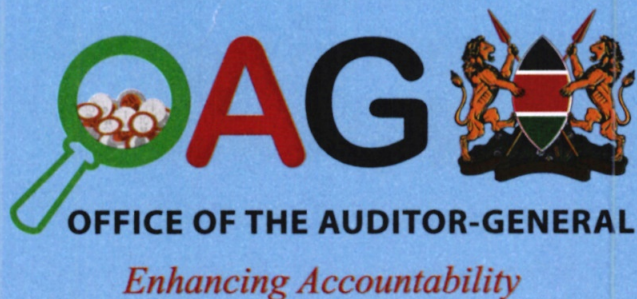


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

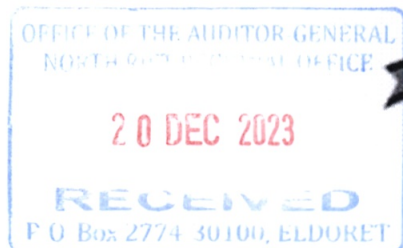
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**UASIN GISHU COUNTY EDUCATION
REVOLVING FUND**

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



COUNTY GOVERNMENT OF UASIN GISHU

COUNTY EDUCATION REVOLVING FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

Uasin Gishu County Education Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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1. ACRONYMS AND GLOSSARY OF TERMS

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
PHD	Doctor of philosophy
MSC	Master of science
USA	united States of America
B.ED	Bachelor of Education
JKUAT	Jomo Kenyatta University of Agriculture and Technology
HRM	Human Resource Management
NHIF	National Health Insurance Fund
AFC	Agricultural Finance Corporation
C.P.A	Certified Public Accountant
KRA	Kenya Revenue Authority
C.O	Chief Officer
CECM	County Executive Committee Member
ADC	Agricultural Development Corporation
A.I	Artificial Insemination
KEWI	Kenya Water Institute
AHITI	Animal Health Training Institute
KMTC	Kenya Medical Training College
ELDOWAS	Eldoret Water and Sanitation Company Limited
TVET	Technical and Vocational Education and Training
KESHA	Kenya Secondary School Head Association
AICPA	America Institute of Certified Public Accountants
AIC	Africa Inland Church
TSC	Teachers Service Commission

Uasin Gishu County Education Revolving Fund
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PIC	Public Investigating Committee
PAC	Public Accountant Committee
ANIE	African Network for Internationalization of Education

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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2. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Uasin Gishu County Education Revolving Fund was established by and derives its authority and accountability from Uasin Gishu County Education Revolving Fund Act on 2016 and amended on 30th March 2022 and gazetted on 14th April 2022 .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) County Education Revolving Fund Committee

Ref	Name	Position
1	Dr. Joel Chelule	Chairman
2	Dr.Susan Keino	Vice Chairperson
3	Dr David Kessio	Member /Representative Technical and higher Education
4	Dr Joseph Lelan	Member
5	Dr. Stellah Jepngetich Ketter	Member
6	Abigaël mukosi	Member representing youth
7	Peter Kiarie	Member representing minority
8	Esther Jepchirchir	Member representing person with Disability
9	Stephen Kemoi	Fund Administrator

d) Key Management team

Ref	Name	Position
1	Dr.Janeth Kosgei	County Executive Committee Member for Education, Vocational Training ,Gender, Social Protection and Culture
2	Marion Birgen	Chief officer for Education, Vocational Training Centre's
3	Stephen Kemoi	Fund Administrator
4	Lena Tum	Fund Accountant

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Uasin Gishu County Audit Committee- Chairperson's	Sephania Rutto
2	Uasin Gishu County Education Revolving Fund Chairperson's Committee	Dr. Joel Chelule

f) Registered Offices

P.O. Box 40, 30100, Eldoret
KVDA Plaza
Oloo Street
Eldoret, Kenya

g) Fund Contacts

Uasin Gishu County
Tel. No: 053 2033737
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
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

j) Principal Legal Adviser

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

3. COUNTY EDUCATION REVOLVING FUND COMMITTEE

Name	Details of qualifications and experience
1.DR. JOEL CHELULE 	Chairman Born 1977, Hold a Doctor of Philosophy (PHD) in applied statistics, Master Science in statistics, Bachelor of Science in Mathematics and computer science from JKUAT. Currently working as director JKUAT Eldoret campus and senior lecturer in statistics. Immediate a former chairman Ziwa Technical Training Institute and also auditor in Quality Management System & Environmental Management system, under ISO 9001:2015 & ISO 14001:2014.He is an independent.
2. DR.SUSAN KEINO 	Vice Chairperson Born 1972, Doctor of Philosophy (PHD) in Human Nutrition of Maastricht university, Msc Maseno university, and Bsc Moi university. Works at Moi university. Head of department of Human nutrition from 2014-2019 ,lecturer from 2014-to date
3. DR DAVID KESSIO 	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 Doctor of Philosophy (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.
4.DR JOSEPH LELAN 	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.

