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THE AUDITOR-GENERAL

ON

**ELGEYO MARAKWET COUNTY
EDUCATION FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**



**COUNTY GOVERNMENT OF ELGEYO MARAKWET ELGEYO
MARAKWET COUNTY EDUCATION FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

OFFICE OF THE AUDITOR-GENERAL
NORTH RIFT REGIONAL OFFICE

08 DEC 2023

RECEIVED

P O Box 2774-30100, ELDORET

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
WBC	Ward Bursary Committees
CSR	Corporate Social Responsibility

b) Glossary of Terms

Fiduciary Management -The key management personnel who had financial responsibility

Elgeyo Marakwet County Education Fund
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2. Key Entity Information and Management

a) Background information

Elgeyo Marakwet County Education Bursary Fund is established by and derives its authority and accountability from the Elgeyo Marakwet County Education Fund act 2017 on 3rd March, 2017. The Fund is wholly owned by the County Government of Elgeyo Marakwet and is domiciled in Kenya.

The fund's objective is to;

- (a) Improve access to education by all residents of Elgeyo/Marakwet County by providing funds to grant bursaries and scholarships
- (b) Enhanced equity in Education for all residents of Elgeyo Marakwet County
- (c) Improvement of literacy level within Elgeyo/Marakwet County
- (d) Ensuring that a specific portion of the county annual budget is devoted to the County Education Fund for the purpose of this Act.

b) Principal Activities

The Fund's principal activity is improve access to education by all residents of Elgeyo/Marakwet County by providing funds to grant bursaries and scholarships

c) Fund Administration Committee

Ref	Position	Name
1	CEC Education and Technical Services	Edwin Kibor
2	Ag. Chief officer –Education and Technical Services/ Fund Administrator	Samuel Kipchumba
3	CEC Finance and Economic Planning	Alphaeus K.Tanui
4	Fund Chairman	John Kigen
5	Member	Ursla Jepkorir Tarus
6	Fund Vice Chairperson	Jane Kiplagat
7	Member	Nelson Sawe
8	Member	Rev.Fr Paul Chelanga
9	Member	Irene Jepkemboi Kipchumba
10	Member	Benjamin Too Kiprotich
11	Member	Philemon Kipchirchir Busienei

Elgeyo Marakwet County Education Fund
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d) Key Management team

Ref	Name	Position
1	Ag.Chief officer Education and Technical Services /Fund Administrator	Samuel Kipchumba
2	CEC Education and Technical Services	Edwin Kibor
3	CEC Finance and Economic Planning	Alphaeus Tanui
4	Ag. Chief Officer Finance and Economic Planning/Director Accounting Services	JohnKeen Murkeu Jairo

e) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements include;

SN	Position	Name
1	Directorate Internal Audit	Barnabas Chemesis
2		
3		

f) Registered Offices

P. .O. Box 220-30700
Elgeyo Marakwet County Building, Iten Town
Iten-Kabarnet Road
Iten, Kenya

g) Fund Contacts

Telephone: 053-4142277
E-mail: info@elgeyomarakwet.go.ke
Website: www.elgeyomarakwet.go.ke

h) Fund Bankers

- (i) Access Bank Ltd
P.O. Box 34353-00200
Nairobi

- (ii) Kenya Commercial Bank Ltd
P.O. Box 456-30700
Iten

Key Entity and Management (Continued)

i) Independent Auditors

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







j) Principal Legal Adviser

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


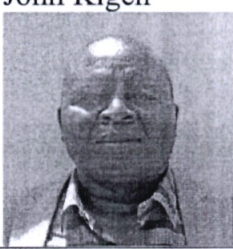



**Elgeyo Marakwet County Education Fund
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3. Fund Administration Committee

This following are Committee members of the Fund who held office during the period;

