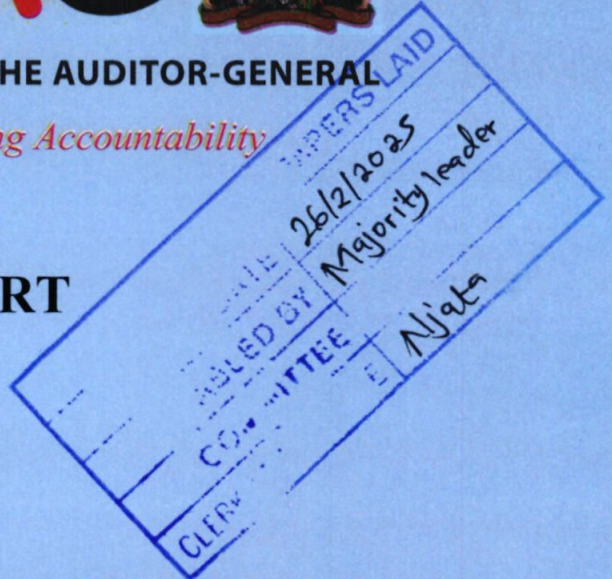
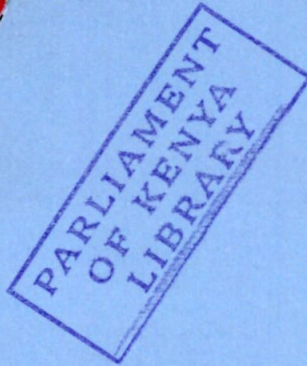


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



**REPORT**

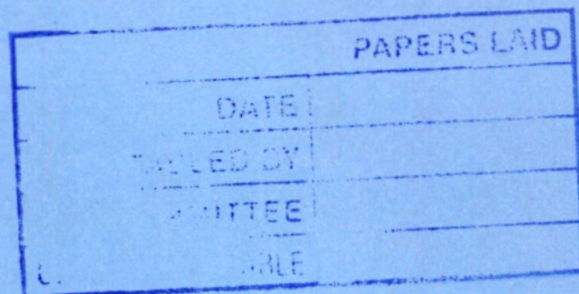
**OF**

**THE AUDITOR-GENERAL**

**ON**

**ELGEYO/MARAKWET COUNTY  
ASSEMBLY CAR AND MORTGAGE  
REVOLVING FUND**

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





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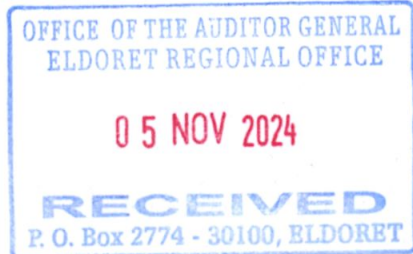
**ELGEYO MARAKWET COUNTY ASSEMBLY**

**COUNTY ASSEMBLY REVOLVING 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)



**ELGEYO MARAKWET COUNTY ASSEMBLY .**  
**COUNTY ASSEMBLY REVOLVING FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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2024

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
Annual Report and Financial Statements for the year ended June 30, 2024**

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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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**2. Key Entity Information and Management**

**a) Background information**

The Elgeyo/Marakwet County Revolving Fund Act (Act No. 4 of 2014) establishes the Loans and Mortgage Fund for the Members and staff of the County Assembly. The Fund is wholly owned by the County Assembly of Elgeyo Marakwet and is domiciled in Kenya.

The principal purpose and object of the Act is to establish a loan scheme to provide loans to members of the scheme to purchase vehicles or residential houses in addition to develop, renovate or repair their residential property.

At the time of enactment of the Act, the scheme was for Members of the Assembly only in exclusion of staff. Subsequently, the principal Act was amended through the Elgeyo/Marakwet County (Amendment) Act, 2016 (Act No. 3 of 2016) to include staff members in the scheme

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund are to provide for low-interest Car and Mortgage loans to members and staff of the County Assembly

**c) County Assembly Service Board Members**

Ref	Name	Position
1	Chairperson	Hon. Philemon Sabulei
2	Vice Chairperson	Hon. Hillary Kiplagat
3	Member	Hon. Lawi Kibire
4	Member	Livingstone Talel
5	Member	Elizabeth Keitany
6	Fund Manager/ Administrator	Jane Kiptum - Mutai

**d) Key Management Team**

Ref	Name	Position
1	Jane Kiptum - Mutai	Clerk to the County Assembly
2	Elias Maritim	Deputy Clerk
3	Joseph Kalessi Rutto	Principal Finance Officer
4	Rael Rotich	Principal Human Resource Officer
5	Collins Limo	Chief Legal Officer
6	William Cheptum	Payroll Manager

**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

- ❖ The Auditor General is responsible for the Audit of the County Assembly's Catering Services Revolving Fund financial Statement
- ❖ The County Assembly Service Board (CASB) is responsible for the overall management of the fund. They approve all loans issued to both staff and members of the County Assembly.
- ❖ The Audit Committee whose secretary is the Senior Internal Auditor supports the Accounting Officer with regard to their responsibilities for issues of risk, control and governance. They also follow up on the implementation of internal and external auditors recommendations.
- ❖ The County Assembly Members' Welfare, Catering and Library Committee is vested with the oversight role of all activities relating to the fund.
- ❖ The Public Accounts and Investment Committee provides an oversight role on examination of all accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly as the committee may think fit.