5.DR. STELLAH KETTER 	Member, Born in 1976. Lecturer in the Department of Education Moi University, currently she serves as teaching practice Coordinator, Board of school management and mentoring young people. She holds a Doctor of Philosophy (PHD) in Educational Management and Policy Studies, MPhil in Educational Planning (Moi University), Bachelor of Education Arts (University of Nairobi) and P1 Certificate (Kigari Teachers College).
6.ABIGAEL MUKOSI 	Member Representing Youth, Born in 1990. Bachelor's degree in human resources management, Higher Diploma in HRM. Work experience Former internship, She was Attachee NHIF –Claims And Benefits Department and also Agricultural finance corporation (AFC) – HR Section.
7.PETER KIARIE 	Member Representing Minority Born 1979. MSc Micro biology, Diploma in computer application. Work experience teaching and research spanning 10 years.
8.ESTHER JEPCHIRCHIR 	Member Representing person with Disability Born in 1994. P1 Certificate from Mosoriot Teachers Training College, Kibos Special Secondary School (KCSE). She is a primary school teacher.
9.STEPHEN KEMOI 	Currently The County Director Vocational Training Center and Fund administrator, Born in 1970. 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.

4. MANAGEMENT TEAM

Name	Details of qualifications and experience
1. Dr. Janeth Kosgei 	Born in 1979, Currently the County Executive Committee Member for Education, Vocational Training, Gender, Social Protection and Culture, Uasin Gishu County Government. She hold a Doctor of Philosophy (PHD) in Mathematics Education, Master's in Mathematics Education, Bachelor of Education (Maths / Chemistry) from Moi University attended Oldenburg University in Gemany, University of British Colombia Canada and Nelson Mandela University South Africa. Former lecturer Moi University Department of Curriculum instructions and Educational Media school of Education. Worked in TSC as Mathematics/Chemistry teacher. Member of ANIE Professional Body and Board Member of various secondary schools.
2. Marion Birgen 	Born in 1971, currently the Chief officer for Education, Vocational Training Centers. Holds a Master's Degree in Education leadership and Policy Education Moi University, Bachelor in Education (Arts), Egerton University. Former Principal Ndalat Gaa Girls secondary school from 2013-2023, Principal AIC Kaigat secondary school. Secretary KESHA, AICPA Nandi County 2018-2023. Women (Patron) group organisation.
3. Stephen Kemoi 	Currently The County Director Vocational Training Center and Fund administrator, Born in 1970. 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.

4. Lena Tum



Fund Accountant.

Born in 1988, She is a holder of Master's degree in Business Administration (Accounting Option) from Jomo Kenyatta university of Agriculture and Technology, Degree in Business Management (Accounting Option) from University of Kabianga and C.P.A Part 1. She has worked as an Accountant in African International College and currently working as an Accountant in Department of Youth Affairs and Sports, ICT and Innovation County Government of Uasin Gishu.

5. COUNTY EDUCATION REVOLVING FUND COMMITTEE CHAIRPERSON'S REPORT

The Uasin Gishu County Education Revolving fund committee, which oversees the management of the Uasin Gishu County Education Revolving Fund, was appointed in July 2022 after the three-year term of the first Board ended in May 2022. This is the second board since establishment of the Fund in 2014. Appointment of this second board addressed the constitutional queries that were noted in the first one. Youths, PWDs and the minorities are now well represented in the board. Five members who were in the first board were reappointed to ensure seamless continuity. The requirement of gender is also well addressed.

The main focus of establishing the fund still remains to be the County's Youth; to empower them acquire the necessary skills by awarding them loans to study in selected TVET Institutions. This is a very noble idea by the County Government of Uasin Gishu. Since inception, the Fund's performance has been outstanding. Over 3660 students in various fields of skills have so far benefitted from the Fund.

The Fund initially targeted technical courses. Later on, 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, Water and Agriculture. Skills in these areas are much needed by the County. The Board is currently exploring more areas of possible expansion such as environmental-related and beauty-related courses. Opportunities globally are also being considered.

