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*Enhancing Accountability*



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

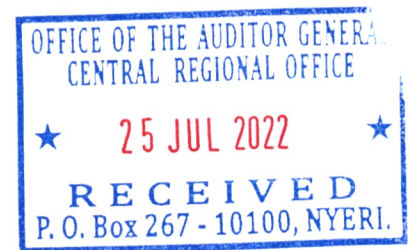
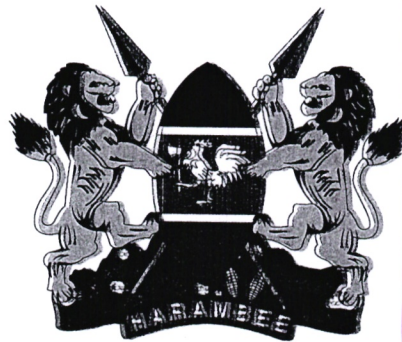
**NYERI COUNTY ELIMU FUND**

**FOR THE YEAR ENDED**

**30 JUNE, 2021**



*Revised Template 30<sup>th</sup> June 2021*



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**COUNTY GOVERNMENT OF NYERI**

**NYERI COUNTY ELIMU FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2021**

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

*Nyeri County Elimu Fund*

**Reports and Financial Statements  
For the year ended June 30, 2021**

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**Nyeri County Elimu Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

Nyeri County Elimu Fund is established by and derives its authority and accountability from Nyeri County Elimu Fund Act, 2015 on 31<sup>st</sup> December, 2015. The Fund is wholly owned by the County Government of Nyeri and is domiciled in Kenya.

The fund's objective is to provide funds to be used for granting money to assist students to pursue education at such recognized institutions not leaving out persons with disabilities who deserve support to pursue their education at recognized schools and educational institutions.

The Fund's principal activity is to enhance retention of needy students in learning institutions and enable bright and needy students retained in secondary school level for 4 years and transitioned to the next level of education.

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to assist financially needy students to pursue their studies.

**c) Board of Trustees/Fund Administration Committee**

Ref	Position	Name
1	Ag. Chairperson-	Mr Joseph Kagunda Mwangi
2	Chief Officer Education and Sports /Fund Administrator to the Board	Mr Simon Wachira Ngatia
3	Director of Education and Training/ Secretary to the board	Mr James Kiretai
4	Fund Accountant	Mr. Moses Gachanja Githinji
5	PTA Representative	Mr. Samson Wanjiku
6	Youth Representative	Mr Steve Maina Nderi
7	Faith Based Organizations Rep.	Fr Moses Kanyingi
8	Self Help Group Representative	Ms Joan Mathenge
9	Head Teachers Representative	Mrs Rosemary W. Ngunu
10		

*(This section will be applicable for Public Funds that have a Board of Trustees/Fund Administration Committee. Input names of all the members who held office during the period)*

**Nyeri County Elimu Fund  
Reports and Financial Statements  
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**d) Key Management**

Ref	Position	Name
1	Fund Manager/ Administrator	Mr Simon Wachira Ngatia
2	Fund Accountant	Mr. Moses Gachanja Githinji

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

**e) Fiduciary Oversight Arrangements**

*Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):*

Ref	Position	Name
1	Directorate Internal Audit	
2		
3		

**f) Registered Offices**

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

**g) Fund Contacts**

Telephone: (254) 0771320143  
E-mail: [educationnyeri.go.ke](mailto:educationnyeri.go.ke)  
Website: [www.go.ke](http://www.go.ke)

**h) Fund Bankers**

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

**i) Independent Auditors**

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

*Nyeri County Elimu Fund*  
**Reports and Financial Statements**  
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**j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**Nyeri County Elimu Fund**  
**Reports and Financial Statements**  
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**2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE**

<b>Name</b>	<b>Details of qualifications and experience</b>
1. Mr Simon Wachira Ngatia	Executive Board Member-Fund Administrator
2. Mr James Kiretai	Executive Board Member-Secretary to the Board
3. Mr. Moses Gachanja Githinji	Executive Board Member- Fund Accountant
4. Mr Joseph Kagunda Mwangi	Independent-PWD Rep.
5. Mr. Samson Wanjiku	Independent- PTA Representative
6. Mr Steve Maina Nderi	Independent Youth Representative
7. Fr Moses Kanyingi	Independent -Faith Based Organizations Rep
8. Ms Joan Mathenge	Independent -Self Help Group Representative
9. Mrs Rosemary W. Ngunu	Independent -Head Teachers Representative

### **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 Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Nyeri County Government Department of Education and Sports Strategic Plan 2019-2024 are to:

- a) Improve quality of education in ECDE
- b) Improve quality training in VTCs
- c) Identify and nurture sports talents
- d) Support education of students from needy backgrounds through Elimu fund Bursary program.
- e) Improve quality of life of the youth at the VTCs

