting), CPA(K), Monitoring and Evaluation Certification(K.I.M)	Accounting and Financial Management. Over 10 years' experience.

<p>11. Simon Kipkirong Matuiy</p> 	<p>29/07/1954</p>	<p>A-Level</p>	<p>Retired Teacher. Over 30 years' experience</p>
<p>12. Julius Kipkesho Kemei</p> 	<p>12/12/1976</p>	<p>Diploma in Theology and Counselling Psychology</p>	<p>Over 20 years in Pastoral work and Leadership(Pastor, AIC Nandi hills, Chairman, BOM Member Nandi Hills Township Primary School and Member, District Area Advisory Committee)</p>
<p>13. Pricila Rotich</p> 	<p>14/2/1982</p>	<p>Diploma</p>	<p>Community activities representing people with disabilities. Over five years experience.</p>

3. 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 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 objectives of the Nandi County Education Fund's 2018-2022 plan are to:

- a) To Improve access to Education by all residents of Nandi County by providing funds to grant bursaries;
- b) To Enhance equity in education for all residents of Nandi County;
- c) To Improve on literacy level within Nandi County; and
- d) To ensure that a specific portion of the County annual budget is devoted to the Education Fund for the purposes of this Act.






Progress on attainment of Strategic development objectives of Nandi County Education Fund



Program	Objective	Outcome	Indicator	Performance
Bursary Disbursement	To Improve access to Education by all residents of Nandi County by providing funds to grant bursaries;	Increased number of beneficiaries from the bursary fund.	Increase of Bursary beneficiaries for the two categories ie Vocational Training students and University/Colleges.	In FY 2020/21 we increased number of beneficiaries by 2.3%. 148 more beneficiaries were facilitated.

4. MANAGEMENT TEAM

Name	Date of Birth	Qualifications	Work Experience
1. Christopher Kipkemei Ngetich Yego 	24/12/1981	PhD Candidate (Moi University), MBA (Strategic Management) KSU, BBM(Moi University), Dip in Personnel Management, Member IHRM.	2017 to date – Lecturer Kisii University, previously he worked for the university in administrative positions, including Director Kabarnet Campus
2. Jepkorir Bittok 	01/01/1975	Certificate	Pastoral and Religious work for Over ten Years.
3. Peter Kipyego Lelmengit 	01/07/1969	Master of arts in religious studies	Pastoral and Religious work for Over ten Years.
4. Brian K Kurgat 	20/05/1990	Diploma In Agriculture and Biotechnology	5- years' experience in Tea and Sugar Industries
5. Charles Kipchirchir Koech 	12/06/1977	Bachelor of Education Arts	15 Years Teaching Experience
6. Violah Jerono 	01/04/1991	Bachelor of Arts(Community development)	2 years Teaching Experience(Lecturer at African Institute of Development and Technology), 7 years as Children's Officer(Ministry of Labour, Social Services-Uasin-Gishu County)
7. Stephen kibiyeo kipkering 	10/03/1988	Diploma in Security Management	Over 5 years in Security and Management.

			
8. Scholastica Tuwei 	25/11/1974	Post Graduate (MBA)	Over Twenty (20) years management and Teaching experience. Currently serving as the Chief Officer-Education and Vocational Training and Secretary to the NACEF Committee).
9. Julius Too 	01/02/1970	Undergraduate	Over 25 years in Teaching and Administration experience. He is currently serving as the County Director for Vocational Training Centres.
10. Nicholas Kosgei 	9/9/1984	Post graduate (MBA Strategic and Financial Management) From CUEA, BCOM(Accounting), CPA(K) Monitoring and Evaluation Certification(K.I.M)	Over 10 years' experience in Accounting and Financial Management.
11. Meshack Malakwen 	2/10/1978	Master's degree in Business Administration, Strategic management from Jomo Kenyatta University Bachelor's degree in Agricultural Education and Extension from Egerton University Diploma in management	Over 15 years in Agriculture extension and management
12. Simon Kipkirong Matuiy 	29/07/1954	A-Level	Retired Teacher. Over 30 years experience
13. Julius Kipkesio Kemei	12/12/1976	Diploma in Theology and Counselling Psychology	Over 20 years in Pastoral work and Leadership(Pastor, AIC Nandi hills, Chairman, BOM Member Nandi Hills Township