**f) Registered Offices**

P.O. Box 53-30700  
County Assembly Building  
Along Iten/Kapsowar Road  
Iten, KENYA

**g) Fund Contacts**

Telephone: (254) 718028028  
E-mail: [info@emcassembly.go.ke](mailto:info@emcassembly.go.ke)  
Website: [www.emcassembly.go.ke](http://www.emcassembly.go.ke)

**h) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
Iten Branch  
P.O. Box 456-30700  
Iten

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

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**Key Entity and Management (Continued)**

**i) Independent Auditors**

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

**j) Principal Legal Adviser**

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









**ELGEYO MARAKWET COUNTY ASSEMBLY**  
**COUNTY ASSEMBLY REVOLVING FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**3. Loan Management Committee**

For the overall management of the scheme, the Elgeyo/Marakwet County Revolving Fund Act (Act No. 4 of 2014) established the Loans Management Committee. In consideration of the amendment to include members of the staff in the scheme, the composition of the membership of the committee therefore changed. In addition, three members of the staff were included to be part of the loans management committee.

The Loan Management Committee did not hold any meeting during the period under review. This is because the County Assembly Service Board (CASB) initiated the process of amendment of the Act so as to allow them fully manage the fund. As at the end of the period, the process was still on-going.







However, the Members' Welfare, Catering and Library Committee as indicated below are responsible for the overall oversight of the fund

Name	Designation	Passport Photo
1. Hon. Tabitha Kimoning	Chairperson and Nominated Gender	
2. Hon. Evans Kosgei	Vice Chairperson and MCA Cherangany/Chebororwo	
3. Hon. Jeremiah Kibiwott	Member and MCA Endo ward	
4. Hon. Mathew Cheruiyot	Member and MCA Kaptarakwa ward	
5. Hon. Salina Kimitto	Member and MCA Nominated Gender	
6. Hon. Stella Bowen	Member and Nominated MCA Representing youth	
7. Hon. Victoria Lai	Member and Nominated MCA Representing PWD	
8. Jane Kiptum – Mutai	Clerk to the County Assembly/Fund Administrator	

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
Annual Report and Financial Statements for the year ended June 30, 2024**

**4. Management Team**

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

	<b>Name and Designation</b>	<b>Details of Qualifications and Experiences</b>	<b>Area of Responsibility</b>	<b>Passport Photo</b>
1.	<b>Jane Kiptum – Mutai</b>  Clerk to the County Assembly.	Bachelor of Laws (LLB). 18years' experience.	Overall management of the fund as the CEO and fund administrator	
2.	<b>Elias Maritim</b>  Deputy Clerk	Bachelor of Laws (LLB). 14 years' experience.	Document verification and approval for charging	
3.	<b>Joseph Kalessi Rutto</b>  Principal Finance Officer	Bachelor of Commerce / CPA (K). 15years' experience.	Financial Accountability and reporting	
4.	<b>Rael Rotich</b>  Principal Human Resource Office	Bachelor of Business Management. 19years' experience.	Overall HR and payroll management	
5.	<b>Collins Limo</b>  Legal Officer	Bachelor of Laws (LLB). 9years' experience.	Document verification and approval for charging	
6.	<b>William Cheptum</b>  Payroll Manager	Bachelor of Business Management (Accounting). 21years' experience.	Financial ability confirmation and adherence to 1/3 salary rule compliance	

**5. County Assembly Service Board (CASB) Chairperson's Report**

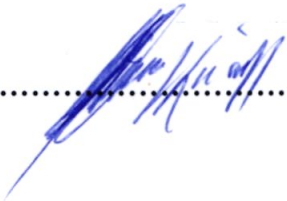
Clause 6 of The Elgeyo/Marakwet County Revolving Fund (Amendment) Act, 2016 establishes the Loan Management Committee which consists of nine (9) members. Six of the members are members of county assembly; three are members of staff with Clerk to the County Assembly as an *ex-officio* member being the secretary.

The functions of the board are as set out in clause 7 of the said Act and shall include among others: Approving applications for loans in accordance with the prescribed terms and conditions of borrowing, overseeing the implementation and carrying out of policies formulated by the County Assembly Service Board (CASB) for the management and administration of the fund and setting out the criteria and conditions, with approval of the CASB for granting of loans.

The loan management committee did not hold any sitting during the entire period. However, additional loans of **Kshs 89.62 Million** was approved by the County Assembly Service Board (CASB) and issued to thirty Three staffs and two members of the County Assembly Service Board.

There were no changes in the fund during the period in terms of board and key management team. The performance of the fund is quite impressive. Despite the challenge of limited financing, the scheme has been able to benefit both staff and MCA's. However, the assembly every financial year endeavors to appropriate additional funding to the fund in order to benefit the remaining staff of the county assembly

**Name: Philemon Sabulei. Signature.....Date: 16<sup>th</sup> October, 2024.**



**6. Report of The Fund Administrator**

The annual financial statements for County Assembly Revolving Fund for the period ended 30<sup>th</sup> June, 2024 have been prepared in compliance with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

The fund received additional **Kshs. 29.433 Million** from exchequer during the period. As at the end of the period, we were able to recover principal loan amounting **Kshs. 69.14 Million** leaving an outstanding loan balance of **Kshs. 359.13 Million** as indicated in the financial statements. Further, Car loans were repaid in full during the financial year. The amount recovered on a monthly basis revolves back to benefit other members of the scheme.