Ref	Position	Name/Photograph	Details of qualifications and experience
1	CEC Education and Technical Services	Edwin Kibor 	Date of Birth: 4 th January, 1983 Academic Qualification: B. Education. Experience: 9 Years, 1 year CEC M Education and Technical Services
2	A.g. Chief officer – Education and Technical Services/ Fund Administrator	Samuel Kipchumba 	Date of Birth: 30 th June, 1976 Academic Qualification: B. SC Experience: 19 years
3	CEC Finance and Economic Planning	Alphaeus K. Tanui 	Date of Birth: 11 TH October, 1987 Qualification: Masters in Finance, PHD (Ongoing) CPA (K) Experience: 12 years
4	Member	Ursla Jepkorir Tarus 	Date of Birth: 27 th December, 1987 Academic Qualification: Diploma in Information Studies Experience: 5 Years –Interior
5	Fund Vice chairperson	Jane Kiplagat 	Date of Birth: 14.04.1970 Academic Qualification: B.Ed Experience: 29 Years
6	Member	Nelson Sawe 	Date of Birth: 21 st January, 1981 Academic Qualification: Diploma in Electrical and electronics engineering(Power option) Experience: 18 years
7	Member	Rev.Fr Paul Chelanga	Date of Birth: 30 Th January, 1981 Academic Qualification: Bachelor of Philosophy

**Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

			Experience: 16 Years as a clergy
8	Fund Chairman	John Kigen 	Date of Birth: 1.1.1970 Academic Qualification: B. Education (Arts) Experience: 27 years
9	Member	Irene J. Kipchumba 	Date of Birth: 1978 Academic Qualification: Diploma in ICT Experience: 12 years
10	Member	Benjamin Too Kiprotich 	Date of Birth: 3.3.1956 Academic Qualification: EACE Experience: Served 41 as an Administrator
11	Member	Philemon Kipchirchir Busienei 	Date of Birth: 01.05.1976 Academic Qualification: KCSE Experience: Businessman

**Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

4. Management Team

Ref	Position	Name/Photograph	Details of qualifications and experience
1	CEC Education and Technical Services	Edwin Kibor 	Date of Birth: 4 th Jan 1983 Academic Qualification: B. Education. Experience: 9Years
2	Chief officer – Education and Technical Services/ Fund Administrator	Samuel Kipchumba 	Date of Birth: 30 th June 1976 Academic Qualification: Bsc. Dip Experience: 19 years
3	CEC Finance and Economic Planning	Alphaeus K. Tanui 	Date of Birth: 11 th Oct 1987 Qualification: Masters in Finance, PhD Student Experience: 12 years
4	Ag.Chief Officer Finance and Economic Planning/Director Accounting Services	JohnKeen Murkeu 	Date of Birth: 12-02-1969 Qualification: MBA-Finance, CPA (K) Experience: 31 years

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5. Fund Chairperson's Report

The financial statements for Elgeyo Marakwet County Education Fund for the year ended 30 June, 2023 have been prepared to comply with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

The County Government of Elgeyo Marakwet operates Education Fund Account no. 0180100000045 (Access Bank). The Account was opened on 31st March, 2017. During the year, the County Government opened ECD Capitation account no. 1315727803 with Kenya Commercial Bank for the purpose of disbursements ECD Capitation funds

The County Government in the FY 2022/2023 allocated Sh.70,510,206 towards Bursary disbursement and ECD Capitation as follows;

Recurrent Expenditure	- Sh. 39,395,751
Development Expenditure	- Sh.31,114,455

During the year, The Elgeyo Marakwet County Education Act 2017 was amended to include the ECD capitation. Sh.15,210,711 was allocated in the FY 2022/2023 budget towards ECD capitation to facilitate feeding of children at school under this programme.

The Elgeyo Marakwet County Education Fund identifies the beneficiaries of the bursary through Ward Bursary Committees (WBC) where vetting of the applicants is done to identify the needy cases. The demand for bursaries has been on an upward trend as compared to the allocation given to the vote, the department therefore is considering amending the Act to make it a revolving fund where the beneficiaries will be able to repay at a low interest levels.

.....
Name: John Kigen

Fund Chairman- Elgeyo Marakwet County Education Fund

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Report of The Fund Administrator

The financial statements for Elgeyo Marakwet County Education Fund for the year ended 30th June, 2023 have been prepared to comply with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

The County Government of Elgeyo Marakwet operates Education Fund Account no. 0180100000045 (Access Bank). The Account was opened on 31st March, 2017. During the year, the County Government opened ECD Capitation account no. 1315727803 with Kenya Commercial Bank for the purpose of disbursements ECD Capitation funds.

