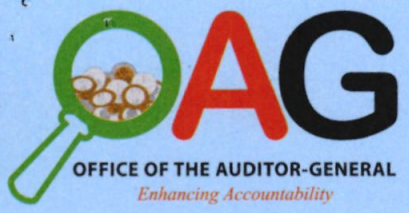
REPUBLIC OF KENYA





REPORT

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ON

MARSABIT COUNTY EDUCATION FUND

FOR THE YEAR ENDED 30 JUNE, 2026

COUNTY GOVERNMENT OF MARSABIT

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Marsabit County Education Fund

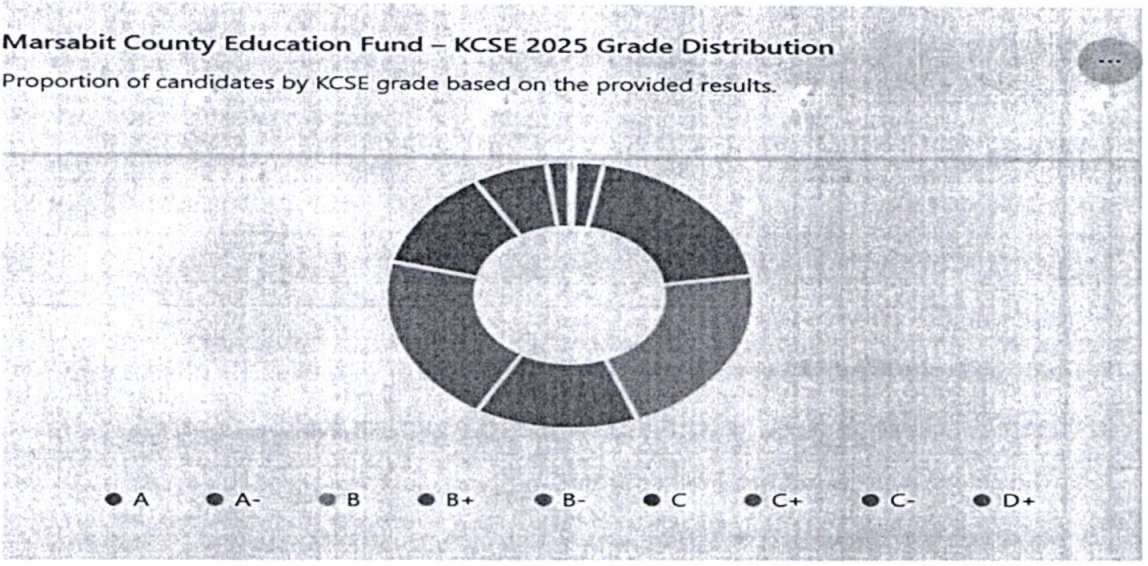
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026

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

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1. Tables



KCSE RESULT 2025

GRADE	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	X	ENTRIES	UNIVERSITY TRANSITON
NO. OF STUDENT	2	14	115	125	84	120	72	38	11					581	84.30%

2. Acronyms and Definition of Key Terms

a) Acronyms

CT	*County Treasury*
CIDP	*County Integrated Development Plan*
ICPAK	*Institute of Certified Public Accountants of Kenya*
IPSAS	*International Public Sector Accounting Standards*
KSHS	*Kenya Shillings*
PFM	*Public Finance Management*
PSASB	*Public Sector Accounting Standards Board*
TNT	*The National Treasury*
TVETs	*Technical and Vocational Educational Training Institutions*
MCEF	*Marsabit County Education Fund*

b) Definition of Terms

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

3. Who we Are

a) Background information

Marsabit County Education Fund is established by and derives its authority and accountability from Marsabit County Education Fund Act 2018 on 31st December 2018. The Fund is wholly owned by the County Government of Marsabit and is domiciled in Kenya.

The fund's objective is to

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

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

i. Hydrology/Geology/energy and petroleum –related courses

ii. Livestock production/ Animal health/Veterinary medicine and fisheries

iii. Human medicine and Nursing

iv. Law

v. Engineering/architecture/quantity survey

vi. Actuarial science

vii. Teaching

viii. Specialized artisan and vocational courses, including masonry, woodwork, metalwork, electrical works and mechanical works.

ix. An eligible student under category stipulated under section 24 (2) shall only be granted a scholarship if student is from public primary,enrolled in public secondary school,has attained a minimum of 300 marks and 320 marks for a girl and a boy respectively and come from an indigent family.

b) Principal Activities

The principal activities of the Fund are to finance secondary and higher education for eligible learners in accordance with the Marsabit County Education Fund Act, 2018.