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

The main concern of the Board during the FY 2022/2023 was recovery of disbursed loans from beneficiaries who have completed their training and are already earning income from employment either self or formally. The Board directed the Secretariat to embark on this exercise on a serious note. To date Kshs. 1,327,550 /= has been recovered. This figure is still very low, especially considering that KShs. 296,834,770 have been so far disbursed. The fund committee therefore considers recovery of loans to be the main challenge. It is currently exploring various strategies that will help to enhance recovery, which include partnering with KRA to identify and locate those beneficiaries who are supposed to be remitting their repayments. An extraordinary consultative meeting between the fund committee and the Secretariat, was held on 09.05.2023 to discuss the challenges impeding recovery. The consultative meeting agreed that poor recovery of loans is a weighty matter that poses huge risk to the future of the fund if not urgently addressed. The fund committee hopes that the Recovery Strategies agreed upon will be effectively implemented by the Secretariat. We also hope that challenges to do with staffing, job description and facilitation will be addressed by the Chief Officer and County Executive Committee Member as agreed in the meeting.

Uasin Gishu County Education Revolving Fund
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The Board is also still encountering some bottlenecks in her operations. Payment of the allowances to the Board members is still in arrears. However, the current administration has committed to address this matter.

The appointment of the thirty (30) Ward Committees as per the requirement of the County Education Revolving Fund Act, is still pending and long overdue. We hope the new CECM Department of Education, Vocational Training Center, Gender, Social protection and Culture, will constitute these Boards and submit the list to the Board for approval.

The Board, therefore, calls upon the Department to urgently address pending issues so as to enable the Board carry out its mandate efficiently and effectively during this FY 2023/24, and going forward.


Signed..... Date 20/12/2023
Dr. Joel Cheruiyot Chelule, PhD

6. 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 works and the acquisition of knowledge and skills by youth as a means of addressing skills mismatch in the job market and in other way ensure that there is a smooth school-to-work transition for many young people.

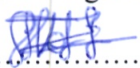
Through research, it has been found that a number of Youths are unable to proceed or access these technical skills in the County due to several of challenges including financial constraints. To enable these youths to access these technical skills, the County Government of Uasin Gishu establish a fund Known as Uasin Gishu County Education Revolving Fund in 2014 with an aim of empowering youth through the financing of technical training in form of loans. The fund operates as a revolving fund and it is expected to recover the funds from the beneficiaries after a gainful employment. The norm in Uasin Gishu has therefore been that the students/ beneficiaries are selected from the ward level .Lists of all selected beneficiaries in every ward is forwarded to the Uasin Gishu County Education Revolving Fund Committee for vetting. A total of 3660 enrolled in various institutions have benefited from the programme.

During the year under review, amendment to the Act was done on 30th March 2022. This was occasioned by the communication from the controller of budget vide a letter dated 4/2/2022 of which the same was done through gazettelement on 14th April 2022. The amendment had some legislations like enhancement of the prefix board to the committee, establishment of the office of the fund administrator and qualifications delinking the county assembly functions with that of the executive, on the same note the interest rate to be charged per annum.

In the financial year 2022/2023 under review, the Fund was allocated Ksh. 20,000,000 for the county to train Youth in the following institutions. Kenya Medical Training College (KMTTC) for medical courses, Rift Valley Technical Training Institute (RVTTI), Rift Valley Institute of Science and Technology (RVIST), Kaiboi Technical, Kipkabus Technical, RITT college, Eldoret Polytechnic, Egerton University, and Railways Training Institute for Technical courses.

During the financial year 2022-2023 under review, a total of KShs. 19,610,000 was disbursed to the beneficiaries bringing the total amount So far disbursed since inception to KShs. 296,834,770. Recovery of loans started on financial year 2020-2021 to date and a total of Ksh 1,327,550 has been recovered. This in my view, is quite encouraging given the fact that we have just come from a serious pandemic period where we had strict health protocols. If this trend is maintained, we are likely to raise some substantial amount of funds which in future will help the fund committee to finance more needy students. The department would like to thank H.E the Governor and the County Government at large for setting up the fund that would benefit so many youths from the county in addressing the issue of unemployment.