			Primary School and Member, District Area Advisory Committee)
14. Priscillah Rotich 	14/2/1982	Diploma	Community activities representing people with disabilities. Over five years experience.
15. Charles Kipkemboi Too 	29/09/1975	MBA(Leadership Magement), B.A(English Literature), Higher Diploma(Counselling Psychology)	20 years teaching experience, 4 Years in Administration(Sub-County Administrator), 15 Years Clinical psychologist(Kenya Institute Professional Counselling)
16. Kimutai Sitienei 	15/5/1982	Bachelor of Education, Science	Over 20 years Teaching and Leadership experience.
17. David Sum 	6/03/1965	MBA(Business Administration)	Over 20 Years' Experience. He has Served as Town Manager, Kapsabet municipality, Sub-County Administrator,Tinderet among other keypositions.
18. Barnabas Kiprotich Tallam 	02/02/1976	Masters in Education, Curriculum and Instruction(Kisii University)	20 years Teaching Experience

<p>19. Cosmas Kemboi</p> 	<p>14/05/1984</p>	<p>MA in Policy Analysis and Public Administration. Certified Monitoring and Evaluation</p>	<p>Over 5 years leadership experience and Teaching</p>
<p>20. John kipkemboi Sang</p> 	<p>01/09/1974</p>	<p>Bsc (mathematicians sratictics)</p>	<p>21 years experience</p>

5. FUND COMMITTEE CHAIRPERSON'S REPORT

On my behalf and on behalf of the Management Committee Members, it is my pleasure to present the Nandi County Education Fund financial statements for the year ended 30th June 2021. The financial statements reflect the financial performance of the Fund over the past one year.

Sustainability

According to Sustainable Development Goals (SDG), there is need for holistic and lifelong approach in dealing with all levels of education from pre-school to higher levels of Education. This is the reason why the Nandi County Education Fund (NACEF) is always at the forefront in ensuring increased access and equity to Post-secondary education by providing financial facilitation through bursary to Nandi county residents enrolled in Secondary schools and institutions of Higher learning.

In the Kenya Vision 2030, education is prescribed as a key target and enabler under the Social Pillar which emphasizes on social protection and development. Nandi County Government continues to invest heavily in the education sector in line with these objectives. To enable Nandi County Government achieve Vision 2030, there is need to have the right skills and this is the reason why the county government continues to lay more emphasis on Technical and Vocational training (TVET) to enhance skills development for National and County human resource availability, job creation by preparing young entrepreneurs as well as ensuring that the middle level economy is sustained. NACEF continues to facilitate this goal by providing financial facilitation in form of Bursaries to Nandi County residents enrolled in TVET institutions. Through the mandate given by Nandi County Assembly, NACEF is looking forward to increase allocation to TVET in order to boost and increase the numbers of those who enrol for courses since this is the main mandate under the devolved function in Education department.

In order to ensure sustainability, the Fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options to ensure the Fund is a going concern.

Review of performance

County Government transfers

The Fund Received transfers amounting to KShs.24,000,000 from the County Government, which was part of the original approved budget allocation of Ksh 30,000,000.

Expenditures

The total expenditures during the period amounted to Kshs 22,409,608. The General expenses(Bursary Disbursement) is KShs.22,329,608, Fund Administrative expenses is Kshs 80,000 and bank charges of Kshs 4,509.

Future outlook

The Fund focuses on building a robust and sustainable fund with a motivated workforce and operational structures that enhance efficiency and effectiveness in the service delivery. The fund is looking forward to establishing and maintaining links with other persons, bodies and organizations within or outside the county and beyond Kenya, as the board may consider appropriate for the furtherance of its purposes for which the Board is established. The fund looks forward to continued support from the County Government of Nandi and well-wishers in the execution of its mandate.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Government of Nandi, all the stakeholders, management, staff and fellow committee members for the support and teamwork which made us achieve this great milestone.

I look forward to a fruitful 2021/2022.

Signed: _____



Christopher K. Ng'etich Yego.

6. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present the Nandi County Executive Education Fund financial statements for the year ended 30th June, 2021. The financial statements reflect the financial performance of the fund over the past year.

The fund was established on 8th June, 2016 as an Act of the County Assembly of Nandi to provide for the establishment of the County Education Fund; to provide for the management, governance and administration of the Fund; and for the connected purposes.

