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REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

**UASIN GISHU COUNTY EDUCATION
REVOLVING FUND**

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

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COUNTY GOVERNMENT OF UASIN GISHU
COUNTY EDUCATION REVOLVING FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021

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

**Uasin Gishu County Education Revolving Fund
Reports and Financial Statements
For the year ended 30 June 2021**

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**Uasin Gishu County Education Revolving Fund
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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Uasin Gishu County Education Revolving Fund Act, 2014 was established by and derives its authority, accountability and amended 2016. The Fund is wholly owned by the County Government of Uasin Gishu and is domiciled in Kenya.

The fund's objective is to

Empower the Youth through financing of Technical Training directly related to the development of artisan or improvement of Technical skills within the county in the following areas of specialization but not limited to: -

- i. Plumbing and Water Engineering
- ii. Electrical Installation and Engineering
- iii. Masonry and Building Technology
- iv. Civil Engineering and Quantity Survey
- v. Refrigeration and Air conditioning, welding and fabrication and woodwork
- vi. Any other courses that may be recommended by the County Education Board from time to time.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to

- i. Advertise all opportunities for loans to students seeking artisan and Technical courses in County Polytechnics or National Government Technical Training Institutes or such other public or private Training institutions as may be approved by the Board from time to time.
- ii. Receive and vet applications for loans under the loan scheme forwarded by the Ward Education Committees and in so doing, determine the eligibility of each individual applicant.
- iii. Institute and implement mechanisms for loan recovery with the aim of sustaining the revolving fund.
- iv. Such duties as are incidental to the achievement of the aims and objectives of the loan scheme.
- v. Resource mobilization
- vi. Management of such other Educational loans advanced to it by other Government agencies, private entities, donor and any other entity of good will.

**Uasin Gishu County Education Revolving Fund
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Vision

To be a model county in providing loans to needy students pursuing technical and vocational training in tertiary institution in the country.

Mission

To be the leading county committed to empowering the youth through provision of affordable loans for technical programmes.

Core values

- i. Integrity
- ii. Transparency
- iii. Accountability
- iv. Professionalism
- v. Equity

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Dr.Joel Chelule	Chairperson
2	Joseph Maritim	Chief Officer youth affairs and sports
3	Peter Chesos	Chief Officer Finance
4	Dr Susan Keino	Vice chairperson
5	David Kessio	Member /representative Technical and higher education
6	Dr Joseph Lelan	Member/Chairperson county education board
7	Loice Murrey	Member
8	Nicholas Koimur	Member
9	Peter Kiarie	Member
10	Paul Sugut	Member
11	Stephen Kemoi	Fund administrator/secretary

d) Key Management

Ref	Position	Name
1	County Executive Committee Member for Education, Culture, Social Services, Sports and Youth Affairs	Joseph K Kurgat
2	Chief officer for Education Culture, Social Services, Sports and Youth Affairs	Joseph K. Maritim
3	Fund administrator	Stephen Kemoi
4	Fund accountant	Lena Tum

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e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	Ambros Kiptoo
2	Uasin Gishu executive	County Executive Committee
3	Uasin Gishu County Assembly	PIC and PAC Committee

f) Registered Offices

P.O. Box 40, 30100, Eldoret
Eldoret West Social Hall
Kenya

g) Fund Contacts

Uasin Gishu County
E-mail: info@uasingishu.go.ke
Website: www.uasingishu.go.ke

h) Fund Bankers

Kenya Commercial Bank
P. O. BOX 560-30100
TEL: 053-2062241/2
ELDORET

i) Independent Auditors





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

j) Principal Legal Adviser






County Attorney
Uasin Gishu County
P.O BOX 40
Eldoret, Kenya

**Uasin Gishu County Education Revolving Fund
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2. THE BOARD OF TRUSTEES