The County Government in the FY 2022/2023 allocated Sh. 70,510,206 towards Bursary disbursement. During the year the County government transferred Sh.70,510,206 to Elgeyo Marakwet County Education Fund as follows;

Vote	TITLE AND DETAILS	Printed Estimate	Supplementary Estimate	Approved Estimate	Cumulative Expenditure
	Recurrentt				
2640105	Scholarships and other Educational Benefits -- Pre-Primary Education (ECD Capitation)	-	15,210,711	15,210,711	15,210,711
2649999	Scholarships and Other Educ. --General administration and support services	-	24,185,040	24,185,040	24,185,040
	Sub-total Ksh	-	39,395,751	39,395,751	39,395,751
	Development				
	Technical and Vocational Training				
2640105	Scholarships and other Educational Benefits -- Pre-Primary Education	38,994,455	7,880,000	31,114,455	31,114,455
	Sub-total Ksh	38,994,455	7,880,000	31,114,455	31,114,455
	Total Ksh	38,994,455	31,515,751	70,510,206	70,510,206

During the financial year 2022/2023, the County Government allocated additional funds totalling to Sh. 31,515,751 towards Bursaries in the 1st supplementary budget.

The total payments of Sh. 55,288,563 reflected in the Statement of Financial Position for the year ended 30th June 2023 consist of;

	Sh
Bursaries disbursed	- 53,660,158
Administrative costs	- 1,578,992
Bank Charges	- 49,413

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

The opening cashbook balance at the beginning of the year is sh, 432,727 .The Cash and cash equivalents balance as at 30 June, 2023 amount to sh.15,658,370 (*Note 11 to the financial statements*).The Cash and Cash equivalents consist of Cash balances as follows ;

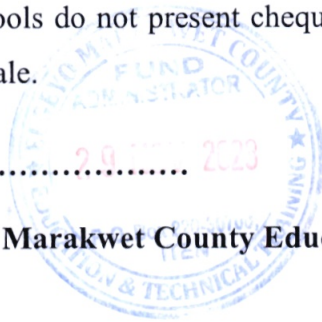
Access Bank	- Sh.447,659
KCB (ECD Capitation)	-Sh.15,210,711

The challenges affecting the disbursement of Bursaries in the County include;

- ❖ Low allocation of bursaries to meet all needy cases
- ❖ Political interference during disbursement of bursaries
- ❖ Some schools do not acknowledge receipt of funds by sending the original receipts to the County for record purposes.
- ❖ Some schools do not present cheques to the bank on time as a result cheque become stale.

.....
Name: Samuel Kipchumba

Fund Administrator-Elgeyo Marakwet County Education Fund



Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

7. Statement of Performance Against the County Fund’s Predetermined Objectives

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 objective of the Elgeyo Marakwet County Education Fund is to;

- a) Provide bursary for needy students in both Secondary schools and tertiary Institutions
- b) Enhance equity in education for all residents of Elgeyo Marakwet County.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Bursary/ Education	To support bright and needy students to access quality education	Increased number of students accessing education in the County	% of students retained in school / transitioned to next level institutions	During the year, Sh. 55,299,495 was disbursed to the beneficiaries. This translates to 100%
ECD Capitation	To provide funds that facilitate improved access, equity and quality of ECD Education in Elgeyo Marakwet County	Increased enrolment and transition rate	<ul style="list-style-type: none"> - Increased number of pupils enrolled in ECD - Reduced absenteeism - 100% of learners transiting from ECD to primary level 	During the quarter, Ksh.15,210,711 was transferred to ECD Capitation which remained unspent as at 30 th June 2023.

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

8. Management Discussion and Analysis

During the financial year 2022/2023, the County Government allocated sh. 70,510,206 towards Bursaries and ECD Capitation from the Recurrent expenditure and Development Expenditure.