The Department is trying to mitigate risks which may include non-repayment of loans by the beneficiaries for lack of gainful employment, death as a result of natural attrition and Lack of adequate funds to meet its obligation due to insufficient allocation from exchequer. Key risk management strategies that the department intend to employ include setting up of offices and facilitating the officers at the sub county levels to enable them get closer to the beneficiaries

Signed:

Stephen Kemoi
Fund Administrator

7. STATEMENT OF PERFORMANCE AGAINST THE COUNTY FUND'S PREDETERMINED OBJECTIVES

The County 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 County Integrated Development Program indicators is as shown in the table below.

PROGRAMME	OBJECTIVE	OUTCOME	INDICATOR	PERFOMANCE
Enrolment of students at Tvet institutions	Student joining TVET & Colleges	Increased enrolment of youth in Tvet institutions	600	800

8. 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 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

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 2022/2023 were three. 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
Annual Report and Financial Statements for the year ended June 30, 2023

9. MANAGEMENT DISCUSSION AND ANALYSIS

County Education Revolving Fund has achieved the following in sponsoring students to various institutions: -

- (a) Those who have cleared and graduated
- | | |
|---|--------------|
| i. ADC (Kitale) | 33 Students |
| ii. K.T.T.C | 192 Students |
| iii. Kabete (A.I) | 20 Students |
| iv. KEWI | 34 Students |
| v. MORENDATE | 30 Students |
| vi. EGERTON UNIVERSITY | 56 Students |
| vii. AHITI (diploma and certificate in Animal health) | 81 Students |
| viii. KMTC | 60 Students |

(b) The amount spends during FY 2022-2023 is as follows;

DATE	DETAILS	CHQ NO	AMOUNT	NARRATION
17.05.2023	NURSING COUNCIL FEE	197	188,000.00	LOANS ADVANCED
17.05.2023	KMTC TUITION AND ACCOM	198	19,422,000.00	LOANS ADVANCED
			19,610,000.00	

Recoveries

The recovered money is to be deposited into

ACCOUNT NAME: Uasin Gishu County TVET Fund Account

KCB ACCOUNT 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 made an effort of repaying the loans.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Employee welfare

In tandem with Occupational Safety Health principles, the county education revolving fund has had Extensive issues on employee welfare such areas like medicine including physiology and toxicology ergonomics on the sitting posture going forward all employees' interest in the fund are catered for. Their concerns are in tandem principles of Occupational Safety Health which include and not limited to all employees have basic rights and so to the fund. The same should be strived and maintained to guarantee good working conditions and human dignity.

The occupational safety and health policy is yet to be established in the fund, on the same note once program is formulated the procedure of implementation, monitoring will be put in place and the activity of review will follow.

The social partners in this case revolving fund committee, stakeholders, parent, and beneficiaries will be involved, this will be done during formulations implementation and review of all the system, the aims of occupation safety and health programs are prevention and protection.

Health promotion is the central elements of occupation health practice; county educational revolving fund did participate in wellness week organized by county government. The staff were able to know their status on all health related issues, this lead to referrals to specialized treatment. On the same note employees are covered by insurance policy to cater for outpatient, inpatient, maternity, dental and optical needs

On compensation rehabilitation and curative service, I can confirm that there are alcoholic and drinks board established by county government mandated to rehabilitating staffs who are addicted to drugs and substance abuse

As a county government there is a responsibility, duty and obligation where by employees are provided with safety procedures, work place safety, duties indicators of fire assembly points.

Education and training are vital components of safe health working environment, the health status of employees is key, county education revolution fund had to carry out training on HIV & AIDS awareness there was necessitated by the rise in the infection rate of 4.6%.

On water and sanitation, the premises on which county education revolution sits is compliant with water and sanitation standards because the office uses water from ELDOWAS.

Market place practices

Repressible competition practices

Education revolving fund has ensured that servicing beneficiaries are not edged or in the recruitment through has been made possible by an act which establisher ward revolving fund committees, when mandate is to assist in: -

- i. Adversities for vacancies in the training opportunities in the revolving fund.
- ii. Vetting of beneficiaries
- iii. Assisting in the fund recoveries of loans from previous beneficiaries
- iv. Promoting education by participating on sensitization programme for students to join TVET Institution.

Corporate Social Responsibility

County education revolving fund does not live in isolation, the corporate social responsibility is one area that the fund has begun its activities in

Among the activities are not limited to sensation to join TVET institution, administration and organization examination for students to join overseas universities

11. COUNTY EDUCATION REVOLVING FUND COMMITTEE

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

Principal Activities of the County Education Revolving Fund Committee

The principal activities of the Fund are as stated in section 2 (b) page v of this report. Additional crucial information is contained in the Chairperson's report on pages xii & xiii.