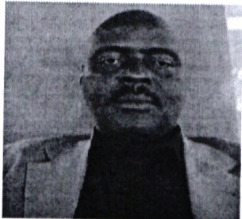
Name	Details of qualifications and experience
<p>1. DR. JOEL CHELULE</p> 	<p>Chairman Born 1977, Hold PHD in applied statistics, MSC statistics, BSC Mathematics and computer science from JKUAT. Currently working as director JKUAT Eldoret campus and senior lecturer in statistics. Immediate a former chairman Ziwa TTI and also auditor in quality management system & environmental management system, under ISO 9001:2015 & ISO 14001:2014.He is an independent.</p>
<p>2. DR.SUSAN KEINO</p> 	<p>Vice chairperson Born 1972, PHD in Human Nutrition of Maastricht university, Msc Maseno university, Bsc Moi university. works at Moi university. Head of department of Human nutrition from 2014-2019 ,lecturer from 2014-to date</p>
<p>3. DR DAVID KESSIO</p> 	<p>Member /representative Technical and higher education Dr. David K. Kessio, born in 1976; is a Lecturer at Moi University, School of Education, Department of Educational Management & Policy Studies. He holds a PhD in Educational Administration, Mphil. In Educational Management Moi University, MBA in Research & Higher Education, Osnabruck University of Applied Sciences, Germany.) and B. ED (Arts), Moi University.</p>
<p>4. DR JOSEPH LELAN</p> 	<p>Member/Chairperson county education board Joseph Kiprono Lelan was born in 1960 holds a Doctor of Philosophy (PhD) Degree in Educational Administration from Moi University-Eldoret; Master of Science (Msc) degree in Education Leadership from Drake University- U.S.A; Bachelor of Education (Bed) degree from the University of Nairobi and a Diploma in Education from Siriba Teachers College - Maseno. He is currently a senior lecturer and chair, Department of Educational Management and Policy Studies (2014 to Date.</p>

**Uasin Gishu County Education Revolving Fund
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<p>5. LOICE MURREY</p> 	<p>Member, Born 1967, M. ED (Educational Administration and Economics –Beijing china, B. ED Kenyatta University. County Director Teachers service commission.</p>
<p>6. NICHOLAS KOIMUR</p> 	<p>Born in 1984.BA Theology .Coordinating Youth activities in East Africa.</p>
<p>7. PETER KIARIE</p> 	<p>Born 1979. Msc Micro biology, Diploma in computer application. Work experience teaching and research spanning 10 years.</p>
<p>8. PAUL SUGUT</p> 	<p>Member, Born in 1967. BA sociology and postgraduate diploma in Human resources .work experience Regional Director for east Africa Childs life international.</p>
<p>9. STEPHEN KEMOI</p> 	<p>Currently The County Director Youth Affairs and Fund administrator/secretary. He is a holder of a BSC in Technical Education from Moi university. He has worked as a District Youth Training Officer and a Lecturer at Mombasa Polytechnic and Rwika technical Training Institute.</p>

**Uasin Gishu County Education Revolving Fund
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3. MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>1. Joseph K Kurgat</p> 	<p>Currently the county executive committee member for Education, Culture, Social Services, Sports and Youth Affairs Uasin Gishu County Government. He holds Masters in Education Administration and Management, Degree in Education Science from Kenyatta University. Was a principal for various secondary schools from the years 2001-2017, Chairperson Kenya Secondary Schools Heads Association Mosop Sub county and Vice Chairman Nandi County Heads Association.</p>
<p>2. Joseph K. Maritim</p> 	<p>Currently the chief officer for Education Culture, Social Services, Sports and Youth Affairs Uasin Gishu County Government. MBA (Finance) University of Nairobi. BBA (Accounting) Maseno University and CPA 2</p>
<p>3. Stephen Kemoi</p> 	<p>Currently The County Director Youth Affairs. He is a holder of a BSC in Technical Education from Moi university. He has worked as a District Youth Training Officer and a Lecturer at Mombasa Polytechnic and Rwika technical Training Institute.</p>

4. BOARD CHAIRPERSON'S REPORT

The Uasin Gishu County Education Loans Board, which oversights the management of the Uasin Gishu County Education Revolving Fund, was appointed in May 2019, and was inaugurated into Office on 3rd July 2019. It took over the oversight role of the Fund's Management from the Interim Committee which had been overseeing it since 2014 when it was established. I wish to sincerely appreciate the establishment of this Fund, whose main focus is the County's Youth; to empower them acquire the necessary skills by awarding them loans to study in selected TVET Institutions, as a very noble idea by the County Government of Uasin Gishu. Since inception, the Fund's performance has been outstanding. 3282 students have so far benefitted from the Fund.