Financial Performance

a) Revenue

During the reporting period, the fund had projected county transfers of KShs 30,000,000 which was the budgeted allocation for the Fund. Out of the projected transfers, the fund realised KShs 24,000,000, representing 80% of performance. This was occasioned by the covid-19 pandemic which saw schools and colleges closed down, meaning the disbursements were delayed amid an unprecedented delays by the Exchequer.

b) Bursary Disbursements

During the financial year 2020/2021, the fund disbursed bursary to 1,906 beneficiaries.

c) Cash flows

In the FY 2020/2021, we had many liquidity disruptions. This was as a result of delay in funding from the exchequer. The cash and cash equivalents as at 30th June, 2021 was Kshs 2,947,135.

d) Conclusion

I take this opportunity to thank the County Education departmental leadership led by the CECM and Fund Management Committee for their unwavering support throughout the period. I also thank the team of secretariat for their dedication and teamwork that saw Nandi County Education Fund achieve its objectives for the year under review.

Signed: _____


Nicholas K. Kosgei.

7. CORPORATE GOVERNANCE STATEMENT

During the financial year 2020/2021, the Board held a total of 2 full Board meetings and 3 Consultative meetings. In all the meetings held, the attendance was 100%. The committee is charged with the following specific roles:

- **Receive, deliberate and approve** applications for bursary education grants and loans;
- **Review the applications** for bursary and make the **awards** to the **eligible** and successful applicants;
- **Resolve disputes** arising from the award of bursary education grants and loans;
- **Ensure that fairness and equity** is adhered to in making the awards for bursary education grants and loans; and
- **Perform such other duties** as are allocated to them by the County Executive Committee Member.

The committee is representative in that it has membership incorporating a wide range of stakeholders including the youth, persons living with disability, regions, gender and the Department of Finance and Education in the County.

Administration of the Fund

The Committee is responsible for the overall management of the Fund including—

- funds acquisition;
- disbursement;
- records keeping;
- complaints receipt and dispute resolution; and
- Annual reporting.

The County Executive Committee Member in charge of finance nominates an administrator to be responsible for administration of the Fund and He/she ensures that—

- payment of the amount allocated to each beneficiary is promptly made, upon receipt of a certified list of beneficiaries from the Executive Committee Member;
- all disbursements are made in good time;
- section 28 of the Act relating to application of disbursed funds is complied with;
- the minimum award rule under section 23 of the Amendment Act is complied with; and

- any other payment-related matter is dealt with in accordance with the Act.

The County Assembly Committee on Education formed in accordance with the County Assembly standing orders plays an oversight role in the management of the Fund.

Appointment of the chairperson.

The chairperson of the Committee is competitively sourced by the County Public Service Board in accordance with the following procedure—

- (a) a notice inviting interested qualified members of the public to apply for the post of chairperson with the qualifications stated under Section 12 (3) of the Act shall be published;
 - (b) the applicants must be residents of the County;
 - (c) a shortlist of the qualified applicants are published inviting the shortlisted candidates for interviews; and
 - (d) the County Public Service Board then recommends three (3) suitably qualified candidates to the Executive Committee Member for consideration and appointment.
- (2) The Executive Committee Member appoints a qualified and experienced chairperson from among three (3) persons recommended by the County Public Service Board.

Designation of the county education officer to the Committee.

The Executive Committee Member designates a county education officer to form part of the membership of the Committee and such appointing power shall be discretionary, provided that the officer so appointed is not below the rank of a County Director of Education.

Appointment of other committee members.

A person representing each Sub-County is appointed to the Committee by the Executive Committee Member as outlined by Section 12 (1) (c) of the Act.

The respective umbrella bodies of the three (3) organized groups referred to under Section 12 (1)

- (d) identifies a person to be appointed as members of the Committee by the Executive Committee Member.

Remuneration of the Committee.

The Committee are paid a sitting allowance whenever they have a meeting.

The allowance rates are as per the guidelines set out by the Salaries and Remuneration Commission.

8. MANAGEMENT DISCUSSION AND ANALYSIS

Lack of school fees among many students coupled with low prioritization in budgetary allocation is a critical issue on access to higher education in Nandi County. Evidence of abject poverty is prevalent and many individuals in the community are unable to pay for basic needs. Indicators show an upsurge in drop-outs, irregular attendance and even absenteeism. Poverty indicators show the County standing at 40per cent (i.e. the proportion of the population living below poverty line) compared to the national index of 45.2 as of 2009. Aware that education is an inalienable right, the County Government created an Education Fund through the NACEF Act of 2016 to enable it to mobilize and utilize resources in an effective and efficient manner to help mitigate the impact of misery and agony on vulnerable groups unable to pay for their education. Thus it is hoped that, with increased funding and properly managed disbursement, the initiative will go a long way into alleviating the loss of attainment and completion of an education program.