**Nyeri County Elimu Fund  
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For the year ended June 30, 2021.**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Bursary/ Education	To support education of children/students from needy backgrounds through Elimu Fund Bursary program.	Increased number of students accessing education in the County	% of students accessing education in the County	<b>In FY 20/21 we increased bursary access by 50% in the County.</b>
Scholarship	To give scholarship to needy and bright students joining form one and support them for 4years.	Increased number of students retained in school and completion up to O-level.	% of students retained in secondary school level / transitioned to next level institutions	<b>In FY 20/21 we increased the number of students retained in secondary school level by 50%.</b>

***Nyeri County Elimu Fund***  
**Reports and Financial Statements**  
**For the year ended June 30, 2021.**

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**4. MANAGEMENT TEAM**

<b>Name</b>	<b>Details of qualifications and experience</b>
1. Simon Wachira Ngatia	Fund Administrator
2. James Kiretai	Director of Education
3. Moses G Githinji	Fund Manager
4. Francis Kibuka	Fund ICT Officer

*Note: The Fund Administrator will feature under both the 'Board' and 'Management'.*

## **5. BOARD/FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT**

It is my pleasure to present, on behalf of the board, the Nyeri County Elimu Fund financial statements for the year ended 30<sup>th</sup> June 2021. The financial statements present the financial performance of the fund over the past year. However, the last financial year Elimu Fund program was affected by the

### **Board and Management Changes**

During the year the board lost the Chairman Mr Jackson Karugu may his soul rest in eternal peace. And Joseph Kagunda Mwangi was appointed as Acting Chairman.

### **Review of performance**

#### **Income**

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

#### **Disbursements and Expenditures**

The total bursary disbursed to needy students during the period amounted to KShs. 88,568,000 out of which the normal bursary amounted to Kshs 84,169,000 and special cases amounted to Kshs 4,399,000.00. Administration expenses amounted to KShs. 5,395,827.00 for the year.

#### **Future outlook**

The future of the Fund looks brighter. The fund rolled out a 4-year scholarship programme with 120 students benefitting last year. This financial year the fund was able to support the third cohort of 60 new beneficiaries in addition to the last 2 years' beneficiaries of 120 students totalling to 180 students.

#### **Appreciation**

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

I look forward to your continued support in the year 2021/2022.

Signed: \_\_\_\_\_

**Joseph Kagunda Mwangi**

**Ag. Chairperson**

**Nyeri County Elimu Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

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**6. REPORT OF THE FUND MANAGER/ ADMINISTRATOR**

It is my pleasure to present the Nyeri County Elimu Fund financial statements for the year ended 30<sup>th</sup> June 2021. The financial statements present the financial performance of the fund over the past year.

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

**Financial Performance**

**a) Revenue**

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

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

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

**b) Disbursements and Expenditures**

**Nyeri County Elimu Fund**  
**Reports and Financial Statements**  
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During the financial year 2020/2021, the fund disbursed KShs.88,568,000 bringing the total number of beneficiaries to 18163 students. Broken down as follows; normal bursary Kshs 84,169,000/= 17,754 beneficiaries, special cases Kshs4,399,000/= 409 beneficiaries.

The summary of the beneficiaries is tabulated as follows:

i. **Normal Bursary.**

Categories	No. of Students	Amount
Secondary	13523	58,965,000
University	1882	11,292,000
College	1253	7,596,000
Polytechnic	755	4,270,000
Special Institution	341	2,046,000
<b>TOTAL</b>	<b>17754</b>	<b>84,169,000</b>

ii. **Special cases**

Categories	No. of Students	Amount
Secondary	253	2 859,000
University	53	527,000
College	58	571,000
Polytechnic	40	395,000
Special Institution	5	47,000
<b>TOTAL</b>	<b>409</b>	<b>4,399,000</b>

iii. **Full Sponsorship**

Categories	No. of Students	Amount
Secondary	-	-
University	-	-
College	-	-
Polytechnic	-	-
Special Institution	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

***Nyeri County Elimu Fund***  
**Reports and Financial Statements**  
**For the year ended June 30, 2021.**

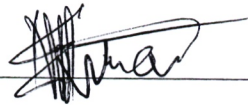
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iv. Conclusion

FY 2020/2021 was a good year in general. And by this the momentum has been created to enable the fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

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

Signed: \_\_\_\_\_



**Mr Simon Wachira**

**Fund Administrator**

## **7. CORPORATE GOVERNANCE STATEMENT**

### **THE BOARD**

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

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

### **NYERI COUNTY ELIMU FUND MANAGEMENT BOARD**

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

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

### **BOARD MEETINGS**

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

The board held two full board meetings and did not held any special meeting during the FY 2020/2021. The first meeting was held on 23<sup>rd</sup> July 2020 and it was attended by nine members with one apology. The main objective was to defer cheques disbursement and replacement of stale cheques due to devastating effect of COVID- 19 pandemic. The second meeting was held on 9<sup>th</sup> March 2021 and was attended by 7 members with two apologies.