The Fund initially targeted technical courses. However, after careful review of the County's development skills gap, the Board found it wise to expand the courses to cater for other areas such as Medical and Agriculture. The Board is currently exploring more areas of possible expansion such as environmental-related and beauty-related courses.

In order to ensure transparency and accountability in optimal loan disbursement and recovery, the Board envisages to automate all the Fund's operations. Development of an ICT system is being finalized. Soon it will be rolled out, and advertisements, loan applications, loan recovery, and other loan-related information, will all go on-line.

During the Financial Year 2020/2021, the Board held five (5) full-board meetings. It's worth noting that, when the Board took over the Fund's Management, the records of the beneficiaries were not in good order. Some records were not even there. This became a major concern to the Board, and was considered as a priority area that required urgent action. The Board tasked the Secretariat, which was also constituted earlier but almost the same time as the Board, to construct the records retrospectively, and this necessitated the Secretariat to even visit all Institutions with the Fund's beneficiaries, as applicable. The records are now in good order. Indeed, the Board considers as the main achievement of the year, to have proper records of the beneficiaries. Procurement of 3000 files was also done, so that each beneficiary now has a file. However, reconciliation of the money that's already disbursed to date, and the money actually received by the Institutions remains pending because the Department of Finance & Economic Planning has not provided all the payment vouchers as requested by the Board.

The running of the Board during the year was not without challenges. To date, more than a year down the line, Board Members have not been paid their allowances. There were also issues to do with venue for holding board meetings; mid-way in one of its meetings, the Board had to relocate to a different venue because another meeting had to occupy the same venue. The Board also went without refreshments in two of the five meetings. The Department of Education, Culture, Youth Affairs, Sports and Social Services made many unfulfilled promises to address these challenges. Further, the County Public Service Board (CPSB) and the Salaries & Remuneration Commission (SRC) are yet to finalize on their part in addressing the issue of the rate of payment of allowances. They require the Department of Education, Culture, Youth Affairs, Sports, and Social Services to serve them with the required details especially the Board's Budget so as to fast-track completion of this process.

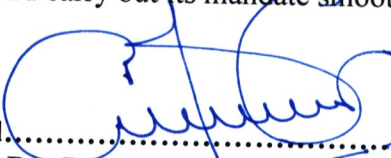
The Board also realized that all the thirty (30) Ward Boards have not been constituted as per the requirement of the County Education Revolving Fund Act. We wrote to the CECM Department

**Uasin Gishu County Education Revolving Fund
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of Education, Culture, Youth Affairs, Sports and Social Services, to constitute these Boards and submit the list to the Board for approval. To date, this remains pending.

The Board also noted that the Act as it is currently, requires some amendments, so as to enhance effective and smooth operations of the Board. The Controller of Budget also identified key areas in the Act, which requires amendment. These identified amendments are now before the County Assembly for consideration.

The Board, therefore, calls upon the Department to urgently address these issues so as to enable the Board carry out its mandate smoothly during this FY 2020/2021, and going forward.

Signed.......... Date21.10.2021.....
Dr. Joel Cheruiyot Chelule, PhD

5. REPORT OF THE FUND ADMINISTRATOR

Quality Technical and Vocational Education and Training are widely recognized as having an important role to play in tackling youth unemployment. Technical Vocational Education and Training (TVET) is oriented towards the world of work and the acquisition of knowledge and skills by youth as a means of addressing skills mismatch in the job market so as to ensure that there is smooth school to work transition for many young people.

Uasin Gishu County Education Revolving Fund was established in 2014 with an aim of empowering youth through financing of technical training in form of loans. This fund therefore tries to ensure that young people acquire the basic skills and relevant training they need to enter the world of works with confidence

The County Government of Uasin Gishu has established a Board known as County Education Loans Board which shall be a body corporate with perpetual succession. This Board shall be a body in its corporate name, of suing and being sued.

The fund operates as a revolving fund and it is expected to be recovered from the student after a gainful employment.