Performance

The results of the Fund for the year ended June 30, 2023 are set out on page 1. More information related to the results are contained in the Chairperson's report on pages xii & xiii.

County Education Revolving Fund Committee

The members of the County Education Revolving Fund Committee who served during the year are as indicated on section 2 (c) page vi, and also on section 3 on pages' viii & ix, of this report. There were no changes in the fund Committee during the financial year.

Auditors

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

By Order of the Fund Committee

County Education Revolving Fund Committee

Sign.....

Name.....STEPHEN KEMOI

Fund Administrator

Date: 20/12/2023

Committee

Date: 20/12/2023

12. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by 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 and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, 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

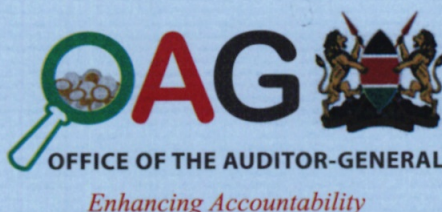
The Fund's financial statements were approved by the Board on 2012 2023 and signed on its behalf by: 

.....
STEPHEN KEMOI

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON UASIN GISHU COUNTY EDUCATION REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Uasin Gishu County Education Revolving Fund set out on pages 1 to 41, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 the Uasin Gishu County Education Revolving Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Uasin Gishu County Education Revolving Fund (Amendment) Act, 2022 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.295,507,220. However, the following anomalies were noted;

- i. Review of records provided revealed that the Fund has disbursed loans amounting to Kshs.296,834,770 since its inception in 2014 but has only managed to make recoveries of Kshs.1,327,550 to date. Although Management has written to the Kenya Revenue Authority (KRA) to assist in tracing the loan beneficiaries and has also written to the Uasin Gishu County government to start payroll deductions from its employees who are loan beneficiaries, loan repayments have not improved.
- ii. During the year under review, a total of Kshs.19,610,000 was disbursed to beneficiaries bringing the total amount so far disbursed since inception of the Fund to Kshs.296,834,770. Review of the student loan application forms reveals that there was no commitment, collateral, security or guarantors securing these loans to ensure the recovery of the loans once the students had completed their studies and had obtained gainful employment. Further, most of the loan beneficiaries were not aware that the loans would be due at the end of their studies.
- iii. The statement of financial position reflects receivables from exchange transactions balance of Kshs.295,507,220 which comprises of current loans repayments due balance of Kshs.19,610,000 and long-term loan repayments due balance of Kshs.275,897,220 as disclosed in Note 13 to the financial statements.

As previously reported, the balance of the loans disbursed by the Fund since inception is in contention. The issue of the authenticity of the outstanding loans has been raised severally in the meetings of the County Education Revolving Fund Committee, formerly the County Education Loans Board. In particular, the board meeting that was held on 24 February, 2020, at the County Chambers, in Min 2/24/02/2020, was informed that the Board could not accurately state the amount that had so far been disbursed to beneficiaries, a matter that was also raised in the

auditor's report of 25 September, 2019, that had queried the clarity of the Fund's records.

- iv. It was observed that the mandate of the Fund is to provide students with loans to pursue artisan or technical courses. It is expected that the loans will become due for repayment once the loan beneficiary graduates and secures gainful employment. However, the Fund has no way of determining whether the loan beneficiaries have graduated and secured gainful employment. It was therefore not possible to determine which loans had become due for collection and which ones had not.
- v. Review of the loan amortization schedules provided for audit revealed that the total loan repayments during the year under review was Kshs.682,600 (2022: Kshs.206,300). It was observed that, out of this amount, Kshs.33,700 (2022 Kshs.59,300) was placed in a suspense account as the Fund was unable to identify the loanees who had deposited the money in the Fund's bank account. As at the time of the audit, the Fund was yet to identify those who had deposited the money and credit their respective accounts.

In the circumstances, the accuracy, recoverability and completeness of the receivables from exchange transactions balance of Kshs.295,507,220 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 report in the year under review.

Other Matter

Unresolved Prior Year Matters

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

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 Charge Interest on Loans Disbursed

The statement of financial performance reflects Nil interest income. Review of the documents provided for audit review revealed that as at 30 June, 2023, the Management had disbursed loans amounting to Kshs.296,834,770 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 and Section 12 of the Uasin Gishu County Education Revolving Fund (Amendment) Act, 2022 which requires that the establishment of the Fund and its continued existence will not depend on annual financing from the county exchequer and that the loans shall accrue a one percent (1%) interest per annum upon gainful employment of the loanee.

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

2. Failure to Provide Loan Statements to Beneficiaries

There was no evidence provided for audit review that the loanees were made aware of their loan balances contrary to Section 12(8) of the Uasin Gishu County Education Revolving Fund (Amendment) Act, 2022 which requires that on the last day of each financial year the fund administrator shall send to all loanees a statement for the loan granted so far.

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

3. County Education Revolving Fund Committee

Review of the records for members of the County Education Revolving Fund Committee during the year under review revealed that the board comprised of nine (9) members appointed by the Governor on the recommendation of the County Executive Committee Member responsible for Education with the approval of the County Assembly out of which seven (7) are from the same ethnic community contrary to Section 65(1)(e) of the County Governments Act, 2012 which states that in selecting candidates for appointment, the County Public Service Board shall consider the need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.

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

4. Failure to Appoint a Fund Administrator

During the year under review, it was observed that the position of Director of the Uasin Gishu County Education Revolving Fund was created, whose duties include secretary to the County Education Revolving Fund Committee whenever they held board meetings. The Director being the secretary was earning allowances for attending the board meetings and undertaking day to day operations of the Fund. This is contrary to Section 6(1) of the Uasin Gishu County Education Revolving Fund (Amendment) Act, 2022 which states that the County Executive Member for Finance and Economic Planning shall designate a person to be the Fund Administrator who shall administer the Fund.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related

to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to abolish the Fund.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 February, 2024

Uasin Gishu County Education Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1		
Transfers From the County Government	2	600,000	1,500,000
Fines, Penalties and Other Levies	3		
		600,000	1,500,000
Revenue From Exchange Transactions			
Interest Income	4		
Other Income	5		
Total Revenue		600,000	1,500,000
Expenses			
Employee Costs	6		
Use of goods and services	7	2,178,667	393,895
Depreciation and Amortization Expense	8		
Finance Costs	9		
Total Expenses		2,178,667	393,895
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10		
Gain /Loss on fair value of investments	11		
Surplus/(Deficit) for the Period		(1,578,667)	1,106,105

The notes set out on pages 9 to 39 form an integral part of these Financial Statements

.....
Name: STEPHEN KISIRI
Administrator of the Fund

.....
Name: LENA TUM
Fund Accountant
ICPAK Member Number:

Uasin Gishu County Education Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	201,588	1,307,655
Current Portion of Long- Term Receivables From Exchange Transactions	13	19,610,000	69,101,220
Prepayments	14		
Inventories	15		
Investments in financial assets	16		
Total current assets		19,811,588	70,408,875
Non-Current Assets			
Property, Plant and Equipment	17		
Intangible Assets	18		
Long Term Receivables from Exchange Transactions	13	275,897,220	207,478,600
Investment Property	19		
Total non- current assets		275,897,220	207,478,600
Total Assets		295,708,808	277,887,475
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
Total current liabilities		0	0
Non-Current Liabilities			
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-
Total Liabilities		0	0
Net Assets		295,708,808	277,887,475
Revolving Fund		277,887,475	193,084,842
Reserves			
Accumulated Surplus		17,821,333	84,802,633
Total Net Assets and Liabilities		295,708,808	277,887,475

Uasin Gishu County Education Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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 20/12 2023 and signed by:


.....
Name: STEPHEN KEMOI
Administrator of the Fund


.....
Name: LENA TUN
Fund Accountant
ICPAK Member Number:

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2023

Description	Revolving Fund	Revaluati on Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	193,084,842	-	35,196,528	228,281,370
Surplus/(Deficit) For the Period	-	-	1,106,105	1,106,105
Funds Received During the Year	-	-	48,500,000	48,500,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	193,084,842		84,802,633	277,887,475
Balance As At 1 July 2022	277,887,475			277,887,475
Surplus/(Deficit) For the Period		-	(1,578,667)	(1,578,667)
Funds Received During the Year	-	-	19,400,000	19,400,000
Transfers	-	-		
Revaluation Gain	-	-		-
Balance As At 30 June 2023	277,887,475	-	17,821,333	295,708,808

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

Description	Note	Current FY 2022-2023	Current FY 2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations			
Transfers from the county government	2	600,000	1,500,000
Interest received			
Receipts from other operating activities			
Total receipts		600,000	1,500,000
Payments			
Fund administration expenses			
Use of goods and services	7	2,178,667	393,895
General expenses			
Finance cost			
Other payments			
Total payment		2,178,667	393,895
Net cash flows from operating activities		(1,578,667)	1,106,105
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets			
Proceeds from sale of property, plant & equipment			
Proceeds from loan principal repayments		682,600	228,000
Loan disbursements paid out	13	19,610,000	69,101,220
Net cash flows used in investing activities		(18,927,400)	(68,873,220)
Cash flows from financing activities			
Proceeds from revolving fund receipts		19,400,000	48,500,000
Additional borrowings			
Repayment of borrowings			
Net cash flows used in financing activities		19,400,000	48,500,000
Net decrease in cash & cash		(1,106,067)	(19,267,115)

Uasin Gishu County Education Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Equivalents			
Cash and cash equivalents at 1 July		1,307,655	20,574,770
Cash and cash equivalents at 30 June		201,588	1,307,655

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Difference	% Utilization
	Kshs	Kshs	Kshs	Kshs		
	a	b	C=(a+b)	d	e=c-d	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.	20,000,000	-	20,000,000	20,000,000	-	100%
Interest Income						
Loan repayment	682,600	-	682,600	682,600	-	100%
Other Income –Bank Bal b/f	1,307,655	-	1,307,655	1,307,655	-	100%
Total Income	21,990,255	-	21,990,255	21,990,255	-	
Expenses						
Fund Administration Expenses						
General Expenses	600,000	-	600,000	2,178,667	(1,578,667)	
Loan advances	21,390,225	-	21,390,225	19,610,000	1,780,225	92%
Total Expenditure	21,990,255		21,990,255	21,788,667	201,588	99%
Surplus For the Period				201,588	(201,588)	

BUDGET NOTES

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)

The entity was able to achieve its objectives as indicated above with budget utilization of above 90%.

2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

There is not changes between the original and final budget as indicated in the budget above.

3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

Financial statements were prepared on accrual basis of accounting

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Uasin Gishu County Education Revolving Fund is established by and derives its authority and accountability from Uasin Gishu County Education Revolving Fund Act 2016. The entity is wholly owned by the County Government of Uasin Gishu and is domiciled in Kenya. The entity's principal activity is -.

- 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

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

Uasin Gishu County Education Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

3. Adoption of new and revised standards

- (i) New and amended standards and interpretations in issue and it is effective in the year ended 30 June 2023

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

Uasin Gishu County Education Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	(b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023 a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

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

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

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

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on 30 June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of nil on the FY 2022/2023 budget following the governing body's approval

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

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Investment property

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

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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. Additional disclosure of these estimates of provisions is included.

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.

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6. Notes to the financial statements

1. Public contributions and donations

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

2. Transfers from County Government

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	600,000	1,500,000
Payments By County On Behalf Of The Entity		
Unconditional Development grants		
Total	600,000	1,500,000

3. Fines, penalties and other levies

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

4. Interest income

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Interest Income from Mortgage Loans		
Interest Income From Car Loans		
Interest Income From Investments in financial assets		
Interest Income On Bank Deposits		
Total Interest Income		

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Notes to the Financial Statements Continued

5. Other income

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

6. Employee Costs

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Salaries And Wages		
Staff Gratuity		
Staff Training Expenses		
Social Security Contribution		
Other		
Total		

7. Use of Goods and Services

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
General Office Expenses	2,174,100	389,800
Loan Processing Costs		
Professional Services Costs		
Administration Fees		
Committee Allowances		
Bank Charges	4,567	4,095
Electricity And Water Expenses		
Fuel And Oil Costs		
Insurance Costs		
Postage And Courier		
Printing And Stationery		

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Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Rental Costs		
Security Costs		
Telephone And Communication Expenses		
Audit Fees		
Provision For Doubtful Debts		
Other		
Social benefit expenses*		
Total	2,178,667	393,895

8. Depreciation and Amortization Expense

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

9. Finance costs

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

10. Gain/ (loss) on disposal of assets

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

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11. Gain/ (loss) on Fair Value Investments

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

12. Cash and cash equivalents

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Car Loan Account		
County Mortgage Account		
Fixed Deposits Account		
On – Call Deposits		
Current Account	201,588	1,307,655
Others		
Total Cash And Cash Equivalents	201,588	1,307,655

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Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank			
Equity Bank, Etc.			
Sub- Total			
b) On - Call Deposits			
Kenya Commercial Bank			
Equity Bank - Etc.			
Sub- Total			
c) Current Account			
Kenya Commercial Bank			
ACCOUNT NAME: COUNTY GOVT OF UG-TVET FUND A/C NO	1178078094	201,588	1,307,655
Bank B			
Sub- Total			
d) Others(Specify)			
Cash In Transit			
Cash In Hand			
Sub- Total			
Grand Total		201,588	1,307,655

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13. Receivables from exchange transactions

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable		
Current Loan Repayments Due	19,610,000	69,101,220
Other Exchange Debtors		
Less: Impairment Allowance		
Total Current Receivables	19,610,000	69,101,220
Non-Current Receivables		
Long Term Loan Repayments Due	275,897,220	207,478,600
Total Non- Current Receivables	275,897,220	207,478,600
Total Receivables From Exchange Transactions	295,507,220	276,579,820

Additional disclosure on interest receivable

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years		
Accrued interest receivable from of long-term loans of previous years		
Interest receivable from current portion of long-term loans issued in the current year		
Current loan repayments due		
Current portion of long-term loans from previous years		
Accrued principal from long-terms loans from previous periods		
Current portion of long-term loans issued in the current year		

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14. Prepayments

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Prepaid Rent		
Prepaid Insurance		
Prepaid Electricity Costs		
Other Prepayments		
Total		

15. Inventories

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Consumable Stores		
Spare Parts And Meters		
Catering		
Other Inventories		
Total Inventories at The Lower of Cost and Net Realizable Value		

16. Investments in financial assets

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

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d. Movement of Equity Investments

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

e) Shareholding in other entities

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		FY 2022-2023	FY 2021-2022
	%	%	%	Kshs	Kshs	Kshs
Entity A						
Entity B						
Entity C						

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Notes to the Financial Statements (Continued)

17. Property, plant and equipment

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

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Notes to the Financial Statements (Continued)

18. Intangible assets

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

19. Investment Property

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

Notes to the Financial Statements (Continued)

20. Trade and other payables from exchange transactions

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

21. Provisions

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

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Notes to the Financial Statements (Continued)

22. Borrowings

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

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

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

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

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

Notes to the Financial Statements (Continued)

23. Employee benefit obligations

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

24. Social Benefit Liabilities

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
Elderly social benefit scheme		
Bursary social benefits		
Total		
Current social benefits		
Non- current social benefits		
Total (tie to totals above)		

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Notes to the Financial Statements (Continued)

25. Cash generated from operations

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(1,578,667)	-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	(1,578,667)	-

26. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. 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
- e) Kenya medical training Colleges, Vocational Training Colleges and Railways etc as the third parties.

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b) Related party transactions

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Transfers From County Government of Uasin Gishu	20,000,000	
Transfers To Related Parties		
Total	20,000,000	

c) Key management remuneration

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Uasin Gishu County Education Revolving Committee	1,106,100	
Key Management Compensation		
Total	1,106,100	

d) Due from related parties

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

e) Due to related parties

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

27. Contingent assets and contingent liabilities

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

Notes to the Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				
At 30 June 2021				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				

Notes to the Financial Statements (Continued)

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

The entity has significant concentration of credit risk on 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.

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

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Notes to the Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs (2022: Kshs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs (2021 – Kshs).

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Notes to the Financial Statements (Continued)

d) Capital risk management.

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

Description	Current FY	Comparative FY
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	277,887,475	228,281,370
Accumulated surplus	17,821,333	49,606,105
Total funds	295,708,808	277,887,475
Total borrowings	-	-
Less: cash and bank balances	201,588	1,307,655
Net debt/(excess cash and cash equivalents)	295,507,220	276,579,820
Gearing	0%	0%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

Uasin Gishu County Education Revolving Fund is a County Public Fund established by Uasin Gishu County Education Revolving Fund Act of 2016 under the Department of Education, Vocational Training, Gender, Social Protection and Culture. Its ultimate parent is the County Government of Uasin Gishu.

31. Currency

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

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

Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	County Education Loans Board	The County Education Loans Board was established	County Executive Committee Member for Education Vocational centre's, Gender, Social Protection and culture	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 Vocational centre's, Gender, Social Protection and culture	In progress	
3.0	Unapproved Annual Estimates	The Annual Estimates were approved	Fund administrator	Resolved	

Fund Administrator –Uasin Gishu County Education Revolving Fund

Date.....28/12/23.....