**8. MANAGEMENT DISCUSSION AND ANALYSIS**

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

**BUSINESS PERFORMANCE**

**Revenue**

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

**Cash flow**

The cash and cash equivalents increased from KShs 24,215,863.00 as at 30 June 2020 to KShs 24,600,974.30 as at 30 June 2021.

**OPERATIONAL PERFORMANCE**

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

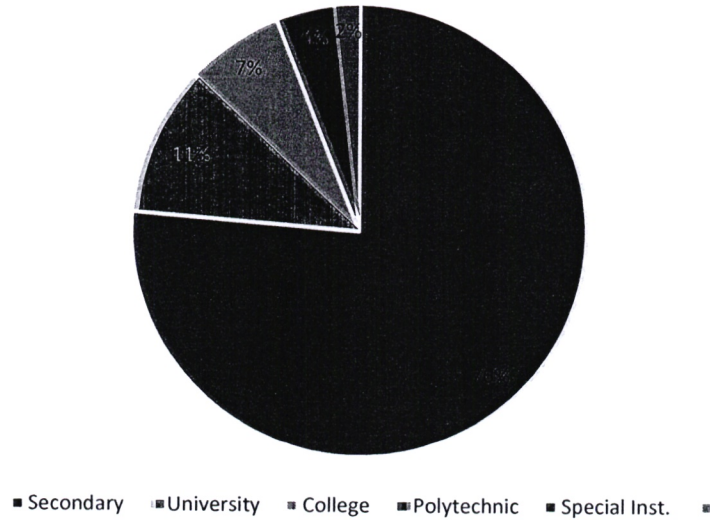
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**TOTAL NO. OF BENEFICIARIES AND TOTAL AMOUNT DISBURSED**

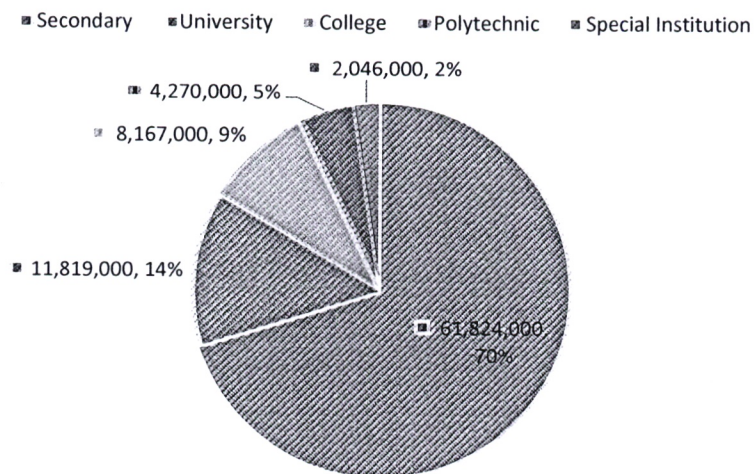
<b>Categories</b>	<b>No. of Students</b>	<b>Amount</b>
Secondary	13776	61,824,000
University	1935	11,819,000
College	1253	8,167,000
Polytechnic	755	4,270,000
Special Institution	341	2,046,000
<b>TOTAL</b>	<b>18163</b>	<b>88,568,000</b>

**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

No. Of Students



**AMOUNT DISBURSED KSHS**



**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

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

**Nyeri County Elimu Fund**  
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i. Normal Bursary.

Categories	No. of Students	Amount
Secondary	13523	58,965,000
University	1882	11,292,000
College	1253	7,596,000
Polytechnic	755	4,270,000
Special Institution	341	2,046,000
<b>TOTAL</b>	<b>17754</b>	<b>84,169,000</b>

ii. Special cases

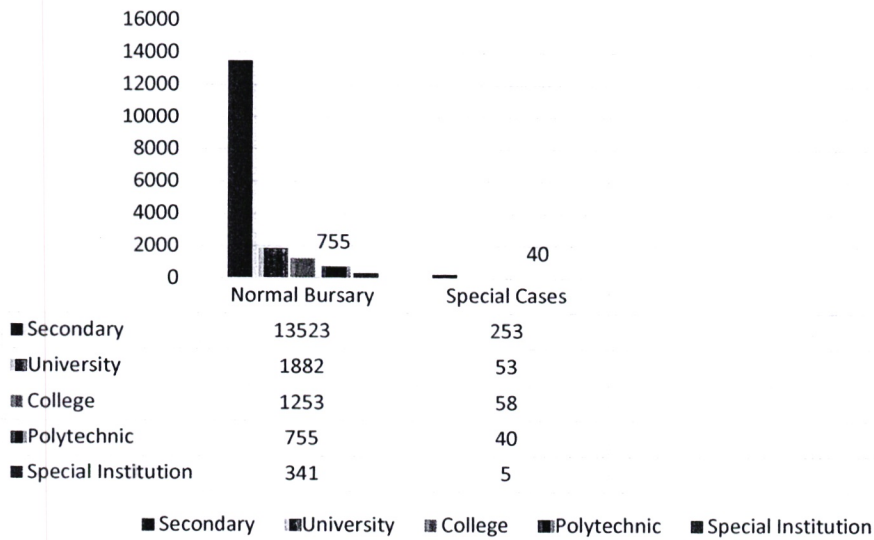
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Secondary	253	2 859,000
University	53	527,000
College	58	571,000
Polytechnic	40	395,000
Special Institution	5	47,000
<b>TOTAL</b>	<b>409</b>	<b>4,399,000</b>