During the year 2020/2021, the board held five meetings. of the five meetings one was inaugural meeting for the members However, their allowances were not paid for from the Fund because, does not provide for any allowance in the vote. The same has been remedied by causing the amendment in the act to include 3% of the allocated money for operational expenditure which shall take care of board members allowances and other overhead cost for the department

It has been a common criterion that 20 students are selected from every ward through the ward committees, a total number of 3282 have benefited from the fund. These students have been enrolled in various institutions including Rift Valley Technical Training Institute, Eldoret Polytechnic, Ziwa Technical Institute, Kenya medical training college and Vocational Training Centres in the county depending on the choice of the student.in 2020/2021 financial year the board recommended Agricultural, Medical and water related courses to be included in the training menu ,And this lead the county to look for training opportunities in the following institution AHITI Kabete, AHITI Ndomba AHITI Nyahururu , Egerton university, Naivasha dairy institute and ADC Kitale to train animal health Diploma and Certificate artificial insemination ,and Dairy technology

During the financial year under review, a total of Kshs. 20,417,400 was disbursed to the beneficiaries bringing the total amount So far disbursed since inception to Kshs. 208,123,550

It is expected that once the Board begins to recover the loans, other needy students will benefit equally and the numbers will increase. The department would like to thank H.E the Governor and the County Government at large for setting up a fund that would benefit so many youth from the county in addressing the issue of unemployment.

Signed: _____ 

Stephen Kemoi

Fund Administrator

**Uasin Gishu County Education Revolving Fund
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**6. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
PREDETERMINED OBJECTIVES**

The department of Education Revolving Fund was established by an Act of County Assembly to fund full time and part time courses in technology, applied science management and other field of studies and to make provisions for the general administration.

The objectives of the fund is to: -

Empower the youth through financing of technical training directly related to the development of artisan or improving technical skills within the county in the following areas of specialization but not limited to:

- i. Plumbing and water engineering
- ii. Electrical installation and engineering
- iii. Masonry and building technology
- iv. Civil engineering and quantity survey
- v. Refrigeration and air conditioning, welding, fabrication and wood work
- vi. Any other courses that may be recommended by the County Education Board from time to time.

Provide loans to the youth pursuing artisan or technical courses under sub section

- ✓ Offered at County Polytechnics or such National Government or private Technical Training Institutes as may be recommended by the County Education Board.

The performance as aligned with CIDP indicators is as shown in the table below.

PROGRAMME	OBJECTIVE	OUTCOME	INDICATOR	PERFORMANCE
Enrolment of students at TVET institutions	Student joining TVET & Colleges	Increased enrolment of youth in TVET institutions	600	702

7. CORPORATE GOVERNANCE STATEMENT

Uasin Gishu county education revolving fund board was established vide the Act of county assembly and shall be a corporate body with perpetual succession and common seal and in its corporate name be able to;

- a) Sue and being sued
- b) Taking, purchasing or otherwise acquiring, holding, charging and or disposing of moveable and immovable property
- c) Entering into contract
- d) Borrowing and lending of money
- e) Doing or performing and such other things or act necessary for proper performance of its function under this act and may which may lawfully be done or performed by a body corporate. the seal of the board shall authenticate by the signature of the chairperson or one member. The board shall consist of the following persons by the governor on recommendation of the county executive member at the time responsible for education with the approval of the county assembly.
 - ✓ Chairperson
 - ✓ Deputy chairperson
 - ✓ Secretary of the board who shall be the chief executive
 - ✓ Representative of the county education board
 - ✓ Representative of county treasury
 - ✓ Representative of technical or higher educational institution
 - ✓ Three other members appointed by county executive committee member

Every member of the board shall hold office for a period of three consecutive years from the date of appointment and shall be eligible for re-appointment for one more term. The position of a member shall become vacant if that member;

- ✓ Submit resignation in writing under his hand to the appointing authority
- ✓ If the board is satisfied that such member is by reason of his physical or mental infirmity unable to execute the functions of his or her office
- ✓ Has been adjudged bankrupt or suspends payment to or make arrangement or composition with his creditors
 - i. Has been absent without leave or reasonable cause submitted to the board for three consecutive meeting

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- ii. Dies
- iii. Is dismissed in terms of provision of this act

The county executive member may revoke the appointment of the board member becomes in the opinion of the county executive member unfit to continue in the office or incapable of performing duties. The Governor may remove a member of the board from the office in any of the following grounds