The committee recommends that:

- i) Advocate disbursement of Bursary using Sub-locations instead of Wards as before, for the Act stipulate that funds be disbursed equitably and not equally as its been followed. This will cushion those extra-large wards such as Songhor-Soba and Kilibwoni.
- ii) Advocate for a more rational sizes of wards to avoid extremes in future.
- iii) Increase funding by reaching out to a wider field of financial sources. This can be achieved through establishing and maintaining links with other persons, bodies and organizations within or outside the Nandi County.
- iv) Set a fund for public mobilization and community participation in order to create awareness and change of attitude towards vocational training.
- v) Compile, on continuous basis, data on children and students living with disability from the County to enable a more informed management of bursary.
- vi) County administrative structure should be existent down to the village to avoid over-reliance on National Government.
- vii) County Assembly members support should be sought after especially in mobilizing communities to educate the public and minimize conflicts.
- viii) Empower Committee members and Ward administrators to be able to make follow-up and to ensure assisted students are indeed in school and to be able to check on their performance. This will ensure county monies are used meaningfully.

The Community is at all time involved in identifying the beneficiaries through public participation. The fund is continuously in compliance with all the statutory and regulatory guidelines in all material respects and the Committee is optimistic of future existence of the fund.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Nandi County Education 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 founded on the Funds objectives: to improve access to Education by all residents of Nandi County by providing funds to grant bursaries; to enhance equity in education for all residents of Nandi County; to improve on literacy level within Nandi County; and to ensure that a specific portion of the County annual budget is devoted to the Education Fund, putting the Citizen first and improving operational excellence. Below is a brief highlight of our achievements.

1. Sustainability strategy and profile -

The Nandi County Education fund devotes at least 20% of the total budget allocation for the Fund to facilitate extra beneficiaries under Government Social Responsibility (GSR).

2. Community Engagements-

During the year ended 30th June, 2021 the fund supported 448 beneficiaries under the GSR. This has created a huge impact in the society where the needy students who would have otherwise discontinued their education are given a chance to proceed with their education.

10. REPORT OF THE FUND ADMINISTRATION COMMITTEE

The Committee submit their report together with the audited financial statements for the year ended 30th June, 2021 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are:

- 1) To Improve access to Education by all residents of Nandi County by providing funds to grant bursaries;
- 2) To Enhance equity in education for all residents of Nandi County;
- 3) To Improve on literacy level within Nandi County; and
- 4) To ensure that a specific portion of the County annual budget is devoted to the Education Fund.

Results

The results of the Fund for the year ended 30th June, 2021 are set out on page 1 to 35.

Committee

The members of the Committee who served during the year are shown on pages IV to VIII.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and section 35 the Public Audit Act, 2015.

By Order of the Nandi County Education Fund Committee,



Christopher K. Ngetich
Chairperson of the Fund Administration Committee

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Nandi County Education Fund Act, 2016 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

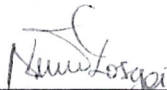
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) 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. 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, 2021, 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 30th June, 2021 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 NANDI COUNTY EDUCATION FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nandi County Education Fund set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2021, 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

Report of the Auditor-General on Nandi County Education Fund for the year ended 30 June, 2021

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 Nandi County Education Fund as at 30 June, 2021, and 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 Nandi County Education Act, 2016 and the Public Finance Management Act, 2012 .

Basis for Qualified Opinion

Misstatement of Revenue

The statement of financial performance reflects receipts of Kshs.30,000,000 being transfers from County Government. However, Note 2 to the financial statements discloses actual transfers of Kshs.24,000,000 resulting to an overstatement of Kshs.6,000,000 on total actual revenue.