iii. Full Sponsorship

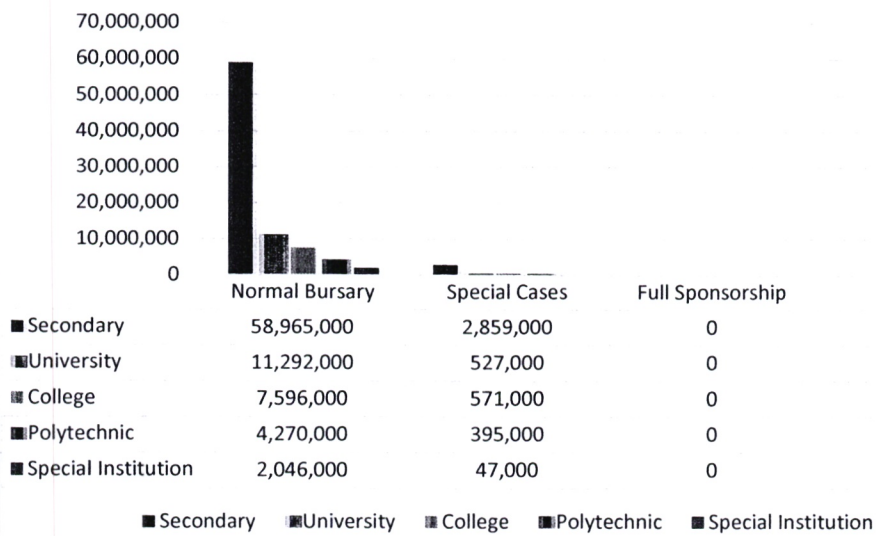
Categories	No. of Students	Amount
Secondary	-	-
University	-	-
College	-	-
Polytechnic	-	-
Special Institution	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**NO. OF BENEFICIARIES**



**TOTAL AMOUNT DISBURSED**



**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**Employees**

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

**Conclusion**

We appreciate the unrelenting support from the board, staff, the county government and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2020/2021.

**Auditors**

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

**9. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Nyeri County Elimu Fund established by Nyeri County Elimu Fund Act 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

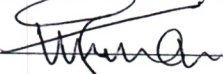
The Administrator of the Nyeri County Elimu Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Nyeri County Elimu Fund Act 2015. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2019, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

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 3/2 / 2022 and signed on its behalf by:

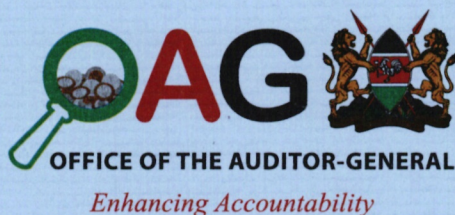


Name: **Simon Wachira Ngatia**

**Administrator of the Nyeri County Elimu 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 NYERI COUNTY ELIMU FUND FOR THE YEAR ENDED 30 JUNE, 2021**

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### **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 Nyeri County Elimu Fund set out on pages 20 to 59, 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

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nyeri County Elimu 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 Nyeri County Elimu Fund Act, 2015 and the public Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Financial Statements**

The statement of financial performance reflects total revenue of Kshs.94,348,938 and total expense of Kshs.93,963,827. However, the statement of comparison of budget and actual amounts reflects Kshs.100,000,000 and Kshs.98,963,827 as the actuals for the total revenue and total expenses resulting to an unexplained variance of Kshs.5,651,062 and Kshs.5,000,000 for total revenues and total expenditures respectively.

In the circumstances, the accuracy and completeness of the financial statements balances could not be confirmed.

#### **2. Unconfirmed Bursaries**

The statement of financial performance and as disclosed in Note 6 of the financial statements reflects Kshs.88,568,000 in respect of bursaries issued. However, bursaries payments totalling to Kshs.75,530,604 was not supported with acknowledgement letters from beneficiary institutions.

In the circumstances, the accuracy of a balance of bursaries issued amounting to Kshs.75,530,604 could not be confirmed.