- a) Incompetence
- b) Abuse of office
- c) Failure without reasonable excuse or written authority of the Governor to attend three consecutive meeting of the county executive committee
- d) Physical or mental incapacity rendering the executive member incapable of performing the duties of that office
- e) Gross violation of the constitution or any other law

The filling of a vacancy of a member of the board shall commence by notifying the appointing authority, the county executive committee may recommend for appointment of any person to fill the vacancy The meeting of the county education loans board shall meet not more than two times in a year provided that the board may have a maximum of three extra meetings ,the meetings held in the year 2020-2021 were four and before the start of every meeting the chairman did asked members if they had any interest. In the same period the induction of board members was done but the training did not take place because of Corvid 19 pandemic. The functions of the board are;

- i. Advertise all opportunities for loans to students seeking artisan and Technical courses in County Polytechnics or National Government Technical Training Institutes or such other public or private Training institutions as may be approved by the Board from time to time.
- ii. Receive and vet applications for loans under the loan scheme forwarded by the Ward Education Committees and in so doing, determine the eligibility of each individual applicant.
- iii. Institute and implement mechanisms for loan recovery with the aim of sustaining the revolving fund.
- iv. Such duties as are incidental to the achievement of the aims and objectives of the loan scheme.
- v. Resource mobilization
- vi. Management of such other Educational loans advanced to it by other Government agencies, private entities, donor and any other entity of good will.

**Uasin Gishu County Education Revolving Fund
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For the year ended 30 June 2021**

8. MANAGEMENT DISCUSSION AND ANALYSIS

The department of revolving fund has achieved the following in sponsoring students to various institutions: -

(a) Those who have cleared and graduated in 2020/2021 financial year

(i)	ADC (Kitale)	33 students
(ii)	K.T.T.C	192 students
(iii)	Kabete (A.I)	20 students
(iv)	KEWI	34 students
(v)	MORENDAT	30 Students

(b) Ongoing students

S/N	College		Number of students
1	EGERTON	Diploma	25
2		Certificate	56
	KMTC		523
3	AHITI	Kabete	42
4		Ndomba	13
		Naivasha	11
		Nyahururu	9
	TOTAL		679

b) The amount spend is as follows:

S/N	College	AMOUNT(KSHS)
1	NAIVASHA MEAT INSPECTION INSTITUTE	730,000.00
2	EGERTON UNIVERSITY	2,383,500.00
3	KMTC	17,303,900.00
	TOTAL	20,417,400.00

The fund is looking forward to training students in CBET courses i.e.

- (a) Welding and fabrication
- (b) Agricultural Engineering (certificate)
- (c) Quantity Survey
- (d) Land Survey
- (e) Ceramics and interior design

Recoveries

The recovered money is to be deposited into Uasin Gishu County TVET Fund Account **KCB A/C NO. 1178078094.**

The department has made steps towards recovery of the funds i.e.

All beneficiaries have received SMS and calls reminding them to repay their loans. There are some beneficiaries who have who have made an effort of repaying the loans.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Promotion of education through sponsoring of students to various learning institution i.e. Kenya medical training college, Egerton University, TVET Colleges. The department is planning to engage in more community activities such as;

- ✓ Environmental conservation
- ✓ Sporting activities
- ✓ Health care
- ✓ Water and sanitation
- ✓ Staff training

This will be achieved when the department recover the money spent on students in various learning institution upon completion of the students.

**Uasin Gishu County Education Revolving Fund
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10. REPORT OF THE TRUSTEES/FUND ADMINISTRATION COMMITTEE

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

Principal Activities of the Board of Trustees

The principal activities of the Fund are as stated in section 1 (b) pages 2 and 3 of this report. Additional crucial information is contained in the Chairman's report on pages 10 & 11.

10.2 Performance

The results of the Fund for the year ended June 30, 2021 are set out on page 17. More information related to the results are contained in the Chairman's report on pages 10 & 11.

10.3 Board of Trustees

The members of the Board of Trustees who served during the year are as indicated on section 1 (c) page 3, and also on section 2 on pages 6 & 7, of this report. There were no changes in the Board during the financial year.

10.4 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.