Recurrent Expenditure	- Sh. 39,395,751
Development Expenditure	- Sh.31,114,455

The total payments of Sh. 55,288,563 made during the year ended 30 June 2023 consist of;

Bursaries disbursed	- Sh.53,660,158
Administrative costs	- Sh.1,578,992
Bank Charges	- Sh. 49,413

The opening cashbook balance at the beginning of the year is sh, 432,727 .The Cashbook balance as at 30th June, 2023 amounts to sh. 15,658,370 consisting of;

Access Bank	- Sh.447,659
KCB (ECD Capitation)	-Sh.15,210,711

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

9. Environmental and Sustainability Reporting

There were no environmental related activities carried out in the year by the County Education Fund

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

10. Report of The Trustees

The Fund submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund is improve access to education by all residents of Elgeyo/Marakwet County by providing funds to grant bursaries and scholarships

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1


Trustees

The members of the Board of Trustees who served during the year are shown on page (vi) under the key entity information and management. There were no changes in the County Education Fund committee during the financial year.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Elgeyo Marakwet County Education Fund for the year ended June 30, 2023

By Order of the Elgeyo Marakwet County Education Fund committee



.....
Name: John Kigen
Chairman of Elgeyo Marakwet County Education Fund
Date: 29th November, 2023

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

11. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of Elgeyo Marakwet County Education Fund established by Elgeyo Marakwet County Education Fund Act 2017 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 Elgeyo Marakwet County Education 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, 2023. 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 Elgeyo Marakwet County Education 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 Elgeyo Marakwet County Education Fund Act 2017. 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, 2023, 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 Elgeyo Marakwet County Education 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. OR

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund’s financial statements were approved by the Board on **29th November, 2023** and signed on its behalf by:

.....
Administrator of the Elgeyo Marakwet County Education Fund



REPUBLIC OF KENYA

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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 ELGEYO MARAKWET COUNTY EDUCATION FUND FOR THE YEAR ENDED 30 JUNE, 2023

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 the 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

Opinion

I have audited the accompanying financial statements of Elgeyo Marakwet County Education Fund set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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, the financial statements present fairly, in all material respects, the financial position of the Elgeyo Marakwet County Education Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Elgeyo Marakwet County Education Fund Act, 2017, Elgeyo Marakwet County Education Fund Amendment Act, 2020, the Elgeyo/Marakwet County Education Fund (Amendment) (No.2) Act, 2023 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.70,510,206 and Kshs.70,510,206 respectively an indication that there was no underfunding. Similarly, the Fund expended Kshs.55,288,563 against an approved budget of Kshs.70,510,206 resulting to an under-expenditure of Kshs.15,221,643 or 22% of the budget.

Non-utilization of budgeted funds indicates that programs or activities were not implemented as planned thus not achieving the intended objective and may have impacted negatively on service delivery to the public.

My opinion is however not modified in respect of the above matter.

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 Audit Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. However, no report or recommendations from the Management and Oversight bodies were submitted for audit verification. Further, the issues remain unresolved contrary to Section 149 (2) (I) of the Public Finance Management Act, 2012 which require accounting officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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

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.

Unsupported Bursary Payments

The statement of financial performance and Note 7 to the financial statements reflects use of goods and services amount of Kshs.55,288,563 which includes other bursary disbursements amount of Kshs.53,660,158. These relate to disbursements for needy students in various learning institutions. Review of documents provided for audit revealed that bursary disbursements amount of Kshs.53,118,158 were not acknowledged as received by the respective institutions. This was contrary to Regulation 104 (1) of Public Finance Management (County Governments Regulations, 2015 which states that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation. Therefore, it was not possible to confirm whether the funds were received by the institutions for the needy students.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 January, 2024

**Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

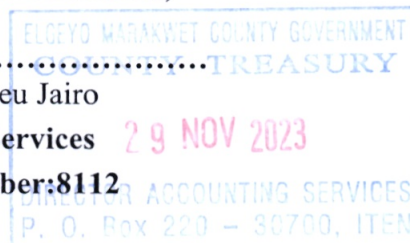
13. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	70,510,206	53,259,612
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	-	-
Other Income	5	-	-
		-	-
Total Revenue		70,510,206	53,259,612
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	55,288,563	53,539,602
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		55,288,563	53,539,602
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		15,221,643	(279,990)

(The notes set out on pages 7 to 38 form an integral part of these Financial Statements)

.....
Name: Samuel Kipchumba
Administrator of the Fund

.....
Name: JohnKeen Murkeu Jairo
Director Accounting Services
ICPAK Member Number:8112



Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023



14. Statement of Financial Position As at 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	15,658,370	432,727
Current Portion of Long- Term Receivables From Exchange Transactions	13	-	-
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		15,658,370	432,727
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	-	-
Investment Property	19	-	-
Total non- current assets		-	-
Total Assets		15,658,370	432,727
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		-	-