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

### **Key Audit Matters**

Key audit matters are those matters that, in 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**

### **Unresolved Prior Year Issues**

The audit report for the year, several issues were raised. However, Management has not resolved the issues or given satisfactory explanations for failure to adhere to the provisions of the Public Sector Accounting Standards Board's templates and The National Treasury Circular Ref. AG.4/16/2 Vol. 3(72) dated 30 June, 2021.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Non-Separation of Endowment Fund Account**

The statements of financial position provided for audit reflects a balance of Kshs.27,600,974 in respect of Endowment Fund. The amount was the accumulated fund over a period of five years from 2015/2016 equivalent to 5% of the monies allocated for bursary fund as stipulated in Section 5(5) of the Nyeri County Elimu Fund Act, 2015. The Act requires the monies to be set aside as contribution to the endowment Fund Account. However, the Fund Management had not opened a separate bank account for the Endowment Fund.

Consequently, Management was in breach of the law.

#### **2. Administrative Costs Beyond Allowable Limit**

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects administrative expenses Kshs.5,395,827. However, Management did not observe the set budget limit stipulated in Nyeri County Elimu Fund Act, 2015 which requires the expected expenditure of the Fund to be 3% translating to an amount of Kshs.3,000,000 of the budget. The incurred administrative costs exceeded allowable limit by an amount of Kshs.2,395,827 or 80%.

In the circumstance, Management was in breach of the law.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its 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.

The Fund Administration Committee is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**29 July, 2022**

*Nyeri County Elimu Fund*  
**Reports and Financial Statements**  
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**10. REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR NYERI COUNTY ELIMU FUND FINANCIAL STATEMENTS**

**11.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2021.**

	Note	2020/2021 KShs	2019/2020 KShs
<b>Revenue from non-exchange transactions</b>			
Cheques Reversal from the Previous Year	17	92,773,758	548,000
Transfers from the County Government	2		100,000,000
Prior Year Adjustment	8	250	
		<b>92,774,008</b>	<b>100,548,000</b>
<b>Revenue from exchange transactions</b>			
Interest income from Bank Deposit	4	1,374,930	-
Other income- Refund of Imprest	5	200,000	-
		<b>1,574,930</b>	-
<b>Total revenue</b>		<b>94,348,938</b>	<b>100,548,000</b>
<b>Expenses</b>			
Bursaries Issued	6	88,568,000	90,988,973
Fund administration expenses	7	5,395,827	4,283,580
Endowment		-	5,000,000
<b>Total expenses</b>		<b>93,963,827</b>	<b>100,272,553</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets			
<b>Surplus/(deficit) for the period</b>		<b>385,111</b>	<b>275,447</b>

The notes set out on pages 46 to 58 form an integral part of these Financial Statements.


*Nyeri County Elimu Fund*

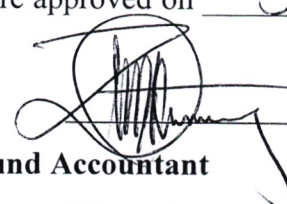
**Reports and Financial Statements  
For the year ended June 30, 2021**

**11.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	Note	2020/2021	2019/2020
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11a	3,250,974	2,865,863
Endowment Fund	11b	21,350,000	21,350,000
Outstanding Transfer From County	13	3,000,000	3,000,000
<b>Non-current assets</b>		27,600,974	27,215,863
<b>Total assets</b>		<b>27,600,974</b>	<b>27,215,863</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions			
Provisions			
Current portion of borrowings			
Employee benefit obligations			
<b>Non-current liabilities</b>			
Long term portion of borrowings			
Non-current employee benefit obligation			
<b>Total liabilities</b>			
<b>Net assets</b>			
Fund Balances			
Endowment Fund Balance	12	21,350,000	21,350,000
Accumulated Bursary Fund surplus/deficit		6,250,974	5,865,863
<b>Total net assets and liabilities</b>		<b>27,600,974</b>	<b>27,215,863</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 3/2 2022 and signed by:

  
 \_\_\_\_\_  
**Administrator of the Fund**  
**Name: Simon Wachira Ngatia**

  
 \_\_\_\_\_  
**Fund Accountant**  
**Name: Moses Gachanja Githinji**  
**ICPAK Member Number: 11366**

*Nyeri County Elimu Fund*

**Reports and Financial Statements  
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**11.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021**

	<b>Endowment Fund</b>	<b>Accumulated</b>	<b>Total</b>
	<b>KShs</b>	<b>Surplus/Deficit</b>	<b>KShs</b>
		<b>KShs</b>	
<b>Balance as at 1 July 2019</b>	<b>16,350,000</b>	<b>5,590,416</b>	<b>21,940,416</b>
Surplus/(deficit) for the period	-	272,553	(272,553)
Funds received during the year	5,000,000	-	5,000,000
Reversal of Stale Cheques	-	548,000	548,000
<b>Balance as at 30 June 2020</b>	<b>21,350,000</b>	<b>5,865,863</b>	<b>27,215,863</b>
<b>Balance as at 1 July 2020</b>	<b>21,350,000</b>	<b>5,865,863</b>	<b>27,215,863</b>
Surplus/(deficit) for the period	-	385,111	385,111
Funds received during the year	-	-	-
Reversal of Stale Cheques	-	-	-
<b>Balance as at 30 June 2021</b>	<b>21,350,000</b>	<b>6,250,974</b>	<b>27,600,974</b>