By Order of the Board

County Education Revolving Fund

Sign:



Name:

Stephen Kemoi

Fund Administrator

Date:

21/0ct/2021

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Reports and Financial Statements
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11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

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

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for the year 2020/2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Uasin Gishu County Education Revolving Fund Act, 2016. 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 year 2020/2021, and of the Fund's financial position as at that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control

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

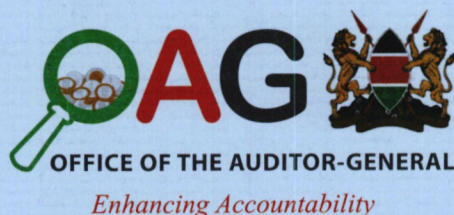
Approval of the financial statements

The Fund's financial statements were approved by the Board on 21 Oct 2021 and signed on its behalf by:

Name.....Stephen Kemoi.....
Signature.....[Signature].....
Fund Administrator

Uasin Gishu County Education Revolving Fund

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON UASIN GISHU COUNTY EDUCATION REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of set out on pages 19 to 51, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of

cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of as at 30 June, 2021, 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 Uasin Gishu County Education Revolving Fund (Amendment) Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Long-Term Receivables from Exchange Transactions

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.207,706,600 which was amended from the previously reported balance of Kshs.208,123,550. However, the journal entries supporting the adjustments were not provided for audit.

In the circumstance, the accuracy and recoverability of long-term receivables from exchange transactions balance of Kshs.207,706,600 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to communicate in my report.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts indicates that the Fund spent Kshs.22,258,485 against an approved budget of Kshs.43,796,975 resulting to an under expenditure of Kshs.21,538,490 or 49% of the budget.

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

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Develop Regulations

Review of records revealed that the Management did not developed regulations, policies and procedures that would enable proper implementation of the Act and would assist in the management, efficient utilization and accountability of Revolving funds contrary to Section 30 of the Uasin Gishu County Education Revolving Fund Disbursement Act, 2016, which provides that the County Executive Committee Member may make Regulations generally for the better carrying out into effect the provisions of this Act.

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

2. Failure to Charge Interest

The statement of financial performance for the Fund reflected Nil interest income. However, review of documents provided for audit revealed that the Management and the board had advanced loans amounting to kshs.207,706,600 to students. However, no interest was charged on the loans disbursed contrary to Regulation 197(1)(e) of the Public Finance Management (County Governments) Regulations, 2015 which require the Management to confirm in writing that the establishment of the Fund and its continued existence will not depend on annual financing from the County Exchequer.

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

3. Board Members Ethnic Composition

Review of records revealed that the Board of Management comprised of seven (7) male members or 78 % and two (2) female members or 22% contrary to Article 197(1) of the Constitution of Kenya, 2010 which provides that not more than two-thirds of the members of any County Assembly or County Executive Committee shall be of the

same gender and Section 8 (1) of Uasin Gishu County Education Revolving Fund Act, 2016 which provides that the appointing authority shall observe the provisions of the Constitution regarding gender balance, marginalized persons, minorities, the youth and persons with disabilities.

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

4. Non-Recovery of Loans

As previously reported, the statement of financial position reflects long term receivable from exchange transactions figure of kshs.207,706,600 which includes Kshs.101,621,500 being loans advanced to students who had completed their studies in the years 2015, 2016 and 2017. However, review of documents revealed that the Management had not started recovering these long outstanding loans from the beneficiaries. Further there was no clear guidelines on how and when the loans will be repaid.

In the circumstances, recoverability of the loans is in doubt.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and 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 controls 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 September, 2022

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13. FINANCIAL STATEMENTS

13.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	4,036,280	33,000,000
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	-	5,998
Other income	5	-	-
Total revenue		4,036,280	33,005,998
Expenses			
Fund administration expenses	6	-	-
General expenses	8	1,841,085	57,925,445
Finance costs	9	-	-
Total expenses		1,841,085	57,925,445
Other gains/losses			
Gain/loss on disposal of assets		-	-
Surplus/(deficit) for the period		2,195,195	(24,919,447)


The notes set out on page 19 to 50 form an integral part of these Financial Statements