In the circumstances, the accuracy and completeness of transfers from the County Government amounting to Kshs.30,000,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nandi County Education 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

1. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.30,000,000 and Kshs.24,000,000 respectively resulting to an under-funding of Kshs.6,000,000 or 20% of the budget. Similarly, the Fund expended Kshs.22,414,117 against an approved budget of Kshs.30,000,000 resulting to an under-expenditure of Kshs.7,585,883 or 25% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Audit Matters

In the audit report of the previous year, a number of paragraphs were raised under the Report on Financial Statements. However, Management has not resolved the issues as provided by the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall 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 controls, risk management and overall 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 controls 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 controls 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the 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 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

05 September, 2022

Nandi County Education Fund
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For the year ended June 30, 2021

FINANCIAL STATEMENTS
11.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th
JUNE 2021

	Note	2020/2021 KShs	2019/2020 KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	30,000,000	41,160,000
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	-	-
Other income	5	-	-
Total revenue		30,000,000	41,160,000
Expenses			
Fund administration expenses	6	80,000	2,256,000
General expenses	8	22,329,608	43,687,479
Finance costs	9	4,509	9,960
Total expenses		23,414,117	45,953,439
Other gains/losses			
Gain/loss on disposal of assets	10		-
Surplus/(deficit) for the period		7,585,883	(4,793,439)

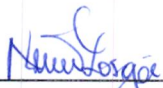
The notes set out on pages 22 to 35 form an integral part of these Financial Statements


Nandi County Education Fund
Reports and Financial Statements
For the year ended June 30, 2021

11.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021 KShs	2019/2020 KShs
Assets			
Current assets			
Current receivables from County Government	2	6,000,000	
Cash and cash equivalents	11	2,947,135	1,361,252
Current portion of long- term receivables from exchange transactions		-	-
Prepayments	13	-	-
Inventories	14	-	-
Non-current assets			
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
Long term receivables from exchange transactions		-	-
Total assets		8,947,135	1,361,252
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings		-	-
Employee benefit obligations	20	-	-
Non-current liabilities			
Non-current employee benefit obligation		-	-
Long term portion of borrowings		-	-
Total liabilities		-	-
Net assets			
Revolving Fund		-	-
Surplus/Deficit for the period		7,585,883	(4,793,439)
Accumulated surplus		1,361,252	6,154,691
Total net assets and liabilities		8,947,135	1,361,252

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


 Administrator of the Fund
 Nicholas K. Kosgei


 Fund Accountant
 Kevin Kipkoech
 ICPA (K) No.23469

Nandi County Education Fund
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11.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2019	-	-	1,361,252	1,361,252
Surplus/(deficit) for the period	-	-		
Funds received during the year				
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	-	-	1,361,252	1,361,252
Balance as at 1 July 2020		-	1,361,252	1,361,252
Surplus/(deficit) for the period	-	-	7,585,883	7,585,883
Funds received during the year				
Revaluation gain	-	-	-	-
Balance as at 30 June 2021		=	<u>8,947,135</u>	<u>8,947,135</u>

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11.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government	2	24,000,000	41,160,000
Interest received		-	-
Receipts from other operating activities	5	-	-
Total Receipts		24,000,000	41,160,000
Payments			
Fund administration expenses	6	80,000	2,256,000
General expenses	8	22,329,608	43,687,479
Finance cost	9	4,509	9,960
Total Payments		22,414,117	45,953,439
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)			
Increase/(Decrease) in Accounts Payable: (deposits and retention)		-	-
Net cash flows from operating activities	23	1,585,883	(4,793,439)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		1,585,883	(4,793,439)
Cash and cash equivalents at 1 JULY	11	1,361,252	6,154,691
Cash and cash equivalents at 30 JUNE	11	2,947,135	1,361,252

Nandi County Education Fund
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11.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30TH JUNE, 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2020/2021	2020/2021	2020/2021	2020/2021	2020/2021	2020/2021
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	-	-	-	-	-	-
Transfers from County Govt.	30,000,000		30,000,000	24,000,000	6,000,000	80%
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total income	30,000,000		30,000,000	24,000,000	6,000,000	80%
Expenses						
Fund administration expenses	900,000	-	900,000	80,000	820,000	9%
General expenses	29,095,000		29,095,000	22,329,608	6,765,392	79%
Finance cost	5,000		5,000	4,509	491	90%
Total expenditure	30,000,000		30,000,000	22,414,117	7,585,883	75%
Surplus for the period	-		-	1,585,883	(1,585,883)	-

The 75% utilization was occasioned by the delayed transfers from the National treasury to the county government.

11.6. 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; • Applying a single forward-looking expected credit loss

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Standard	Effective date and impact:
	<p>model that is applicable to all financial instruments subject to impairment testing; and</p> <ul style="list-style-type: none"> • 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.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting 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> <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.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. <p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time</p>

**Nandi County Education Fund
Reports and Financial Statements
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Standard	Effective date and impact:
	<p>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

4. Revenue recognition

iii) 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.

iv) 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.