*Nyeri County Elimu Fund*

**Reports and Financial Statements  
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**11.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2020/2021 KShs	2019/2020 KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cheques Reversal from the Previous Year		92,773,758	548,000
Transfers from the County Government			100,000,000
Interest received		1,374,930	-
Receipts from other operating activities		200,250	
<b>Total Receipts</b>		<b>94,348,938</b>	<b>100,548,000</b>
<b>Payments</b>			
Bursaries Issued		88,568,000	90,988,973
Fund administration expenses		5,395,827	4,283,580
Finance cost			
<b>Total Payments</b>		<b>93,963,827</b>	<b>95,272,553</b>
<b>Net cash flows from operating activities</b>		<b>385,111</b>	<b>5,275,447</b>
<b>Cash flows from investing activities</b>			
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		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>385,111</b>	<b>5,275,447</b>
Cash and cash equivalents at 1 JULY 2020		24,215,863	18,940,416
<b>Cash and cash equivalents at 30 JUNE 2021</b>	11	<b>24,600,974</b>	<b>24,215,863</b>

*(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)*

11.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2021.

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilisation
	2021	2021	2021	2021	2021
	KShs	KShs	KShs	KShs	
<b>Revenue</b>					
Public contributions and donations	-	-	-	-	-
Transfers from County Govt.	100,000,000	-	100,000,000	100,000,000	100%
Interest income					
Other income					
<b>Total income</b>	<b>100,000,000</b>	<b>-</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>100%</b>
<b>Expenses</b>					
Bursaries Issued	92,000,000	-	92,000,000	88,568,000	96.27%
Fund administration expenses	3,000,000	-	3,000,000	5,395,827	179.86%
Endowment Fund	5,000,000	-	5,000,000	5,000,000	100%
<b>Total expenditure</b>	<b>100,000,000</b>		<b>100,000,000</b>	<b>98,963,827</b>	<b>98.96%</b>
<b>Surplus for the period</b>	<b>-</b>		<b>-</b>	<b>1,036,173</b>	

**Budget notes**

1. The difference between actual and budgeted of administration expenses of over 10% was due to repeat exercise of bursary issuance and changes of school calendar due to COVID-19 pandemic

## **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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Adoption of new and revised standards**

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021**

Standard/ Amendments : Applicable: 1 <sup>st</sup> January 2021:	Impact
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	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
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.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.
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	<b><i>Document the impact if the fund is reporting for the first time on accrual/ Otherwise indicate that there was no impact</i></b>

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021**

Standard	Effective date and impact:
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></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>

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Standard	Effective date and impact:
	<p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2022:</b></p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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> <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>

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020.

**3. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

**ii) Revenue from exchange transactions**

***Interest income***

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**4. Budget information**

The original budget for FY 2020/2021 of Kshs 100,000,000 was approved by the County Assembly on 15<sup>th</sup> August 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded reduced appropriations of Kshs 58,000,000 on 8<sup>th</sup> December 2020 for the FY 2020/2021 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 11.5 of these financial statements.

**5. Property, plant and equipment**

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

**2. Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Financial instruments**

**a) 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.

**Held-to-maturity**

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

**Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an 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

## **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an 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)

### ***b) 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.

## **4. 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.

## **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

### **5. 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.

**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.

**6. Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

**7. 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.

**8. 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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**9. 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.

**10. 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.

**11. 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/Trustee, the Fund Managers and Fund Accountant.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**12. 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 (*Remove if not applicable*) 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**13. Comparative figures**

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

**14. Events after the reporting period**

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

**15. Ultimate and Holding Entity**

The entity is a County Public Fund established by Nyeri County Amended Act 2021 Act under the Department of Education and Sports. Its ultimate parent is the County Government of Nyeri

**16. Currency**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**17. 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.

**a) 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.

**b) 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:

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Provisions**

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

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

*(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)*

**18. 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.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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:

	<b>Total amount KShs</b>	<b>Fully performing KShs</b>	<b>Past due KShs</b>	<b>Impaired KShs</b>
<b>At 30 June 2021</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2020</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxx.

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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 KShs	Between 1- 3 months KShs	Over 5 months KShs	Total KShs
<b>At 30 June 2021</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2020</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**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.

**d) 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.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

	KShs	Other currencies KShs	Total KShs
<b>At 30 June 2021</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

**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
<b>2021</b>			
Euro	-	-	-
USD	-	-	-
<b>2020</b>			
Euro	-	-	-
USD	-	-	-

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**e) 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.