**Uasin Gishu County Education Revolving Fund
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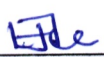
13.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	20,574,770	38,380,025
Current portion of long- term receivables from exchange transactions		-	-
Prepayments		-	-
Inventories	13	-	-
		20,574,770	38,380,025
Non-current assets			
Property, plant and equipment	14	-	-
Intangible assets	15	-	-
Long term receivables from exchange transactions	12	207,706,600	187,706,150
Total assets		228,281,370	226,086,175
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	-	-
Provisions	17	-	-
Current portion of borrowings	18	-	-
Employee benefit obligations	19	-	-
Non-current liabilities			
Non-current employee benefit obligation	19	-	-
Long term portion of borrowings	18	-	-
Total liabilities			
Net assets		228,281,370	226,086,175
Revolving Fund		193,084,842	193,084,842
Reserves		-	-
Accumulated surplus		35,196,528	33,001,333
Total net assets and liabilities		228,281,370	226,086,175

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 21/06/2021 and signed by:



Administrator of the Fund
Name:



Fund Accountant
Name: LENA TUM

**Uasin Gishu County Education Revolving Fund
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13.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2019	193,084,842	-	-	193,084,842
Surplus/(deficit) for the period	-	-	33,001,333	33,001,333
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	193,084,842	-	-	226,086,175
Balance as at 1 July 2020	193,084,842	-	-	226,086,175
Surplus/(deficit) for the period	-	-	2,195,195	2,195,195
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	193,084,842	-	35,196,528	228,281,370

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

	Note	2020/2021	2019/2020
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government	2	4,036,280	33,000,000
Interest received	4		5,998
Receipts from other operating activities		-	-
Total Receipts		4,036,280	33,005,998
Payments			
Fund administration expenses		-	-
General expenses	8	(1,841,085)	(4,665)
Finance cost		-	-
Net cash flows from operating activities	24	2,195,195	33,001,333
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		416,950	-
Loan disbursements paid out		(20,417,400)	(57,920,780)
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(17,805,255)	(24,919,447)
Cash and cash equivalents at 1 JULY 2020		38,380,025	63,299,472
Cash and cash equivalents at 30 JUNE 2021	11	20,574,770	38,380,025

Uasin Gishu County Education Revolving Fund
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13.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilization
	2021	2021	2021	2021	2021
	KShs	KShs	KShs	KShs	
Revenue					
Public contributions and donations	-	-	-	-	-
Transfers from County Govt.	5,000,000	-	5,000,000	4,036,280	81%
Interest income	-	-	-	-	-
Loan repayment	416,950	-	416,950	416,950	100%
Bank balance b/f	38,380,025	-	38,380,025	38,380,025	100%
Other income	-	-	-	-	-
Total income	43,796,975	-	43,796,975	42,833,255	98%
Expenses					
Fund administration expenses	-	-	-	-	-
General expenses	2,000,000	-	2,000,000	1,841,085	92%
Finance cost	-	-	-	-	-
Loan disbursed	41,796,975	-	41,796,975	20,417,400	49%
Total expenditure	43,796,975	-	43,796,975	22,258,485	51%
Surplus for the period	-	-	-	20,574,770	

Budget Notes

1. The difference between the actual and budgeted loans disbursed amount is due to late invoices from various institutions.
2. There is no changes between the original and final budget. (IPSAS 24.29)
3. The total of actual on comparable basis don't tie to the statement of financial performance total because of difference in accounting methods for income and expenditure. Income is reported using IPSAS cash while expenditure is accounted using IPSAS accrual.

13.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Adoption of new and revised standards

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

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

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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.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p>

Uasin Gishu County Education Revolving Fund
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Standard	Effective date and impact:
	<p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>
	<p>IPSAS 40, Public Sector Combinations.</p> <p>Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2020/2021 was approved by the County Assembly on 30 June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 7.4 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

6. Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

7. Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

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

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

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

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

9. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

10. Nature and purpose of reserves

The Entity does not maintain reserves in terms of specific requirements.

11. Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

12. Employee benefits – Retirement benefit plans

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

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

13. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

15. Related parties

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

16. Cash and cash equivalents

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

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The entity is a County Public Fund established by Uasin Gishu County Education Revolving Fund Act of 2014 amended in 2016 under the department and youth affairs. Its ultimate parent is the County Government of Uasin Gishu.