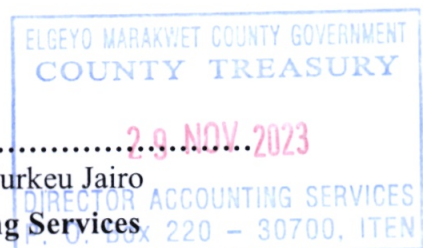
**Elgeyo Marakwet County Education Fund
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Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Net Assets		15,658,370	432,727
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		15,658,370	432,727
Total Net Assets and Liabilities		15,658,370	432,727

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 **29th November, 2023** and signed by:

Name: Samuel Kipchumba
Administrator of the Fund

Name: John Keen Murkeu Jairo
Director Accounting Services
ICPAK Member Number: 8112

Elgeyo Marakwet County Education Fund
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15. Statement Of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	-	-	712,717	712,717
Surplus/(Deficit) For the Period	-	-	(279,990)	(279,990)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	-	-	432,727	432,727
	-	-		
Balance As At 1 July 2022	-	-	432,727	432,727
Surplus/(Deficit) For the Period	-	-	15,221,643	15,221,643
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Prior year adjustment			4,000	4,000
Balance As At 30 June 2023	-	-	15,658,370	15,658,370

16. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	-
Transfers from the county government	2	70,510,206	53,259,612
Interest received	3	-	-
Receipts from other operating activities	4	-	-
Total receipts		-	-
Payments			
Employee Costs	6	-	-
Use of goods and services	7	(55,288,563)	(53,539,602)
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Net cash flows from operating activities	24	15,221,643	(279,990)
Adjusted for:			
Prior year adjustment- Opening Fund balance		4,000	-
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		15,225,643	(279,990)
Cash and cash equivalents at 1 July		432,727	712,717
Cash and cash equivalents at 30 June		15,658,370	432,727

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17. Statement Of Comparison Of Budget And Actual Amounts For The Period ended 30th June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	0%
Transfers From County Govt.	38,994,455	31,515,751	70,510,206	70,510,206	-	100%
Interest Income	-	-	-	-	-	0%
Other Income	-	-	-	-	-	0%
Total Income	38,994,455	31,515,751	70,510,206	70,510,206	-	100%
Expenses						
Employee Costs	-	-	-	-	-	-
Use of goods and services	38,994,455	31,515,751	70,510,206	55,288,563	15,221,643	78%
Depreciation and Amortization Expense					-	
Total Expenditure	38,994,455	31,515,751	70,510,206	55,288,563	15,221,643	78%
Surplus For the Period	-	-	-	15,221,643	-	
Capital expenditure	-	-	-	-	-	-

Budget notes

1. The Fund was allocated Sh. 38,994,455 in the FY 2022/2023 original Budget. Additional amount of Sh. 31,515,751 was appropriated in the 1st supplementary budget passed during the year.
2. During the year ended 30th June 2023, Sh.55,288,563 was disbursed. This translates to 78%. Amount of Sh.15,210,711 for ECD Capitation were not disbursed during the year .

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

18. Notes to the Financial Statements

1. General Information

Elgeyo Marakwet County Education Fund is established by and derives its authority and accountability from Elgeyo Marakwet County Education Fund Act, 2017. The entity is wholly owned by the Elgeyo Marakwet County Government and is domiciled in Kenya. The entity's principal activity is activity is improve access to education by all residents of Elgeyo/Marakwet County by providing funds to grant bursaries and scholarships

2. 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.

3. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2023 The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

**Elgeyo Marakwet County Education Fund
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Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

Elgeyo Marakwet County Education Fund
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Standard	Effective date and impact
	<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>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

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Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

1. Significant Accounting Policies

a) 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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 23rd May, 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of KSh. 31,515,751 in the FY 2022-2023 budget following the governing body's approval.

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

Elgeyo Marakwet County Education Fund
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Summary of Significant Accounting Policies (Continued)

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

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

c) 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.

d) 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.

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Summary of Significant Accounting Policies (Continued)

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

Significant Accounting Policies (Continued)

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) 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.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

j) 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.

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.

k) Nature and purpose of reserves

The Entity did not create any reserves in terms of specific requirements during the year.

l) 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.

m) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Summary of Significant Accounting Policies (Continued)

n) 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.

o) 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.

p) Related parties

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

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. 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:

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

c) Provisions

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.