5. Budget information

The original budget for FY 2020/2021 was approved by the County Assembly on 14th June, 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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.

Nandi County Education Fund
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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 5.5 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. 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 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.

7. 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 capitalised 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.

8. 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)

9. 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.

10. 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.

11. Nature and purpose of reserves

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

12. 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.

13. 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.

14. 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)

15. 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.

16. 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.

17. 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.

18. Comparative figures

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

19. Events after the reporting period

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

20. Ultimate and Holding Entity

The entity is a County Public Fund established by Nandi County Education Fund Act, 2016 under the department of Education and Vocational Training. Its ultimate parent is the County Government of Nandi.

21. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

22. 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 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 when the effect is material.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

23. 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:

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the 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 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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 2021			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables			
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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%	-	-
USD	10%	-	-
2019			
Euro	10%	-	-
USD	10%	-	-

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 (2020: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2019 – 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:

	2020/2021	2019/2020
	Shs	KShs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

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11.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2020/2021	2019/2020
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	2020/2021	2019/2020
	KShs	KShs
Receivables from County Govt. – operations	6,000,000	-
Transfers from County Govt. – operations	24,000,000	41,160,000
Total	30,000,000	41,160,000

3. Fines, penalties and other levies

Description	2020/2021	2019/2020
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2020/2021	2019/2020
	KShs	KShs
Interest income from Mortgage loans	-	-
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	-	-

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5. Other income

Description	2020/2021	2019/2020
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
Total other income	-	-

6. Fund administration expenses

Description	2020/2021	2019/2020
	KShs	KShs
Staff costs (Note 7)	-	-
Loan processing costs	-	-
Printing and stationery expenses	30,000	-
Committee Allowances	50,000	2,256,000
Total	80,000	2,256,000

7. Staff costs

Description	2020/2021	2019/2020
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	2020/2021	2019/2020
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Bank Charges	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Bursaries Disbursement	22,329,608	43,687,479
Total	22,329,608	43,687,479

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	2020/2021	2019/2020
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Bank Charges	4,509	9,960
Total	4,509	9,960

10. Gain/(loss) on disposal of assets

Description	2020/2021	2019/2020
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	2020/2021	2019/2020
	KShs	KShs
Car loan account	-	-
Nandi County Education Fund account.	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account No. 0490268594510	2,947,135	1,361,252
Others	-	-
Total cash and cash equivalents	2,947,135	1,361,252

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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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	2020/2021	2019/2020
		KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc	-	-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Current account			
Kenya Commercial bank		-	-
Equity Bank	0490268594510	2,947,135	1,361,252
Sub- total		2,947,135	1,361,252
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		2,947,135	1,361,252

12. Receivables from exchange transactions

Description	2020/2021	2019/2020
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables	-	-
Non-Current receivables		
Long term loan repayments due	-	-
Total Non- current receivables	-	-
Total receivables from exchange transactions	-	-

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Additional disclosure on interest receivable

Description	2020/2021	2019/2020
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-term loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

Revenue from Non-Exchange transaction

Description	2020/2021	2019/2020
	KShs	KShs
Transfer to County Executive	-	-
Transfer to Other Fund	-	-
Total receivables from non-exchange transactions	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	2020/2021	2019/2020
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

14. Inventories

Description	2020/2021	2019/2020
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. 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 2020	-	-	-		-	-
Additions	-	-	-		-	-
Disposals	-	-	-		-	-
Transfers/adjustments	-	-	-		-	-
At 30th June 2021	-	-	-		-	-
At 1st July 2020						
Additions	-	-	-		-	-
Disposals	-	-	-		-	-
Transfer/adjustments	-	-	-		-	-
At 30th June 2021	-	-	-		-	-
Depreciation and impairment						
At 1 st July 2018	-	-	-		-	-
Depreciation	-	-	-		-	-
Impairment	-	-	-		-	-
At 30th June 2021	-	-	-		-	-
At 1st July 2020						
Depreciation	-	-	-		-	-
Disposals	-	-	-		-	-
Impairment	-	-	-		-	-
Transfer/adjustment	-	-	-		-	-
At 30th June 2021	-	-	-		-	-
Net book values						
At 30th June 2021	-	-	-		-	-
At 30th June 2021	-	-	-		-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	2020/2021	2020
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2020/2021	2020
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