20. Currency

The financial statements are presented in Kenya Shillings (KShs)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Significant judgments and sources of estimation uncertainty

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

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 were raised and management determined an estimate based on the information available.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

22. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2021				
Receivables from exchange transactions	207,706,600	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	20,574,770	-	-	-
Total	228,281,370			
At 30 June 2020				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2020				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total				

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

	2020/2021	2019/2020
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	226,086,175	-
Accumulated surplus	2,195,195	-
Total funds	228,281,370	-
Total borrowings	0	-
Less: cash and bank balances	20,574,770	-
Net debt/(excess cash and cash equivalents)	207,706,600	-
Gearing	0%	-

14. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

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

2. Transfers from County Government

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – operations	4,036,280	33,000,000
Payments by County on behalf of the entity	-	-
Total	4,036,280	33,000,000

3. Fines, penalties and other levies

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

4. Interest income

Description	2020/2021	2019/2020
	KShs	KShs
Interest income from Mortgage loans	-	-
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank transfer	-	5,998
Total interest income	-	5,998

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5. Other income

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

6. Fund administration expenses

Description	2020/2021	2019/2020
	KShs	KShs
Staff costs	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
Total	-	-

7. Staff costs

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	2020/2021	2019/2020
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Bank Charges	1,065	4,665
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses	1,840,020	57,920,780
Total	1,841,085	57,925,445

9. Finance costs

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

10. Gain/(loss) on disposal of assets

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

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11. Cash and cash equivalents

Description	2020/2021	2019/2020
	KShs	KShs
Car loan account	-	-
County mortgage account	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account	20,574,770	38,380,025
Others	-	-
Total cash and cash equivalents	20,574,770	38,380,025

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

		2020/2021	2019/2020
Financial institution	Account number	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	1178078094	20,574,770	38,380,025
Bank B			
Sub- total		20,574,770	38,380,025
d) Others(specify)		-	-
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		20,574,770	38,380,025

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12. Receivables from exchange transactions

Description	2020/2021	2019/2020
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables		
Non-Current receivables		
Long term loan repayments due	207,706,600	187,706,150
Total Non- current receivables	-	-
Total receivables from exchange transactions	207,706,600	187,706,150

Additional disclosure on interest receivable

Description	2020/2021	2019/2020
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from 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	-	-

13. Receivables from Non-Exchange transaction

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Prepayments

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

15. Inventories

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Intangible assets-software

Description	2020/2021	2019/2020
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

18. Trade and other payables from exchange transactions

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

19. Provisions

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Borrowings

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CHANGES IN RECEIVABLE

Description of the error	2020 - 2021	2019 - 2020
	KShs	KShs
Account receivable as at 1 st July 2020 (A)	187,706,150	-
Account receivable issued during the year (B)	20,417,400	-
Account receivable settled during the Year (C)	416,950	-
Net changes in account receivables D= A+B-C	207,706,600	-

22. CHANGES IN ACCOUNTS PAYABLE

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

23. Employee benefit obligations

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Cash generated from operations

	2020/2021	2019/2020
	KShs	KShs
Surplus/ (deficit) for the year before tax	2,195,195	-
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	2,195,195	-

25. Related party balances

a) Nature of related party relationships

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

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

c) Key management remuneration

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

d) Due from related parties

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

e) Due to related parties

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

26. Contingent assets and contingent liabilities

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

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**15. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S
RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	County Education Loans Board	The County Education Loans Board was established	County Executive Committee Member for Education culture youth sports and social services	Resolved	
2.0	Irregular Appointment of Ward Committee	The ward committees to be appointed as per the Act of 2016. County Education Revolving Fund.	County Executive Committee Member for Education culture youth sports and social services	In progress	
3.0	Unapproved Annual Estimates	The Annual Estimates were approved	Fund administrator	Resolved	


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16. APPENDIX I: INTER-ENTITY TRANSFERS

ENTITY NAME:		COUNTY EDUCATION REVOLVING FUND		
Break down of Transfers from the County Executive of Uasin Gishu County Government				
FY 2020/2021				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
			0	
		Total	0	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Uasin Gishu County	22 July 2021	4,036,280.00	FY 2020-2021
		Total	4,036,280.00	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
			0	
		Total	0	

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

Finance Manager
County Education Revolving fund

Sign 

Head of County Treasury at
Uasin Gishu County

Sign 