**f) 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:

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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**11. NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

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

(Provide brief explanation for this revenue)

**2. Transfers from County Government**

Description	2020/2021 KShs	2019/2020 KShs
Transfers from County Govt. – operations	-	100,000,000
Payments by County on behalf of the entity		
<b>Total</b>	-	<b>100,000,000</b>

**3. Fines, penalties and other levies**

Description	2020/2021 KShs	2019/2020 KShs
Late payment penalties	-	-
Fines	-	-
Levies	-	-
Licences	-	-
<b>Total</b>	-	-

(Provide brief explanation for this revenue)

**4. Interest income**

Description	2020/2021 KShs	2019/2020 KShs
Interest income from Bank deposit	1,374,930	-
<b>Total interest income</b>	<b>1,374,930</b>	-

(Provide brief explanation for this revenue)

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. Other income**

Description	2020/2021	2019/2020
	KShs	KShs
Refund of Imprest	200,000	-

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

**6. Bursaries Issued**

Description	2020/2021	2019/2020
	KShs	KShs
Normal Bursary	84,169,000	84,148,545
Sponsorship	-	5,564,811
Special Case	4,399,000	1,275,617
<b>Total</b>	<b>88,568,000</b>	<b>90,988,973</b>

**7. Fund Administration**

Description	2020/2021	2019/2020
	KShs	KShs
Public Participation-DSA	2,981,045	2,878,000
Board Allowance	152,000	275,000
GOS	519,875	282,280
Catering	105,690	748,300
Conference Expenses	190,750	-
Radio Announcement	60,000	-
Hire of Tents, Toilets, PA	609,000	-
Ward Committee Expenses	210,000	-
Fuel	270,352	100,000
Bank Charges	267,115	-
Air Time	30,000	-
<b>Total</b>	<b>5,395,827</b>	<b>4,283,580.00</b>

*N/B The total amount under staff costs has been included in note 6 as part of Fund Administration Expenses chiefly because most funds do not have separate employee but rather the cost would relate to allowances drawn in line fund administration.*

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. Prior Year Adjustments-**

Description	2020/2021 KShs	2019/2020 KShs
Opening Balance adjustment	250	-
<b>Total</b>	<b>250</b>	<b>-</b>

**8. Finance costs**

Description	2020/2021 KShs	2019/2020 KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Gain/(loss) on disposal of assets**

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10. Cash and cash equivalents**

Description	2020/2021 KShs	2019/2020 KShs
Bank Balance-Note 11a	3,250,974	2,865,863
Endowment Bank Balance Note 11b	21,350,000	21,350,000
<b>Total cash and cash equivalents</b>	<b>24,600,974</b>	<b>24,215,863</b>

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

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

Financial institution	Account number	2020/2021 KShs	2019/2020 KShs
<b>a) Fixed deposits account</b>			
Kenya Commercial bank	1181214947	21,350,000	-
Equity Bank, etc.		-	-
<b>Sub- total</b>		<b>21,350,000</b>	<b>-</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc.		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>c) Current account</b>			
Kenya Commercial bank	1181214947	3,250,974	18,940,666
Bank B			
<b>Sub- total</b>		<b>3,250,974</b>	<b>18,940,666</b>
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>Grand total</b>		<b>24,600,674</b>	<b>18,940,666</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11. Receivables from exchange transactions**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>	<b>TOTAL</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
FY 2020/2021 5% of Kshs 0	-	-	-
FY 2019/2020 5% of Kshs 100 Million	-	5,000,000	5,000,000
FY 2018/2019 5% of Kshs 100 Million	-	5,000,000	5,000,000
FY 2017/2018 5% of Kshs 40 Million	-	2,000,000	2,000,000
FY 2016/2017 5% of Kshs 97 Million	-	4,850,000	4,850,000
FY 2015/2016 5% of Kshs 90 Million	-	4,500,000	4,500,000
	-	<b>21,350,000</b>	<b>21,350,000</b>

**Additional disclosure on interest receivable**

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**12. Outstanding Transfer from Treasury**

Description	2020/2021 KShs	2018/2019 KShs	Total
Expected amount to be Transferred	100,000,000	100,000,000	-
Actual Amount Transferred	100,000,000	97,000,000	3,000,000
	-	<b>3,000,000</b>	<b>3,000,000</b>

**13. Prepayments**

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

**14. Inventories**

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15. Property, plant and equipment**

<b>Cost</b>	<b>Land and Buildings KShs</b>	<b>Motor vehicles KShs</b>	<b>Furniture and fittings KShs</b>	<b>Computers and office equipment KShs</b>	<b>Total KShs</b>
<b>At 1<sup>st</sup> July 2019</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2020</b>					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>Depreciation and impairment</b>					
At 1 <sup>st</sup> July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2020</b>					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment					
Transfer/adjustment	-	-	-	-	-

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<b>Cost</b>	<b>Land and Buildings KShs</b>	<b>Motor vehicles KShs</b>	<b>Furniture and fittings KShs</b>	<b>Computers and office equipment KShs</b>	<b>Total KShs</b>
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>Net book values</b>					
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16. Reversal of Stale Cheques/Payment**

Description	2020/2021 KShs	2019/2020 KShs
Reversal of Cheques from the Previous Year	92,773,758	548,000
	92,773,758	548,000