Prior to disbursements of the loan, due diligence is normally carried out. The Assembly secured services of a valuer, insurance and lawyer who carry out valuation, insurance and charging of the properties respectively. The loans have been secured using title deeds and log books.

The performance of the fund is quite impressive. Despite the challenge of limited financing, the scheme has been able to benefit both staff and MCA's. However, the assembly every financial year endeavors to appropriate additional funding to the fund in order to benefit the remaining staff of the county assembly.

CLERK TO THE COUNTY ASSEMBLY  
ELGEYO MARAKWET COUNTY  
P. O. Box 53-30700, ITEN  
Email: emcountyassembly@gmail.com

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

**Jane Kiptum – Mutai**

**Clerk to the County Assembly**

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
Annual Report and Financial Statements for the year ended June 30, 2024**

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

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The Elgeyo/Marakwet County Assembly Revolving Fund Scheme principal purpose and objective is to provide loans to members of the scheme to purchase vehicles or residential houses in addition to develop, renovate or repair their residential property at a low interest rate of 3% pa.

**Progress on attainment of Strategic objectives for Elgeyo/Marakwet Car and Mortgage Revolving Fund scheme,**

Below we provide the progress on attaining the stated objectives

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
EMCA Revolving Fund – Housing Scheme	To purchase, develop, renovate and repair of residential property for occupation of members and staff and his or her immediate family	Increased access to descent housing	% of members and staff accessing the loan	<b>In FY 23/24 only two (2) members of County Assembly Service Board accessed the loan. In addition, thirty Three (33) additional staffs accessed the loan.</b>
EMCA Revolving Fund – Car Loan Scheme	To purchase motor vehicles for members and staff for efficient transport	Increased efficient transport to office for hon. Members and staff	% of members and staff accessing the loan	<b>In FY 23/24 None accessed the loan. Meanwhile, outstanding loans were repaid in full during the financial year.</b>

## **8. Corporate Governance Statement**

For the overall management of the scheme, the Act established the Loans Management Committee. In consideration of the amendment to include members of the staff in the scheme, the composition of the membership of the committee therefore changed. The Committee consists of nine (9) members. Six of the members are members of county assembly; three are members of staff with Clerk to the County Assembly as an *ex-officio* member being the secretary.

Clause 6 of The Elgeyo/Marakwet County Revolving Fund (Amendment) Act, 2016 establishes the Loan Management Committee. The committee performs the following functions among others: approves applications for loans in accordance with prescribed terms and conditions of borrowing; oversees the day-to-day running of the fund; oversees the implementation and carrying out policies formulated by the board for the management and administration of the fund and sets the criteria and conditions, with approval of the County Assembly Service Board (CASB) for granting of loans.

The Act, prescribes the membership of the board which includes, the vice chairperson of the CASB as the chairperson of the committee. Other members include the chairperson of welfare committee, chief whips of both majority and minority parties, members appointed by the assembly and three staff. The committee is paid sitting allowances once they sit.

The committee held a total of zero meetings during the period. However, the County Assembly Service Board (CASB) approved additional loans of **Kshs 89.62 Million** to both staff and members of the County Assembly Service Board.

## **9. Management Discussion and Analysis**

Elgeyo/Marakwet County Assembly Revolving Fund became operational after the enactment of The Elgeyo/Marakwet County Revolving Fund (Amendment) Act, 2016. The fund had an initial amount of Kshs. 150 Million which was only meant for Hon. Speaker and Members of County Assembly. Subsequently, on 4<sup>th</sup> July, 2016 the principal Act was amended for the scheme to accommodate staff of the county assembly. An initial amount of Kshs. 30 Million was appropriated specifically for staff. Since then, the fund has tremendously grown. As at 30<sup>th</sup> June, 2024, the fund had **Ksh 378.82 Million**.

The fund is managed internally having Loan Management Committee consisting of nine (9) members who are responsible for the day-to-day running of the fund with the County Assembly clerk being an *ex-officio* member as well as the fund administrator. The fund is implemented in compliance with provisions of the said Act, and other statutory requirements. Prior to disbursement of the funds, a clear appraisal process is followed through various departments like Human Resource/Payroll, Finance and legal. Properties and vehicles are also valued and insured before final charging is done by lawyer.

The County Assembly Service Board (CASB) approved additional mortgage loan of **Kshs 89.62 Million** to thirty three staffs and two Members of the County Assembly Service Board.

Apart from the risk of a politician losing his/her seat, the fund does not face major risks since the loans are fully secured using titles and or log books as well as insured. The assembly recovers on a monthly basis through payroll all deductions and remits to the fund accounts. So far, there are no arrears accrued to the fund.

**10. Environmental and Sustainability Reporting**

There were no Environmental and Sustainability reporting activities undertaken during the period related to the fund.

## **11. Report of the Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

### **Principal activities**

The principal activities of the Fund are to provide for low-interest Car and Mortgage Loans to Hon. Members and Staff of the County Assembly

### **Results**

The results of the Fund for the year ended June 30, 2024 are set out on pages 1-39

### **Trustees**

The members of the Board who served during the period are shown on page iv. There were no changes in the Board 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 Board

**Secretary of the Board/Fund Administrator**

**Date: 16<sup>th</sup> October, 2024**

## **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 The Elgeyo/Marakwet County Revolving Fund (Amendment) 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, 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 County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Elgeyo/Marakwet County Revolving Fund (Amendment) Act, 2016. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the 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, 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. OR

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

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 16<sup>th</sup> October, 2024 and signed on its behalf by:

.....  


**Administrator of the County Public Fund**

CLERK TO THE COUNTY ASSEMBLY  
ELGEYO MARAKWET COUNTY  
P. O. Box 53-30700, ITEN  
Email: emcountyassembly@gmail.com

# REPUBLIC OF KENYA



*Enhancing Accountability*

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

## REPORT OF THE AUDITOR-GENERAL ON ELGEYO/MARAKWET COUNTY ASSEMBLY CAR AND MORTGAGE REVOLVING 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 the 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 the Financial Statements should be read together with the report on the Lawfulness and Effectiveness in the Use of Public Resources, and the Report on the Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Elgeyo/Marakwet County Assembly Car and Mortgage Revolving Fund set out on pages 1 to 41, which comprise

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*Report of the Auditor-General on Elgeyo Marakwet County Assembly Car and Mortgage Revolving Fund for the year ended 30 June, 2024*

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 Elgeyo/Marakwet County Assembly Car and Mortgage Revolving 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 (Accruals Basis) and comply with the Elgeyo/Marakwet County Assembly Revolving Fund (Amendment) Act, 2016 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 Elgeyo/Marakwet County Revolving 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.

### **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**

### **Other Information**

Management is responsible for the Other Information set out on page iii to xv which comprise of Key Entity Information and Management, Loan Management Committee, Management Team, County Assembly Service Board Chairperson's Report, Report of the Fund Administrator, Statement of Performance against the County Fund's Predetermined Objectives, Corporate Governance Statements, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees, Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Elgeyo Marakwet County Assembly Car and Mortgage Revolving Fund 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.

## 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 effects of the matter 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**

#### **Failure to Secure MCA's Mortgage Loans**

The statement of financial position reflects accounts receivables - outstanding loans balance of Kshs.359,128,168 as disclosed in Note 13 to the financial statements. This loan balance comprises of Kshs.59,600,000 mortgage loans issued to thirty-three (33) staff and two (2) Members of County Assembly during the financial year. However, verification of collateral documents such as the title deeds and official search certificate deposited and filed in the respective loanees' mortgage files revealed that, one (1) Board Member of the County Assembly issued with a loan of Kshs.5,000,000 provided title deed security that is in the name of a different person and the title had not been changed.

Further, prior to the approval of the loan, none of the loanees' provided evidence of change of the collateral and authorization letter granting the board express authority to recover any outstanding loan balances due from any gratuity payable in case a loanee ceases being a member of County Assembly or the beneficiary ceased being a staff of the Assembly contrary to Section 19(1) of the Elgeyo Marakwet County Revolving Fund Act, 2014 which states that the Board shall have a charge registered on the property financed through a loan granted under this part and shall be entitled to have its name entered in all document of title for that property.

Similarly, Section 28 of the Elgeyo Marakwet County Revolving Fund Act, 2014 stipulates that a member of the scheme shall be required to give prior authority in writing for gratuity dues to be utilized to clear any outstanding debt in case the member losses the County Assembly seat before fully repaying the loan.

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

The audit was conducted in accordance with the ISSAI 3000 and 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 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, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **Regulations of Elgeyo Marakwet County Revolving Fund**

The Elgeyo/Marakwet County Revolving Act was enacted in 2014 and subsequently some clauses of the Act were amended in 2016. Under section 34(1) of Elgeyo Marakwet County Revolving the Act, Management of the Fund was to make or formulate regulations in consultations with the Salaries and Remuneration Commission for better execution of the provisions of the Act. However, no regulations had been passed by the County Assembly as at the time of audit and this has limited the scope and guidance of Fund operations.

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

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

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

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue 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 Revolving Fund's financial reporting process, reviewing the effectiveness of how the entity 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 also 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**

**Nairobi**

**27 December, 2024**

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING 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>			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	10,741,992	7,833,202
Other Income	5	-	-
<b>Total Revenue</b>		<b>10,741,992</b>	<b>7,833,202</b>
<b>Expenses</b>			
Employee Costs	6	-	-
Use of goods and services	7	6,488	8,805
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
<b>Total Expenses</b>		<b>6,488</b>	<b>8,805</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
<b>Surplus/(Deficit) for the Period</b>		<b>10,735,504</b>	<b>7,824,397</b>

The notes set out on pages 8 to 39 form an integral part of these Financial Statements

.....  
Name: Jane Kiptum - Mutai

**Administrator of the Fund**

CLERK TO THE COUNTY ASSEMBLY  
ELGEYO MARAKWET COUNTY  
P. O. Box 53-30700, ITEN  
Email: emcountyassembly@gmail.com

.....  
Name: Joseph Kalessi Rutto

**Fund Accountant**

**ICPAK Member Number: 7406**

PRINCIPAL FINANCE OFFICER  
COUNTY ASSEMBLY OF ELGEYO MARAKWET  
P. O. Box 53 - 30700,  
ITEN

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
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**15. Statement of Financial Position as at 30<sup>th</sup> June 2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	19,691,465	5,134
Current Portion of Long- Term Receivables From Exchange Transactions	13	70,668,280	-
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
<b>Total current assets</b>		<b>90,359,745</b>	<b>5,134</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	288,459,888	338,645,995
Investment Property	19	-	-
<b>Total non- current assets</b>		<b>378,819,633</b>	<b>338,645,995</b>
<b>Total Assets (A)</b>		<b>378,819,633</b>	<b>338,651,129</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>			
Non-Current Provisions	21	-	-
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Total Liabilities (B)</b>		-	-
<b>Net Assets (A-B)</b>		<b>378,819,633</b>	<b>338,651,129</b>
<b>Represented By:</b>			
Revolving Fund	28	331,776,886	302,343,886
Reserves		-	-
Accumulated Surplus	28	47,042,747	36,307,243
<b>Net Assets</b>		<b>378,819,633</b>	<b>338,651,129</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Assembly's Revolving Fund financial statements were approved on 16<sup>th</sup> October, 2024 and signed by:

.....  
**Name: Jane Kiptum - Mutai**  
**Administrator of the Fund**

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 ELGEYO MARAKWET COUNTY  
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.....  
  
**Name: Joseph Kalessi Rutto**  
**Fund Accountant**  
**ICPAK Member Number: 7406**

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 P. O. Box 53 - 30700,  
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**ELGEYO MARAKWET COUNTY ASSEMBLY  
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**16. Statement of Changes in Net Assets for the Year Ended 30<sup>th</sup> June 2024**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2022</b>	<b>208,343,886</b>	-	<b>28,482,846</b>	<b>236,826,732</b>
Surplus/(Deficit) For the Period	-	-	7,824,397	7,824,397
Funds Received During the Year	94,000,000	-		<b>94,000,000</b>
Transfers	-		-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2023</b>	<b>302,343,886</b>	-	<b>36,307,243</b>	<b>338,651,129</b>
<b>Balance As At 1 July 2023</b>	<b>302,343,886</b>	-	<b>36,307,243</b>	<b>338,651,129</b>
Surplus/(Deficit) For the Period	-	-	10,735,504	<b>10,735,504</b>
Funds Received During the Year	29,433,000	-	-	<b>29,433,000</b>
Transfers	-		-	
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2024</b>	<b>331,776,886</b>	-	<b>47,042,747</b>	<b>378,819,633</b>

.....  
**Name: Jane Kiptum - Mutai**  
**Administrator of the Fund**

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**Name: Joseph Kalessi Rutto**  
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**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND**


**Annual Report and Financial Statements for the year ended June 30, 2024**

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


Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations	1	-	-
Transfers from the county government	2	-	-
Interest received	4	10,741,992	7,833,202
Receipts from other operating activities		-	-
<b>Total receipts</b>		<b>10,741,992</b>	<b>7,833,202</b>
<b>Payments</b>			
Fund administration expenses	7	-	-
General expenses	7	6,488	8,805
Finance cost	9	-	-
Other payments		-	-
<b>Total Payments</b>		<b>6,488</b>	<b>8,805</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts Receivable			
Decrease/(Increase) in Accounts Payables			(53,400)
<b>Net cash flows from operating activities</b>	24	<b>10,735,504</b>	<b>7,770,997</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets	17	(-)	(-)
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments	26	69,141,667	43,853,449
Loan disbursements paid out	27	(89,623,840)	(202,736,685)
<b>Net cash flows used in investing activities</b>		<b>(20,482,173)</b>	<b>(158,883,236)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts	28	29,433,000	94,000,000
Additional borrowings		-	-
Repayment of borrowings		(-)	(-)
<b>Net cash flows used in financing activities</b>		<b>29,433,000</b>	<b>94,000,000</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalentents</b>		<b>19,686,331</b>	<b>(57,112,239)</b>

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
Annual Report and Financial Statements for the year ended June 30, 2024**

Cash and cash equivalents at 1 July		5,134	57,117,373
Cash and cash equivalents at 30 June		19,691,465	5,134

  
.....  
**Name: Jane Kiptum - Mutai**  
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**ELGEYO MARAKWET COUNTY ASSEMBLY**  
**COUNTY ASSEMBLY REVOLVING FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**18. Statement of Comparison of Budget and Actual Amounts for the Period Ended 30<sup>th</sup> June, 2024**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	<b>a</b>	<b>b</b>	<b>C=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c*100</b>
<b>Revenue</b>						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.						
Interest Income	11,000,000	-	11,000,000	10,741,992	258,008	98%
Other Income	-	-	-	-	-	
<b>Total Income</b>	<b>11,000,000</b>	<b>-</b>	<b>11,000,000</b>	<b>10,741,992</b>	<b>258,008</b>	<b>98%</b>
<b>Expenses</b>						
Fund Administration Expenses	-	-	-	-	-	
General Expenses	7,000	-	7,000	6,488	512	93%
Finance Cost	-	-	-	-	-	
<b>Total Expenditure</b>	<b>7,000</b>	<b>-</b>	<b>7,000</b>	<b>6,488</b>	<b>512</b>	<b>93%</b>
<b>Surplus For the Period</b>	<b>10,993,000</b>	<b>-</b>	<b>10,993,000</b>	<b>10,735,504</b>	<b>257,496</b>	<b>98%</b>
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

The Elgeyo Marakwet County Assembly Car and Mortgage Revolving Fund is established by and derives its authority and accountability from the Elgeyo/Marakwet County (Amendment) Act, 2016 (Act No. 3 of 2016). The entity is wholly owned by the Elgeyo Marakwet County Government and is domiciled in Kenya. The entity’s principal activity/mission/ mandate of the Fund are to provide for low-interest Car and Mortgage loans to members and staff of the County Assembly

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

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

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

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

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

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

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

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
Annual Report and Financial Statements for the year ended June 30, 2024**

<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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.</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by: Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. Clarifying transaction costs guidance to enhance consistency across IPSAS; Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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>

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
Annual Report and Financial Statements for the year ended June 30, 2024**

IPSAS 49- Retirement Benefit Plans	<i>Applicable 1<sup>st</sup> January 2026</i> 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.
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**(i) Early adoption of standards**

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

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**1. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**ii) 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 2023-2024 was approved by the County Assembly on 3<sup>rd</sup> July, 2023. There was no subsequent revisions or additional appropriations 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. However, the Fund recorded additional appropriations in form of seed capital of **Kshs. 29.433 Million** on the FY 2023-2024 budget following the governing body's approval as reflected in the statement of changes in net assets.

The Elgeyo Marakwet County Assembly Revolving Fund 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.

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**Summary of Significant Accounting Policies (Continued)**

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

**c) Property, plant and equipment**

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

**d) Intangible Assets**

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

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

**e) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**Summary of Significant Accounting Policies (Continued)**

**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. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**ELGEYO MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**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.

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**Summary of 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.

**d) 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.

**e) 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.

**f) 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.

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**Summary of Significant Accounting Policies (Continued)**

**g) 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.

**h) Nature and purpose of reserves**

The Entity never creates and maintains reserves in terms of specific requirements.

**i) 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.

**j) 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.

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**Summary of Significant Accounting Policies (Continued)**

**k) 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.

**l) 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.

**m) 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.

**n) 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.

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

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**6. Notes to the Financial Statements Continued**

**1. Public contributions and donations**

Description	2023-2024	2022-2023
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
<b>Total</b>	-	-

**2. Transfers from County Government**

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
<b>Total</b>	-	-

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
<b>Total</b>	-	-

**4. Interest income**

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Income from Mortgage Loans	10,737,699	7,818,596
Interest Income From Car Loans	4,293	14,606
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
<b>Total Interest Income</b>	<b>10,741,992</b>	<b>7,833,202</b>

The above Revenue relates to interest income from both Car and Mortgage Loans.

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**Notes to the Financial Statements Continued**

**5. Other income**

Description	2023-2024	2022-2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
<b>Total Other Income</b>	-	-

**6. Employee Costs**

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**7. Use of Goods and Services**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	-	-
Bank Charges	6,488	8,805
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-

**ELGEYO MARAKWET COUNTY ASSEMBLY  
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Description	2023-2024	2022-2023
	Kshs.	Kshs.
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other ( <i>Specify</i> )	-	-
Social benefit expenses*	-	-
<b>Total</b>	<b>6,488</b>	<b>8,805</b>

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

**8. Depreciation and Amortization Expense**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Finance costs**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**ELGEYO MARAKWET COUNTY ASSEMBLY  
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**Notes to the Financial Statements Continued**

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	-	-

**11. Gain/ (loss) on Fair Value Investments**

Description	2023-2024	2022-2023
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
<b>Total Gain</b>	-	-

**12. Cash and cash equivalents**

Description	2023-2024	2022-2023
	Kshs	Kshs
EMCA Car & Mortgage Loan Accounts	-	5,134
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	12,974,388	-
Others (Cash in Transit)	6,717,077	-
<b>Total Cash And Cash Equivalents</b>	<b>19,691,465</b>	<b>5,134</b>

**ELGEYO MARAKWET COUNTY ASSEMBLY**  
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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	2023-2024	2022-2023
		Kshs	Kshs
<b>Fixed Deposits Account</b>			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
<b>Sub- Total</b>		-	-
<b>On - Call Deposits</b>			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
<b>Sub- Total</b>		-	-
<b>Current Account</b>			
Kenya Commercial Bank	<b>1204932468</b>	12,974,388	5,134
<b>Sub- Total</b>		<b>12,974,388</b>	<b>5,134</b>
<b>Others(Specify)</b>			
Cash In Transit		6,717,077	-
Cash In Hand		-	-
<b>Sub- Total</b>		<b>6,717,077</b>	-
<b>Grand Total</b>		<b>19,691,465</b>	<b>5,134</b>

**13. Receivables from exchange transactions**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	-	-
Current Loan Repayments Due	70,668,280	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	<b>70,668,280</b>	
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	288,459,888	338,645,995
<b>Total Non- Current Receivables</b>	<b>288,459,888</b>	<b>338,645,995</b>
<b>Total Receivables From Exchange Transactions</b>	<b>359,128,168</b>	<b>338,645,995</b>

**ELGEYO MARAKWET COUNTY ASSEMBLY  
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**Notes to the Financial Statements Continued**

**Additional disclosure on interest receivable**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current loan repayments due</b>	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

**14. Prepayments**

Description	2023-2024	2022-2023
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**15. Inventories**

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories ( <i>Specify</i> )	-	-
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>	-	-

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**Notes to the Financial Statements Continued**

**16. Investments in financial assets**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
<b>Investment with Financial Institutions/ Banks</b>		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
<b>Equity investments (specify)</b>		
Equity/ shares in Entity	-	-
Sub- total	-	-
<b>Grand total</b>	-	-

**Movement of Equity Investments**

Impairment allowance/ provision	2023-2024	2022-2023
	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	-	-
<b>At the end of the year</b>	-	-

**e) Shareholding in other entities**

For investments in equity share listed above, list down the equity investments under the following categories:

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

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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
<b>At 1<sup>st</sup> July 2022</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	-	-	(-)	(-)
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2023</b>					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-
<b>Depreciation And Impairment</b>					
At 1 <sup>st</sup> July 2022	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2023</b>					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-
<b>Net Book Values</b>					
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-

**ELGEYO MARAKWET COUNTY ASSEMBLY**  
**CAR & MORTGAGE REVOLVING FUND**  
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**Notes to the Financial Statements (Continued)**

**18. Intangible assets**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>	-	-
Additions	-	-
<b>At End of The Year</b>	-	-
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>	-	-
Amortization	-	-
<b>At End of The Year</b>	-	-
Impairment Loss	-	-
<b>At End of The Year</b>	-	-
<b>NBV</b>	-	-

**19. Investment Property**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
<b>At end of June, 2024</b>	-	-

**ELGEYO MARAKWET COUNTY ASSEMBLY  
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Notes to the Financial Statements (Continued)

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

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
<b>Total Trade and Other Payables</b>	-		-	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	-		-	

**21. Provisions**

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
<b>Balance b/f</b>	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)
Change due to discount and time value for money	(-)	(-)	(-)	(-)
<b>Total provisions year end</b>	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

**ELGEYO MARAKWET COUNTY ASSEMBLY**  
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**Notes to the Financial Statements (Continued)**

**22. Borrowings**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	(-)	(-)
Repayments of Domestic Borrowings During the Period	(-)	(-)
<b>Balance At End of The Period</b>	-	-

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

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
<b>Domestic Borrowings</b>	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
<b>Total Balance at End of The Year</b>	-	-

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	-	-

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**Notes to the Financial Statements (Continued)**

**23. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**24. Social Benefit Liabilities**

Description	2023-2024	2022-2023
	<b>Kshs</b>	<b>Kshs</b>
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	<b>-</b>	<b>-</b>

**ELGEYO MARAKWET COUNTY ASSEMBLY  
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Notes to the Financial Statements (Continued)**

**25. Cash generated from operations.**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	-	-
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Fund Expenses	(6,488)	(8,805)
Interest Income	10,741,992	7,833,202
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	(-)	(-)
Increase In Receivables	(-)	(-)
Increase In Payables	-	(53,400)
<b>Net Cash Flow From Operating Activities</b>	<b>10,735,504</b>	<b>7,770,997</b>

**26. Proceeds from Loan Principal Repayments**

Description	2023/2024	2022/2023
	KShs	KShs
Loan Repayments from Hon. Members & CASB Disbursements	40,448,969	18,790,542
Total Loan Repayments from Staff	28,692,698	23,791,659
<b>Total Proceeds from Loan Principal Repayments</b>	<b>69,141,667</b>	<b>43,853,449</b>

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**Notes to the Financial Statements (Continued)**

**27. Loan Disbursements Paid Out**

Description	2023/2024	2022/2023
	KShs	KShs
Loans Disbursed to Hon. Speaker & Members of County Assembly	10,540,000	173,345,000
Additional Loans Disbursed to County Assembly Staffs during the Year	79,083,840	29,391,685
<b>Total Loan Disbursements Paid Out</b>	<b>89,623,840</b>	<b>202,736,685</b>

**28. Revolving Fund and Accumulated Surplus**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2022</b>	<b>208,343,886</b>	-	<b>28,482,846</b>	<b>236,826,732</b>
Surplus/(Deficit) For the Period	-	-	7,824,397	<b>7,824,397</b>
Funds Received During the Year	94,000,000	-	-	<b>94,000,000</b>
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2023</b>	<b>302,343,886</b>	-	<b>36,307,243</b>	<b>338,651,129</b>
<b>Balance As At 1 July 2023</b>	<b>302,343,886</b>	-	<b>36,307,243</b>	<b>338,651,129</b>
Surplus/(Deficit) For the Period	-	-	10,735,504	<b>10,735,504</b>
Funds Received During the Year	29,433,000	-	-	<b>29,433,000</b>
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2024</b>	<b>331,776,886</b>	-	<b>47,042,747</b>	<b>378,819,633</b>

**ELGEYO/MARAKWET COUNTY ASSEMBLY**  
**COUNTY ASSEMBLY REVOLVING FUND**  
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**Notes to the Financial Statements (Continued)**

**29. Related party balances**

**a) Nature of related party relationships**

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

The County Government;  
 The Parent County Government Ministry;  
 Key management;  
 Board of Trustees; etc.

**b) Related party transactions**

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Related Parties' (From Exchequer Through Elgeyo Marakwet County Assembly Operational Budget)	29,433,000	94,000,000
Transfers To Related Parties	-	-
<b>Total</b>	<b>29,433,000</b>	<b>94,000,000</b>

**c) Key management remuneration**

Description	2023-2024	2022-2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**d) Due from related parties**

Description	2023-2024	2022-2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**ELGEYO/MARAKWET COUNTY ASSEMBLY  
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**Other Disclosures Continued**

**e) Due to related parties**

Description	2023-2024	2022-2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	-	-

**30. Contingent assets and contingent liabilities**

Contingent Liabilities	2023-2024	2022-2023
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

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**Notes to the Financial Statements (Continued)**

**31. 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
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	359,128,168	359,128,168	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	19,691,465	19,691,465	-	-
<b>Total</b>	<b>378,819,633</b>	<b>378,819,633</b>	-	-
<b>At 30 June 2023</b>			-	-
Receivables From Exchange Transactions	338,645,995	338,645,995	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	5,134	5,134	-	-
<b>Total</b>	<b>338,651,129</b>	<b>338,651,129</b>	-	-

**ELGEYO/MARAKWET COUNTY ASSEMBLY  
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**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 does not have any significant concentration of credit risk.

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
<b>At 30 June 2024</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2023</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

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**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 on-going 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	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

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**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
<b>(Current FY)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>(Comparative FY)</b>			
Euro	10%	-	-
USD	10%	-	-

**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.

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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	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	331,776,886	302,343,886
Accumulated surplus	47,042,747	36,307,243
<b>Total funds</b>	<b>378,819,633</b>	<b>338,651,129</b>
Total borrowings	-	-
Less: cash and bank balances	(19,691,465)	(5,134)
Net debt/(excess cash and cash equivalents)	359,128,168	338,645,995
<b>Gearing</b>	<b>95%</b>	<b>100%</b>

**32. Events after the reporting period**

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

**33. Ultimate and Holding Entity**

The entity is a County Public Fund established by the Elgeyo/Marakwet County Revolving Fund (Amendment) Act, 2016. Its ultimate parent is the County Government of Elgeyo Marakwet.

**34. Currency**

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

**ELGEYO/MARAKWET COUNTY ASSEMBLY  
COUNTY ASSEMBLY REVOLVING FUND  
Annual Report and Financial Statements for the period ended June 30, 2024**

**20. Annexes**

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

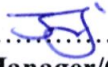
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>Basis for Qualified Opinion</b>				
	Non-Disclosure of Current Portion of Long-Term Receivables from Exchange Transactions	The Kshs 338,645,995 relating to receivable from exchange transactions relates to outstanding loans still owed by Hon. Speaker, Members of the County Assembly, County Assembly Service Board external members and Staffs. Proceeds from the fund revolve to new loan beneficiaries.  Meanwhile, we have classified the current portion recoverable within one year from the long term portion in the amended financial statements.	Resolved	30 <sup>th</sup> June, 2024
<b>Other Matter</b>				
	Unresolved Prior Year Audit Matters	The County Assembly continuously endeavors to adhere to financial regulations and will implement all further recommendations accordingly.	Resolved	30 <sup>th</sup> June, 2024
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>				
<b>Basis for Conclusion</b>				
	Name of the Fund	The anomaly is well noted and corrected in the subsequent financial statements.	Resolved	30 <sup>th</sup> June, 2024
<b>REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>				
<b>Basis for Conclusion</b>				
	Operating Without Approved Budget	It is true that the statement of comparison of budget and actual amount for the period ended 30 <sup>th</sup> June, 2023 reflected	Resolved	30 <sup>th</sup> June, 2024

**ELGEYO/MARAKWET COUNTY ASSEMBLY  
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**Annual Report and Financial Statements for the period ended June 30, 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>nil approved budget on projected interest income as well as fund expenses.</p> <p>However, the anomaly was noted and corrected in 2023-2024 FY</p>		

.....  
  
**Fund Manager/Clerk to the County Assembly**

**Date: 16<sup>th</sup> October 2024**

CLERK TO THE COUNTY ASSEMBLY  
 ELGEYO MARAKWET COUNTY  
 P. O. Box 53-30700, ITEN  
 Email: [emcountyassembly@gmail.com](mailto:emcountyassembly@gmail.com)

**ELGEYO MARAKWET COUNTY ASSEMBLY  
 CAR & MORTGAGE REVOLVING FUND  
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**Annex II: Inter-Fund Confirmation Letter**

The County Assembly Revolving Fund wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 <sup>th</sup> June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 <sup>th</sup> June 2024				Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Fund:**

Name ..... Sign .....Date .....

**ELGEYO MARAKWET COUNTY ASSEMBLY  
 CAR & MORTGAGE REVOLVING FUND  
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 Annex III: Reporting of Climate Relevant Expenditures**

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

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**Annex IV: Reporting on Disaster Management Expenditure**

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