18. Provisions

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	2020/2021	2019/2020
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
Balance at end of the period	-	-

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

	2020/2021	2019/2020
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
Domestic Borrowings	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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

Description	2020/2021	2019/2020
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. CHANGES IN RECEIVABLE

Description of the error	2020/2021	2019/2020
	KShs	KShs
Account receivable as at 1 st July 2019 (A)	-	-
Account receivable issued during the year (B)	-	-
Account receivable settled during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

21. CHANGES IN ACCOUNTS PAYABLE

Description of the error	2020/2021	2019/2020
	KShs	KShs
Accounts Payable as at 1 st July 2019 (A)	-	-
Accounts Payable held during the year (B)	-	-
Accounts Payable paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

22. Employee benefit obligations

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Cash generated from operations

	2020/2021	2019/2020
	KShs	KShs
Surplus/ (deficit) for the year before tax	1,585,883	(4,793,439)
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	1,585,883	(4,793,439)

24. 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 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

	2020/2021	2019/2020
	KShs	KShs
Transfers from County Government	24,000,000	41,160,000
Transfers to related parties	-	-
Total	24,000,000	41,160,000

c) Key management remuneration

	2020/2021	2019/2020
	KShs	KShs
Committee Allowances	50,000	2,256,000
Key Management Compensation	-	-
Total	50,000	2,256,000

d) Due from related parties

	2020/2021	2019/2020
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	6,000,000	-
Total	6,000,000	-

e) Due to related parties

	2020/2021	2019/2020
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

25. Contingent assets and contingent liabilities

Contingent liabilities	2020/2021	2019/2020
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
Total	-	-

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12. 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)
1.0	Comparative figures and Non submission of 2016/2017 Financial Statement	The Financial statements relating to F/Y 2016/2017 was not submitted to Auditor General. It was then submitted during F/Y 2017/2018 together with that current years' Financial Statements. The opinion was not formed as the books was not Audited. The management was advised to request for a special Audit which was done and Financial reports presented to that effect.	Fund Administrator	Pending	During the special Audit organised by the Auditor General.
2,0	Irregular Payment of Allowances to Nandi County Education Committee. There was no attachment of	The management is strongly of the view that the committee were in office legally and that any dues from their committee functions were their entitlement as per the Nandi County	Fund Administrator	Resolved	During FY 2020/2021 Audit Documentation submission.

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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)
	Kenya Gazette notice which confirmed the appointments of the Committee members of Nandi County Education.	Education Act, 2016, Its Regulation, 2017 and the Salaries and Remuneration Commission guidelines. Attached, is the copies of Gazette notice No. 1227 of 10 th February, 2017, and their appointment letters.			
3.0	Bursary Disbursements The expenditure was treated as general expenses in the financial statements based on a cabinet memo dated 14 November 2017, which authorized the CEC Education and Vocational Training to commence the amendment process	The amendment of the Act is still on going and the draft bill is ready. Attached are the copies of the draft bill.	CECM-Education and Vocational Training	On-going	Within FY 2021/2022

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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)
	of the Nandi County Education Fund Act to expense all disbursement made from the fund.				
4.0	<p>Implementation of Oversight Bodies Recommendations</p> <p>There was no evidence the financial statements have been submitted to the County Assembly.</p>	<p>The management has been submitting its financial statements and any other relevant reports of the fund to the county assembly as per section 149(1) of the Public Finance Management Act, 2012 .This includes submitting Statutory documents, honouring all invitations by the county assembly for the provision of additional information.</p>	Fund Administrator	Resolved	During FY 2020/2021 Audit documentation submission.

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For the year ended June 30, 2021**

13 APPENDIX I: INTER-ENTITY TRANSFERS

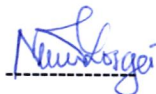
ENTITY NAME:		NANDI COUNTY EDUCATION FUND		
Break down of Transfers from the County Executive of Nandi County Government				
FY 2020/2021				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	County Government Transfers		24,000,000	2020/2021
	County Government Receivables		6,000,000	2020/2021
			-	
		Total	30,000,000	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		Total	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		Total	-	

The above amounts have been communicated to and reconciled with the parent Department.

Fund Administrator
Nandi County Education Fund

Chief Officer-Education and Vocational Training
Nandi County Government

Sign



Sign