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes To The Financial Statements

1. Public contributions and donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	70,510,206	53,259,612
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	70,510,206	53,259,612

3. Fines, penalties and other levies

Description	2022-2023	2021-2022
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income from loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

**Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements Continued

5. Other income

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	1,578,992	2,186,905
Committee Allowances	-	-
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-

Elgeyo Marakwet County Education Fund
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Description	2022-2023	2021-2022
	Kshs.	Kshs.
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	49,413	91,673
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other –Bursary Disbursements	53,660,158	51,261,024
Social benefit expenses	-	-
Total	55,288,563	53,539,602

8. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2022-2023	2021-2022
	Kshs.	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

11. Gain/ (loss) on Fair Value Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	15,654,370	432,727
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	15,654,370	432,727

Elgeyo Marakwet County Education Fund
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Notes to the Financial Statements Continued

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank	1315727803	15,210,711	-
Access Bank	0180100000045	447,659	432,727
Sub- Total		15,658,370	432,727
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		15,658,370	432,727

13. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

**Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Receivable		
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	-	-
Current loan repayments due	-	-
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	-	-

14. Prepayments

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

15. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	2022-2023	2021-2022
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year 30 June 2023	-	-

e) Shareholding in other entities

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Current year	Prior year
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Elgeyo Marakwet County Education Fund
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Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-
At 1 st July 2022					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-
At 1 st July 2022					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-
Net Book Values					
At 30 th June 2022	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-

**Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

Description	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year 30 June 2023	-	-

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year	-	-	-	-

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

22. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

Description	2022-2023	2021-2022
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From other Organization'	-	-
Sterling Pound Denominated Loan From other Organization'	-	-
Euro Denominated Loan from other Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Elgeyo Marakwet County Education Fund
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Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non-current social benefits	-	-
Total	-	-

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

25. Cash generated from operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	15,221,643	(279,990)
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	15,221,643	(279,990)

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	1,578,992	2,186,905
Total	1,578,992	2,186,905

d) Due from related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Elgeyo Marakwet County Education Fund
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Other Disclosures Continued

e) Due to related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Notes To The Financial Statements (Continued)

28. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	15,658,370	15,658,370	-	-
Total	15,658,370	15,658,370	-	-
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	432,727	432,727	-	-
Total	432,727	432,727	-	-

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has no credit risk on amounts due.

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

c) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	15,658,370	432,727
Total funds	15,658,370	432,727
Total borrowings	-	-
Less: cash and bank balances	15,658,370	432,727
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by the Elgeyo Marakwet County Education Fund Act 2017 under the department of Education and Technical services. Its ultimate parent is the County Government of Elgeyo Marakwet.

31. Currency

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


**Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

19. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
1.0	Failure to Establish a County Education Fund	The County Government has established a County Education Fund Committee and the names of the Committee have been gazetted.	Samuel Kipchumba (Chief officer-Education/Fund administrator)	Resolved	3 months
2.0	Unsupported Bursary Disbursements	All supported payment vouchers, acknowledgment receipts availed to auditors for review	Samuel Kipchumba (Chief officer-Education/Fund administrator)	Resolved	1 Month


Date: 29th November, 2023.

Administrator of Elgeyo Marakwet County Education Fund

**Elgeyo Marakwet County Education Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Annex II: Inter-Fund Confirmation Letter



*Elgeyo Marakwet County Education Fund
P.o. Box 220-30700 Iten,*

The Elgeyo Marakwet County Education Fund wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below.

Confirmation of amounts received by Elgeyo Marakwet County Education Fund							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2023				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
R4366/22-587/ RC4366/22-1	23.2.2023/ 30.6.2023	39,395,751	-	-	39,395,751	39,395,751	-
D4366/22-1	2.3.2023	-	31,114,455	-	31,114,455	31,114,455	-
Total		39,395,751	39,395,751		70,510,206	70,510,206	-

In confirm that the amounts shown above are correct as of the date indicated.
Administrator of beneficiary Fund:
 Name Samuel Kiplumbe Sign [Signature] Date 29/11/23



**Elgeyo Marakwet County Education Fund
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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

The fund did not incur any expenditure relating to Climate change

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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments