

REPUBLIC OF KENYA



*Enhancing Accountability*



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MARSABIT COUNTY EDUCATION  
FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



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**Marsabit County Education Fund**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2024**

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

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**Marsabit County Education Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**1. Acronyms and Definition of Key Terms**

**a) Acronyms**

<i>CT</i>	<i>County Treasury</i>
<i>CIDP</i>	<i>County Integrated Development Plan</i>
<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>KSHS</i>	<i>Kenya Shillings</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>TNT</i>	<i>The National Treasury</i>
<i>TVETs</i>	<i>Technical and Vocational Educational Training Institutions</i>
<i>MCEF</i>	<i>Marsabit County Education Fund</i>
<i>CO</i>	<i>Chief officer</i>
<i>FY</i>	<i>Financial Year</i>

**b) Definition of Terms**

1. Fiduciary Management - The key management personnel who had financial responsibility.

## **2. Key Entity Information and Management**

### **a) Background information**

Marsabit County Education Fund is established by and derives as Marsabit County Acts, 2018 and its authority and accountability from Public Finance Management Act 2012. The Fund is wholly owned by the County Government of Marsabit and is domiciled in Kenya.

The fund's objective is to

- ✓ Ensure access to education by granting scholarship to students in institution of higher learning, secondary education and special categories of students.
- ✓ Increase enrolment and improve transition from one level of education to the next
- ✓ Enhance equity in Education for all residents of the County.
- ✓ Improve human resource gaps in designated fields in the County.
- ✓ Ensure a portion of the County annual budget is devoted to the education fund for the purposes of the act.

The Fund's principal activity is to sponsor any student who meets the criteria and conditions for the grant of scholarship in any of the following designated fields.

- i. Hydrology/Geology/energy and petroleum –related courses
- ii. Livestock production/ Animal health/Veterinary medicine and fisheries
- iii. Human medicine and Nursing
- iv. Law
- v. Engineering/architecture/quantity survey
- vi. Actuarial science
- vii. Teaching
- viii. Specialized artisan and vocational courses, including masonry, woodwork, metalwork, electrical works and mechanical works.

### **b) Principal Activities**

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

- a) The social, economic, political religious, cultural and other diversities of people of Marsabit County.

**Marsabit County Education Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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- b) Inclusiveness, non – discrimination, gender equality and gender equity.
- c) Integrity, transparency and accountability.
- d) Prudence and responsibility in utilization and management of public funds and assets, as well as clarity in fiscal reporting.
- e) The need to ensure equity in allocation of resources.
- f) The rights of the public to participate in policy –making and legislative processes
- g) The need to ensure impartial, responsive, prompt, effective, efficient and equitable service provision.
- h) The rights of the public to be provided timely and accurate information.
- i) The need for protecting of the vulnerable and the marginalized groups and communities.
- j) The rules of natural justice.

**c) Fund Administration Committee**

The Marsabit County Education Fund’s day-to-day management is under the following key organs:

Ref	Name	Position
1	Ambaro Abdullahi	CEC – Education Skill development youth \$ sport
2	Qabale Adhi Bulbul	CO – Education
3	Halima Adan	Chairperson
4	Emmanuel B Chorodo	Funds administrator
5		

**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

Ref	Name	Position
1	Halima Adan	Chairperson
2	Qabale Adhi Bulbul	secretary
3	Emmanuel B Chorodo	Funds administrator

**Marsabit County Education Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

*(Provide a high-level description of the key fiduciary oversight arrangements. E.g., County Internal audit, County Assembly Committees, County audit committee etc.)*

**f) Registered Offices**

P.O. Box 384 – 60500  
County Headquarters - Marsabit  
Marsabit, KENYA

**g) Fund Contacts**

Telephone:(254) 0720336776  
E-mail: info@treasury.marsabit.go.ke  
Website: www.Marsabitcounty.go.ke

**h) Fund Bankers**

1. Equity Bank  
Marsabit Branch

**i) Independent Auditor**

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

**j) Principal Legal Adviser**


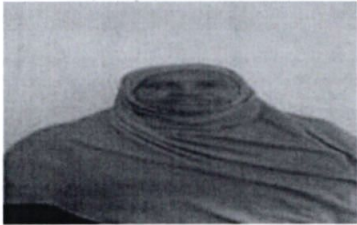

The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**k) County Attorney**




P.O. Box 384  
Postal code 60500  
MARSABIT (County Headquarters), Kenya

**Marsabit County Education Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**3. Fund Administration Committee Profiles**

Name	Details of qualifications and experience
<p>1. Qabale A. Bulbul</p> 	<p>Date of birth - 1978            key - degree in Business Administration (human resource management)            professional qualifications</p> <ul style="list-style-type: none"> <li>• Educationist</li> <li>• Community liaison</li> <li>• Advocacy</li> <li>• CO Education</li> </ul>
<p>2. Halima Adan</p> 	<p>Date of birth - 1969            key academic - Masters in Education Psychology            Professional qualifications</p> <ul style="list-style-type: none"> <li>• Senior principal Moi Girls 2011 to date</li> <li>• Teacher primary school 1991-2003</li> </ul>
<p>3. Emmanuel Chorodo</p> 	<p>Date of birth – 1973            Key academic – BED            Professional qualifications</p> <ul style="list-style-type: none"> <li>• Teacher in Various primary school 1997-2016</li> <li>• Head teacher 2014-2016</li> <li>• Chief Education officer 2016-2020</li> </ul>

**4. Key Management Team**

Name	Details of qualifications and experience
<p>1. Qabale A. Bulbul</p> 	<p>Date of birth - 1978 key academic - degree in Business Administration (human resource management) professional qualifications</p> <ul style="list-style-type: none"><li>• Educationist</li><li>• Community liaison</li><li>• Advocacy</li><li>• CO Education</li></ul>
<p>2. Halima Adan</p> 	<p>Date of birth - 1969 key academic - Masters in Education Psychology Professional qualifications</p> <ul style="list-style-type: none"><li>• Senior principal Moi Girls 2011 to date</li><li>• Teacher primary school 1991-2003</li></ul>
<p>3. Emmanuel Chorodo</p> 	<p>Date of birth – 1973 Key academic – BED Professional qualifications</p> <ul style="list-style-type: none"><li>• Teacher in Various primary school 1997-2016</li><li>• Head teacher 2014-2016</li><li>• Chief Education officer 2016-2020</li></ul>

***Marsabit County Education Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**5. Chairman's Report**

The Marsabit County Scholarship program, now in its sixth year was conceived with the singular purpose of providing support to deserving and financially disadvantaged students. We are witnessing the culmination of the efforts invested in nurturing these young minds. It is gratifying to see the positive impact that this initiative has had in our community, spanning from the furthest settlement of this county.

The primary focus of the program was to identify individuals with both the attitude and ambition to excel academically but not to be cut end by their financial background. The intention was not only to provide access to education but to foster a generation of elders and contributors to the development of our county region and nation.

As I reflect on the journey of the Marsabit County Education Fund program it is encouraging that students are now diligently pursuing their studies, equipped with the skills and knowledge necessary to make meaningful contributions in their respective fields.

The program's success is a testament to the collaborative efforts of the County Government, educational institutions and our valued partners who share our commitment to investing in the future of our youth. By providing this platform for intellectual growth and skill development, we are not only shaping individual destinies but also contributing to the overall progress of our society.

This year the fund has experienced remarkable growth with the number of beneficiaries increasing to 1900. This growth underscores the enduring commitment of the county government to provide access to quality education for its youth.

The application was done at the ward level through the ward selection scholarship committee and eligible applications are further scrutinized at County headquarters to ensure the process is fair and transparent.

I appreciate the tireless effort of the dedicated team within the education department. Their commitment and hard work have been integral in ensuring the success of the program. It's through the diligence that the scholarship initiative continues to thrive and make meaningful impact to the lives of our beneficiaries.

  
Halima Adan

Chairperson – MCEF

## **6. Report of The Fund Administrator**


Marsabit County Education Fund Act, 2018 is an Act of the County Assembly of Marsabit to make provision for the establishment of a Fund to finance secondary and higher education courses in designated fields at recognized institutions of learning.

The fund supports the most vulnerable and economically challenged students in our county. The criteria for selection include meeting a predefined academic threshold, and ensuring that the beneficiaries are not only academically gifted but also genuinely in need of financial assistance.

In alignment with our commitment to gender equality, we have a set distinct cut-off point of eligibility with a qualifying threshold of 300 marks for female students and 320 for their male counterparts. This deliberate distinction is aimed at addressing historical imbalances and encouraging the active participation of girls in higher education.

The government expressed deep pride in the progress of the Marsabit County Education Fund noting the stellar performance posted by its beneficiaries in the KCSE performance in the last two years. The fund stands as a testament to the power of education and the yielding spirit of Marsabit County government in its determination to uplift its future generation. With each passing year, the fund continues to illuminate the path for young minds, guiding them towards excellence and prosperity. I express heartfelt gratitude to all those who contributed to the success of this noble program.

In the current Financial year, Marsabit County Education Fund has over 4000 beneficiaries with a total monetary commitment of 200,000,000. The programme selection was conducted transparently through vigorous but impartial progress of application review and award. We are proud of our beneficiaries. They continue to inspire the County Government through their action in school and home.



Emmanuel Chorodo

Fund Administrator – MCEF

**Marsabit County Education Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**7. Statement of Performance Against Predetermined Objectives for FY 2023/2024**

Section 164 (2) (f) of the Public Finance Management Act, 2012, requires that, at the end of each financial year, the Accounting officer includes a statement of performance against predetermined objectives when preparing financial statements.

The key development objectives of the Fund as per the County Integrated Development Plan (CIDP) for 2023 to 2024 are to:

The key development objectives of the Marsabit County Education Fund are to:

- a) Improve human resource gaps in designated fields.
- b) Monitor the process of planning, formulation, and adoption of development projects.
- c) Provide competitive and transformative Education activities.
- d) Talent identification, development, and nurturing of talent.
- e) Improve access, retention, and completion rates.
- f) To improve the quality of Education and transition rates in primary and secondary Education.

**Progress on the attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Output	Performance Indicator	Performance
Marsabit County Education Fund	Ensure access to Education by granting scholarships to students in institutions of higher learning, secondary Education, and special categories of student	Improve enrolment, retention, and completion of course	<ul style="list-style-type: none"> <li>• no dropout</li> <li>• High completion rate</li> </ul>	<b>In FY 2023/2024 number of beneficiaries increased by 90%</b>

## **8. Statement of Corporate Governance**

Marsabit County Education Fund Act, 2018 An Act of the County Assembly of Marsabit to provide for the establishment of fund to finance secondary and higher Education courses in designated fields. The County Executive Committee Members responsible for Finance shall designate a person who shall administer the fund. The fund administrator prepares and keeps the accounts of fund in each financial year, presents financial statements to the Office of Auditor-General and County Assembly of Marsabit and prepares annual financial statements in compliance with the accounting standard prescribed.

There is an established committee to be known as the Marsabit County Education Fund selection committee consisting of a chairperson, Chief Officer of Education, Chief Officer – Finance and Fund Administrator. Their function among others includes;

- a. To formulate sound policies for regulating the management of the Fund and other related matters;
- b. To raise and solicit funds and other assistance to promote the ideals of the Fund;
- c. To set and review the criteria and conditions governing the granting of scholarships and bursaries
- d. To receive any gifts, donations, grants, or endowments made to the Fund;
- e. To make the final determination on applications for scholarships and bursaries as received from the Sub-County Education Fund Selection Committee;
- f. To establish and maintain links with other persons, bodies, or organizations within or outside Kenya as may be necessary for the furtherance of the object and purpose of the Fund;
- g. To mentor beneficiaries of the Fund;
- h. To advise the County Government on all matters relating to financing of education and development of the County's human resources; and
- i. To perform any other function as may be conferred by any county legislation or as may be necessary to ensure prudent management of the Fund.

A member of the County Education Fund selection committee shall hold office for a period of 3 years and shall be eligible for re-appointment for a further one term. The members of the committee may be entitled to allowances as determined by the Salary Remuneration Commission.

There is an established Ward Education Fund Selection Committee for each ward in the County. They comprise a chairperson, a ward administrator who shall be the secretary of the committee and ex-office members, and a maximum of 5 members who are residents of the ward. The ward selection committee are appointed by county committee members in charge of Education.

Functions of the ward education fund selection committee among others include receiving, reviewing, and approving applications, determining the number of education grants, monitoring and evaluating the performance of beneficiaries, creating awareness among residents and participating in mentoring beneficiaries,

***Marsabit County Education Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2024**

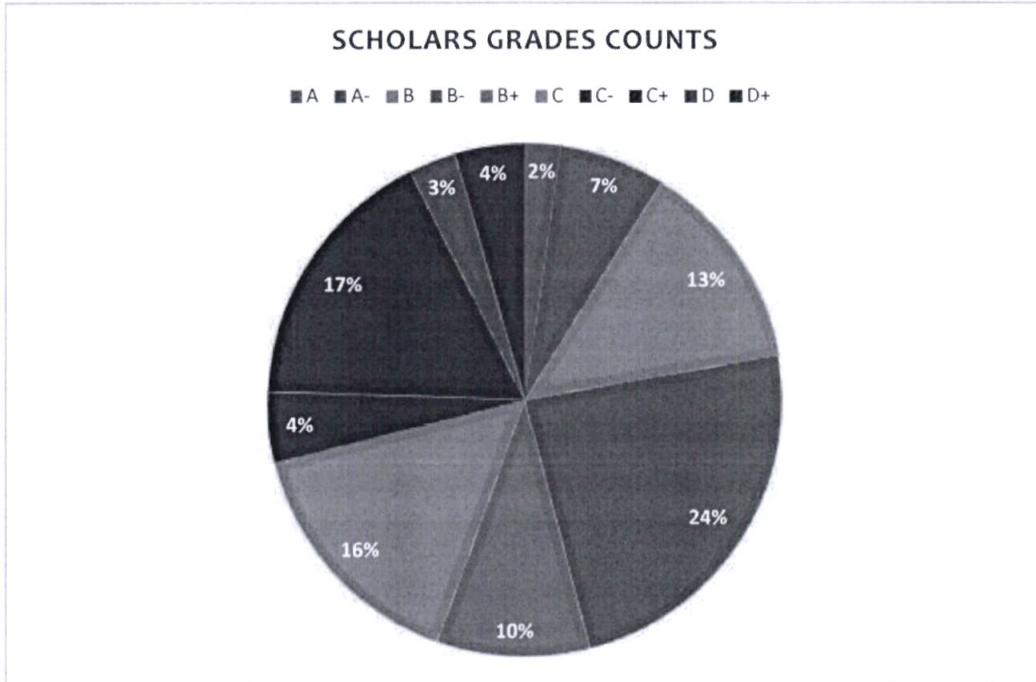
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The Chairperson or a member of the County Education Fund Selection Committee may be removed from office in accordance with terms of service and conditions of service for;

- (a) Inability to perform the functions of the office of Chairperson arising out of physical or mental incapacity
- (b) Gross misconduct or misbehaviour
- (c) Incompetence or neglect of duty
- (d) Violation of the Constitution

**9. Management Discussion and Analysis**

Summary of 2023/2024 Cohort Scholars Performance Review



**10. Environmental and Sustainability Reporting**

**1. Sustainability strategy and profile -**

*The top management should make reference to sustainable efforts, broad trends in political and macroeconomics affecting sustainability priorities, reference to international best practices and key achievements and failures.*

**2. Environmental performance**

*Outline clearly the environmental policy guiding the organization. Outline successes, shortcomings, efforts to manage biodiversity, waste management, and efforts to reduce the environmental impact of the organization's products.*

**3. Employee welfare**

*Give an account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements, and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organization should also disclose its policy on safety and compliance with the Occupational Safety and Health Act of 2007 (OSHA.)*

**4. Marketplace practices-**

*The organization should outline its efforts to:*

*a) Responsible competition practice.*

*Explain how the organization ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors*

*b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.*

*c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices*

*d) Product stewardship- outline efforts to safeguard consumer rights and interests*

**5. Corporate Social Responsibility / Community Engagements**

*The organisation gives details of CSR activities carried out in the year and the impact to the society. Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment and other forms of community engagements.*

**Marsabit County Education Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**11. Report of The Fund Committee**

The Fund Committee submits its report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Fund's affairs.

**Principal activities**

The principal activities of the Fund are:

- Mentor beneficiaries of the fund
- Formulate policies regulating management of the fund
- Raise and solicit for funds and other assistance to promote the ideal of the fund
- Review the criteria and conditions governing the granting of the scholarship
- Make final determination on the application of scholarship and bursaries as received from sub county Education fund selection committee.
- Advise the County Government mall matters relating to financing of Education and development of the county human resource

**Results**

The results of the Fund for the year ended June 30, 2024, are set out on pages 18 to 22.

**Trustees**

The Trustees who served during the year are shown on page vi.

**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.

.....  
.....  
.....

**Chair of the Board/Fund Administration Committee**

**Date:** 7/11/2024

**Marsabit County Education Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**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 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

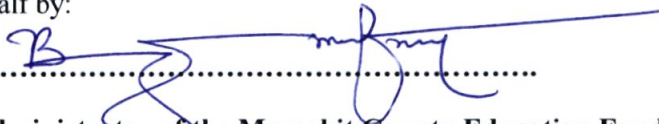
The Administrator of Marsabit County Education Fund is responsible for the preparation and presentation of the Fund financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (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 Marsabit County Education Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Marsabit County Education Fund Act 2018 . 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, 2024, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund/Scheme, 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 marsabit County Education Fund has assessed the Fund’s ability to continue as a going concern and disclosed as applicable. 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.

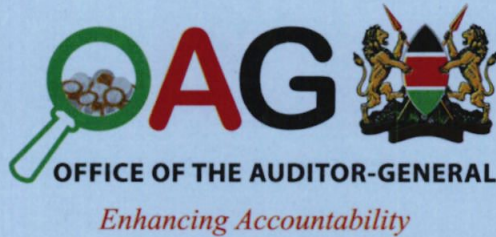
**Approval of the financial statements**

The Fund’s financial statements were approved by the Committee on 30/7/2024 and signed on its behalf by:

  
.....

**Administrator of the Marsabit County Education Fund**

# REPUBLIC OF KENYA



Telephone: +254-(20) 3214000  
Email: 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 MARSABIT COUNTY EDUCATION FUND FOR THE YEAR ENDED 30 JUNE, 2024**

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### PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Opinion**

I have audited the accompanying financial statements of Marsabit County Education Fund set out on pages 18 to 40, which comprise the statement of financial position as at

30 June, 2024, 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, the financial statements present fairly, in all material respects, the financial position of Marsabit County Education Fund as at 30 June, 2024 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 Marsabit County Education Act, 2018 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Marsabit County Education Fund Management in accordance with ISSAI 130 on the 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 opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a final expense budget of Kshs.202,967,671 against an actual expenditure of Kshs.202,234,678 resulting in an under-expenditure of Kshs.732,993. The under-expenditure may have affected the planned activities and may have negatively impacted on service delivery.

In the circumstances, the residents may not have received services as planned.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, 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 Information**

The Management is responsible for the other information set out on page iii to xvi which comprise of Key Entity Information and Management, Key management team, Chairman's Report, Report of the Fund Administrator, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting,

Report of the Fund committee, Statement of Management Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## 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 effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Budget Formulation Process**

The statement of comparison of budget and actual amounts reflects a revenue budget of Kshs.202,967,671 against an expenditure budget of Kshs.202,967,671. However, a review of the budget formulation process revealed no evidence that the County Education Fund Selection Committee had prepared and approved the Fund's budget estimates. This was contrary to Section 38(1) of the Marsabit County Education Fund Act, 2018, which requires the Committee to prepare estimates of the Fund's income and expenditure for each fiscal year during the budget cycle.

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

#### **2. Failure to Prepare and Submit Annual Report**

No evidence was provided to confirm that the County Education Fund Selection Committee submitted its annual report to the Governor and the County Assembly, as required by Section 39(1) of the Marsabit County Education Fund Act, 2018 which states that as soon as practicable after the end of each financial year, the County Education Fund Selection Committee shall submit a report to the Governor and the County Assembly.

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

### **3. Lack of Unique Identifiers/ Admission Numbers in Bursary Schedules**

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects Kshs.196,660,748 in respect to bursary disbursements for the year under review. However, examination of disbursement schedules provided for audit revealed that eighteen (18) students from different schools shared similar names, but lacked students' school admission numbers, yet received scholarship funds. Although it was explained that Form One students receive bursaries before being assigned admission numbers, it is recommended that a unique identifier be used to distinguish beneficiaries to prevent possible duplication.

In the absence of admission numbers or any other unique identifiers, the validity and credibility of the bursaries issued to students without these identifiers could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of the Management and those Charged with Governance**

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

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

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

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

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


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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/> This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

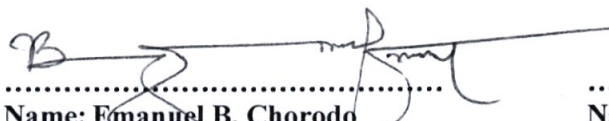
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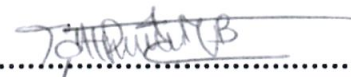
27 December, 2024

**Marsabit County Education Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2024**

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Transfers From the County Government	6	200,000,000	144,000,000
Public Contributions and Donations		-	-
<b>Total Revenue</b>		<b>200,000,000</b>	<b>144,000,000</b>
<b>Expenses</b>			
Scholarship grant	7	196,660,748	139,891,394
Use of goods and services	8	54,180	99,297
Fund administration Expense	9	5,519,750	3,439,885
<b>Total Expenses</b>		<b>202,234,678</b>	<b>143,430,576</b>
<b>Surplus/(Deficit) for the Period</b>		<b>(2,234,678)</b>	<b>569,424</b>

  
 Name: Emanuel B. Chorodo  
 Administrator/Accounting Officer

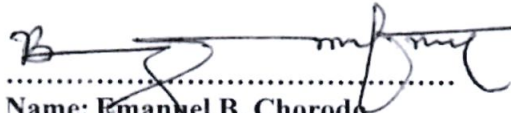
  
 Name: Hussein Rob Boye  
 Fund Accountant  
 ICPAK Member Number: 29375

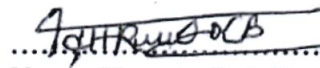
**Marsabit County Education Fund**  
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**15. Statement of Financial Position as at 30 June 2024**

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	10	732,993	2,967,671
Non-exchange receivables		-	-
Exchange Receivables		-	-
<b>Total current assets</b>		<b>732,993</b>	<b>2,967,671</b>
<b>Total Assets (A)</b>		<b>732,993</b>	<b>2,967,671</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables			
<b>Total current liabilities</b>			
<b>Total Liabilities (B)</b>		<b>-</b>	<b>-</b>
<b>Net Asset (A-B)</b>		<b>732,993</b>	<b>2,967,671</b>
<b>Represented By:</b>			
Accumulated Surplus		732,993	2,967,671
<b>Net Assets</b>		<b>732,993</b>	<b>2,967,671</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/7/2024 and signed by:

  
 Name: Emanuel B. Chorodo  
 Fund Administrator/Accounting Officer

  
 Name: Hussein Rob Boye  
 Fund Accountant  
 ICPAK Member Number: 29375

**16. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2024**

Description	Accumulated surplus	Total
	Kshs	Kshs
<b>Balance as at 1 July 2022</b>	<b>2,398,247</b>	<b>2,398,247</b>
Surplus/(Deficit) For the Year	569,424	569,424
<b>Balance As At 30 June 2023</b>	<b>2,967,671</b>	<b>2,967,671</b>
<b>Balance As At 1 July 2023</b>	<b>2,967,671</b>	<b>2,967,671</b>
Surplus/(Deficit) For the Year	(2,234,678)	(2,234,678)
<b>Balance As At 30 June 2024</b>	<b>732,993</b>	<b>732,993</b>

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**17. Statement of Cash Flows for The Year Ended 30 June 2024**

	Note	2023/2024	2022/2023
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the County Government	6	200,000,000	144,000,000
Interest received		-	-
Receipts from other operating activities		-	-
<b>Total Receipts</b>		<b>200,000,000</b>	144,000,000
<b>Payments</b>			
Scholarship grant	7	196,660,748	139,891,394
Use of goods and services	8	54,180	99,297
Fund administration Expense	9	5,519,750	3,439,885
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)		-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)		-	-
<b>Net cash flows from operating activities</b>		<b>(2,234,678)</b>	569,424
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
<b>Net cash flows used in investing activities</b>		-	-
		-	-
<b>Cash flows from financing activities</b>		-	-
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-

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<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,234,678)</b>	569,424
Cash and cash equivalents at 1 JULY		2,967,671	2,398,247
<b>Cash and cash equivalents at 30 JUNE</b>	10	<b>732,993</b>	2,967,671

*(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting)*

18. Statement of Comparison of Budget & Actual Amounts for Year Ended 30<sup>th</sup> June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2024	2024	2024	2024	2024	2024
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	
Unspent Fund Balance – FY 2022-2023		2,967,671	2,967,671	2,967,671	0	100%
Public contributions and donations			-	-	-	
Transfers from County Govt.	200,000,000		200,000,000	200,000,000	0	100%
Interest income						
Other income					0	
<b>Total income</b>	<b>200,000,000</b>	<b>2,967,671</b>	<b>202,967,671</b>	<b>202,967,671</b>	<b>0</b>	<b>100%</b>
<b>Expenses</b>						
Fund administration expenses	6,000,000		6,000,000	5,519,750	480,250	92%
General expenses	193,920,000	2,967,671	196,887,671	196,660,748	226,923	100%
Finance cost	80,000		80,000	54,180	25,820	68%
<b>Total expenditure</b>	<b>200,000,000</b>	<b>2,967,671</b>	<b>202,967,671</b>	<b>202,234,678</b>	<b>732,993</b>	<b>100%</b>
<b>Surplus for the period</b>				<b>732,993</b>		

**Budget notes**

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

## **19. Notes to the Financial Statements**

### **Significant Accounting Policies**

#### **1. General Information**

Marsabit County Education Fund is established by and derives its authority from Marsabit County Education Act 2018 under the Ministry of Education Skill Development Youth and Sports. The entity is wholly owned by the Marsabit County Government and is domiciled in Kenya. Marsabit County Education Fund's principal activity is to sponsor any student who meets the criteria and conditions for the grant of scholarship in any of the following designated fields.