**17. Trade and other payables from exchange transactions**

Description	2020/2021 KShs	2019/2020 KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
<b>Total trade and other payables</b>	-	-

**18. Provisions**

Description	Leave provision KShs	Bonus provision KShs	Other provision KShs	Total KShs
Balance at the beginning of the year (1.07.2020)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
<b>Balance at the end of the year (30.06.2021)</b>	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**19. Borrowings**

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

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

	2020/2021 KShs	2019/2020 KShs
<b>External Borrowings</b>		
Dollar denominated loan from ‘ organisation’	-	-
Sterling Pound denominated loan from ‘ organisation’	-	-
Euro denominated loan from organisation’	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

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

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

*(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)*

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**20. Employee benefit obligations**

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

**21. Cash generated from operations**

	2020/2021	2019/2020
	KShs	KShs
<b>Surplus/ (deficit) for the year before tax</b>	-	-
<b>Adjusted for:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	-	-

*(The total of this statement should tie to the cash flow section on net cash flows from operating activities)*

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**22. Related party balances**

**a) Nature of related party relationships**

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**b) Related party transactions**

	2020/2021 KShs	2019/2020 KShs
Transfers from related parties'	-	100,000,000
Transfers to related parties	-	-

**c) Key management remuneration**

	2020/2021 KShs	2019/2020 KShs
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

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**d) Due from related parties**

	2020/2021	2019/2020
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	3,000,000	3,000,000
Due from County Assembly	-	-
<b>Total</b>	<b>3,000,000</b>	<b>3,000,000</b>

**e) Due to related parties**

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

**23. Contingent assets and contingent liabilities**

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

*(Give details)*

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**12. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
CEN/HUB/NYI.C/EXEC/5B/37 4.1	Accuracy and completeness of the financial statement could not be confirmed	The financial statement was amended	Moses Githinji Fund Manager	Resolved	21 <sup>st</sup> Dec 2020
CEN/HUB/NYI.C/EXEC/5B/37 4.2	The accuracy of the financial statement could not be confirmed.	The financial statement was amended that reflects the accurate balance.	Moses Githinji Fund Manager	Resolved	21 <sup>st</sup> Dec 2020
CEN/HUB/NYI.C/EXEC/5B/37 4.3	The accuracy and existence of the fund cash could not be confirmed	The board will come up with the best option to invest the fund in a separate account	Simon Wachira Fund Administrator	Resolved	21 <sup>st</sup> Dec 2020
CEN/HUB/NYI.C/EXEC/5B/37 4.4	The authenticity validity, completeness and accuracy of bursaries and scholarship expenditure could not be confirmed	The management has noted the anomaly and should ensure the compliance with the provided laws in awarding of bursaries	Moses Githinji Fund Manager.	Resolved	21 <sup>st</sup> Dec 2020

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
CEN/HUB/NYI.C/EXEC/5B/37 4.5	Validity of the payments made cannot be confirmed	The payments from the fund were made in an accountable and prudent way as much as could be achieved.	Moses Githinji Fund Manager	Resolved	21 <sup>st</sup> Dec 2020
CEN/HUB/NYI.C/EXEC/5B/37 4.6	Failure to observe budgetary provisions on management of bursary.	The budgetary control and performance are explained in the amended financial statement.	Moses Githinji Fund Manager	Resolved	21 <sup>st</sup> Dec 2020
CEN/HUB/NYI.C/EXEC/5B/37 4.7	The County did not adhere to the law in distribution of bursaries in the wards in terms of gender, ethnicity and regional distribution.	The management has ensured to adhere to the laid laws so as to achieve equity in distributing the bursaries	Simon Wachira Fund Administrator.	Resolved	21 <sup>st</sup> Dec 2020
CEN/HUB/NYI.C/EXEC/5B/37 4.8	Irregular payments	The procurement and other documents were availed to support the payments	Moses Githinji Fund Manager		21 <sup>st</sup> Dec 2020

**Guidance Notes:**

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;

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- c) Before approving the report, discuss the time frame with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.

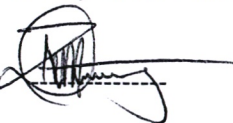
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**13. APPENDIX I: INTER-ENTITY TRANSFERS**

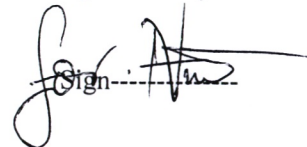
<b>ENTITY NAME:</b>				
<b>Break down of Transfers from the County Executive of Nyeri County Government</b>				
	<b>FY 2020/2021</b>			
a.	Recurrent	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		10 <sup>th</sup> March 2020	100,000,000	2019/2020
		<b>Total</b>	<b>100,000,000</b>	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>		
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>		

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

Moses G. Githinji  
 Icpak no. 11366  
 Finance Manager  
 Nyeri County Elimu Fund

Sign 

John Ngugi  
 Icpak no.2613  
 Head of County Treasury at  
 Nyeri County

Sign 



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