- i. Hydrology/Geology/energy and petroleum –related courses
- ii. Livestock production/ Animal health/Veterinary medicine and fisheries
- iii. Human medicine and Nursing
- iv. Law
- v. Engineering/architecture/quantity survey
- vi. Actuarial science
- vii. Teaching
- viii. Specialized artisan and vocational courses, including masonry, woodwork, metalwork, electrical works and mechanical works.

#### **2. Statement of compliance and basis of preparation**

Marsabit County Education Fund's financial statements have been prepared in compliance 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 financial statements are prepared on accrual basis of accounting. The statement of cash flows is prepared using the direct method.

#### **3. Adoption of new and revised standards**

- (i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There were no new and amended standards issued in the financial year.

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*(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43 Leases	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p>

**Marsabit County Education Fund**  
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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

***(iii) Early adoption of standards***

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early.*

***Marsabit County Education Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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*(state the standards, reason for early adopt, and impact on the on entity's financial statements.)*

#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

###### **i. Revenue from non-exchange transactions**

###### **Revenue transfers**

Revenues from non-exchange transactions 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.

##### **b) Budget information**

The original budget for FY 2023/2024 was approved by the County Assembly on 30<sup>th</sup> 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 Marsabit County Education Fund upon receiving the respective approvals in order to conclude the final budget. The Marsabit County Education Fund recorded additional appropriations of Kshs. 200,000,000 on the FY 2023/2024 budget following the governing body's approval.

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

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

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

**c) 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. (amend as appropriate).* 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.

**(i) Financial assets**

**Classification of financial assets**

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

**(ii) 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.

**(iii) 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

**Marsabit County Education Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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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.

**(iv) 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.

**(v) 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.

**(vi) 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.

**(vii) 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) are set out in *Note xx*.

**Financial liabilities**

**Classification**

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

**d) Provisions**

Provisions are recognized when the Marsabit County Education Fund 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 Marsabit County Education Fund 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.

**e) Contingent liabilities**

Marsabit County Education Fund 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 probable.

**f) Contingent assets**

Marsabit County Education Fund 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 Marsabit County Education Fund 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.

**g) Nature and purpose of reserves**

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

**h) Changes in accounting policies and estimates**

The Marsabit County Education Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**i) 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.

**j) Related parties**

The Marsabit County Education Fund 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 Marsabit County Education Fund/Scheme, or vice versa. Members of key management are regarded as related parties and comprise of Board of Trustees, the Fund/Scheme administrator and senior managers.

**k) 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.

**l) Comparative figures**

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

**5. Significant judgments and sources of estimation uncertainty**

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

State all judgments, estimates, and assumptions made e.g.

**a) Estimates and assumptions –**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**b) Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

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

**c) Provisions**

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

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

**Marsabit County Education Fund**

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**6. Transfers from the County Government**

Description	2023/2024	2022/2023
	KShs	KShs
Transfers from County Govt. – operations	200,000,000	144,000,000
Payments by County on behalf of the entity	-	-
<b>Total</b>	<b>200,000,000</b>	<b>144,000,000</b>

**7. Scholarship grants**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Universities	-	-
TVETs and Colleges	13,256,000	20,655,000
Secondary schools	183,404,748	119,236,394
Other ( <i>Specify</i> )	-	-
<b>Total</b>	<b>196,660,748</b>	<b>139,891,394</b>

**8. Use of Goods and Services**

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Bank charges	54,180	99,297
<b>Total</b>	<b>54,180</b>	<b>99,297</b>

**9. Fund administration Expense**

Description	2023/2024	2022/2023
	KShs	KShs
Fund expenses	5,519,750	3,439,885
<b>Total</b>	<b>5,519,750</b>	<b>3,439,885</b>

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**10. Cash and cash equivalents**

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Current Account	732,993	2,967,671
<b>Total Cash and Cash Equivalents</b>	<b>732,993</b>	<b>2,967,671</b>

**11. Related party balances**

**a) Nature of related party relationships**

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

- a) The County Government.
- b) Key management.
- c) Board of Trustees, etc.

**b) Related party transactions**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transfers from related parties	-	-
Transfers to related parties	-	-

**c) Key management remuneration**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Board of Trustees	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**d) Due from related parties**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Due From County Government	-	-
<b>Total</b>	-	-

**e) Due to related parties**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Due to County Government	-	-
Due to Key Management Personnel	-	-
<b>Total</b>	-	-

**12. Contingent assets and contingent liabilities**

Contingent Liabilities	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Court Case xx Against the Fund/Scheme	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

*(Give details)*

**13. Financial risk management**

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

**a) Credit risk**

The Fund/Scheme 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

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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
<b>At 30 June (Current Year)</b>				
Receivables From Non-Exchange Transactions	-	-	-	-
Receivables From Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 30<sup>th</sup> June (Previous Year)</b>				
Receivables From Non-Exchange Transactions	-	-	-	-
Receivables From Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-

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

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

The entity has significant concentration of credit risk on amounts due from xxxx.

The board of trustees sets the Fund/Scheme'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/Scheme 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.

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The table below represents cash flows payable by the Fund/Scheme 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
<b>At 30 June (Current FY)</b>				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 30 June (Previous FY)</b>				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**c) Market risk**

The Fund/Scheme has put in place an internal audit function to assist it in assessing the risk faced by the Fund/Scheme 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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund/Scheme'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 Fund/Scheme has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency.

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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
<b>At 30 June (Current FY)</b>			
Cash	-	-	-
Debtors/ Receivables	-	-	-
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

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

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund/Scheme's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the two 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
<b>(Current FY)</b>			
Euro	x%	-	-
USD	x%	-	-
Other (Specify)	x%	-	-
<b>(Comparative FY)</b>			
Euro	x%	-	-
USD	x%	-	-
Other (Specify)	x%	-	-

**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.

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This exposes the Fund/Scheme to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund/Scheme's deposits.

**Management of interest rate risk**

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

**Sensitivity analysis**

The Fund/Scheme analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20xx: Kshs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx-1 – Kshs xxx).

**d) Capital risk management.**

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

Description	Current FY	Comparative FY
	Kshs	Kshs
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

**14. Events after the reporting period**

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

**15. Currency**

The financial statements are presented in Kenya Shillings (Kshs

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**20. Annexes**

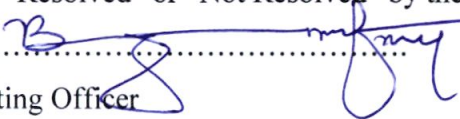
**Annex I: Progress on Follow-up of Prior Year Auditor’s Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
FY 2022/2023,	None	<ul style="list-style-type: none"> <li>There are no key Audit issues matters to report in the year under review</li> </ul>	Mr..Emanuel B. Chorodo Fund administrator	None	N/A

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for the implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report.

Emanuel B. Chorodo .....   
Fund Administrator/Accounting Officer

**Date**      **7/11/2024**

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**Annex II: Inter-Entity Confirmation Letter**


Name of transferring entity: County Government of Marsabit

Name of beneficiary entity: Marsabit County Education Fund


Confirmation of amounts received by [Marsabit County Education Fund] as at 30 <sup>th</sup> June 2024						
Reference Number	Date Disbursed	Amounts Disbursed by [Marsabit County Department] (Kshs. 200,000,000) as at 30 <sup>th</sup> June 2024			Amount Received by Marsabit County Education Fund] (Kshs.200,000,000) as at 30 <sup>th</sup> June 2024 (D)	Differences (KShs) (E)=(C-D)
		Recurrent (A)	Development (B)	Total (C)=(A+B)		
FT23332W1TCWC	28/11/2023	75,000,000		75,000,000	75,000,000	
FT23332M8RWR	28/11/2023	75,000,000		75,000,000	75,000,000	
FT24082M98CQ	22/03/2024	<u>50,000,000</u>		<u>50,000,000</u>	<u>50,000,000</u>	
Total		<u>200,000,000</u>		<u>200,000,000</u>	<u>200,000,000</u>	

I confirm that the amounts shown above are correct as of the dates indicated.

**Head of Accounts Department - Disbursing Entity:**

Name Hussein Rob Boye Sign  Date 7/11/2024

**Head of Accounts Department - Beneficiary Entity:**

Name Emanuel B. Chorodo Sign  Date 7/11/2024