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

b) Inclusiveness, non – discrimination, gender equality and gender equity.

c) Integrity, transparency and accountability.

d) Prudence and responsibility in utilization and management of public funds and assets, as well as clarity in fiscal reporting.

e) The need to ensure equity in allocation of resources.

f) The rights of the public to participate in policy –making and legislative processes

g) The need to ensure impartial, responsive, prompt, effective, efficient and equitable service provision.

h) The rights of the public to be provided timely and accurate information.

i) The need for protecting of the vulnerable and the marginalised groups and communities.

j) The rules of natural justice.

c) Assurance and Audit

Marsabit County Education Fund applies a combined assurance model to enhance the reliability of this report. Assurance is provided through:

- Management reviews
- Internal audit assessments overseen by the Board Audit, Risk, and Compliance Committee
- External audit of financial statements by the Office of the Auditor-General (OAG)

Legal, Compliance, and Corporate Governance Audits are conducted biannually to ensure adherence to applicable laws, regulations, and governance standards. The Board has applied its collective judgment to this report and confirms that it provides a balanced and accurate reflection of Marsabit County Education Fund performance, strategy, and value-creation approach.

d) Fiduciary Oversight Arrangements

Audit and finance committee activities

The county Government of Marsabit has established an Internal Audit Committee pursuant to Section 155(5) of the PFM Act 2012.

County Public Investment and Accounts Committee

- Examine accounts showing appropriation by the county Assembly to meet public expenditure.
- Examine reports, accounts & working of the county public investments.
- Examine whether the affairs of the county public investment are managed with sound financial or business principles.

County Budget and Appropriation Committee

- Investigate, inquire in to and report all the matters related to budget
- Discuss and review the estimate and make recommendations to the County Assembly
- Examine the County Budget Policy Statements
- Examine Bills related to the County Budget, including appropriation bills
- Evaluate own source revenue estimates
- Evaluate economic and budgetary policies and programmes with direct budget outlays.

e) Registered Offices

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

f) Fund Contacts

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

g) Fund Bankers

Equity Bank Kenya Limited, Marsabit Branch, Marsabit Town, Marsabit County, Kenya

Key Entity and Management (Continued)

h) Entity Auditor

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

i) Principal Legal Adviser

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

j) County Attorney

P.O. Box 384 - 60500
Postal code: 60500, Marsabit
Marsabit (County Headquarters), Kenya

4. Chairman's Report

The Marsabit County Education Fund, was established with the primary objective of supporting deserving and financially disadvantaged students in accessing quality education. Over the years, the programme has transformed the lives of many learners by providing educational opportunities to students from all parts of the county, including the most remote and underserved communities. Today, we are witnessing the positive outcomes of the investments made in nurturing these young minds, and it is gratifying to see the lasting impact this initiative has had across Marsabit County.

Education plays a critical role in the social and economic development of Marsabit County. However, the county's vast geographical coverage, nomadic lifestyle, high poverty levels, and limited educational infrastructure continue to present significant challenges to equitable access to quality education. The Marsabit County Scholarship Programme has therefore become an essential intervention, enabling students from vulnerable backgrounds to remain in school, improve learning outcomes, and access better educational opportunities. The programme also complements broader efforts to strengthen school infrastructure, improve learning facilities, and promote educational equity across the county.

As we reflect on the journey of the Marsabit County Scholarship Programme, it is encouraging to see beneficiaries pursuing their studies with confidence and determination. Equipped with the necessary knowledge and skills, these students are well positioned to contribute meaningfully to their communities and the country's future development.

The success of the programme is a testament to the collaborative efforts of the County Government of Marsabit, educational institutions, parents, and development partners who share a common commitment to investing in the future of our youth. By supporting learners to achieve their educational aspirations, the programme is not only transforming individual lives but also contributing to the long-term social and economic development of the county.

During the last financial year, the disbursement of scholarship funds was temporarily suspended following constitutional issues involving the Controller of Budget and the Council of Governors. This delay had significant consequences for beneficiaries, with some students being sent home due to unpaid school fees while others were unable to register for their national examinations on time. The disruption negatively affected academic performance, interrupted learning, and limited opportunities for students to participate fully in school activities. It also impacted learners' social development by reducing opportunities for collaboration, peer interaction, and the development of essential life skills. In some cases, prolonged absenteeism placed students at risk of poor academic performance and reduced future educational opportunities.

Timely payment of school fees is essential for ensuring uninterrupted learning, maintaining students' academic progress, and fostering a positive relationship between schools, learners, and parents. Encouragingly, during the current financial year, the timely disbursement of scholarship funds has enabled beneficiaries to remain in school throughout the academic calendar without interruption. Students have attended classes consistently, participated fully in learning activities, and prepared adequately for examinations. This has contributed to improved academic stability, enhanced learner well-being, and greater confidence among both students and their families.

The continued success of the Marsabit County Education Fund Programme demonstrates the importance of sustained investment in education. Maintaining timely funding and strengthening collaboration among all stakeholders will ensure that more deserving students access quality education, complete their studies successfully, and contribute positively to the socio-economic transformation of Marsabit County.

.....

Halima Adan
Chairperson -MCEF

5. Report of The Fund Administrator

The **Marsabit County Education Fund Act, 2018** was enacted by the County Assembly of Marsabit to establish a dedicated fund for financing secondary and higher education in approved fields of study at recognized learning institutions. The Act provides a legal framework for supporting access to education among vulnerable and economically disadvantaged learners across the county.

The Education Fund is specifically intended to assist students from low-income households who demonstrate both financial need and academic potential. Beneficiaries are selected through a transparent process based on established eligibility criteria, including predefined academic performance thresholds and socioeconomic status. This ensures that the fund reaches deserving students who would otherwise be unable to pursue their education due to financial constraints.

Over the last two financial years, the programme faced significant implementation challenges following a constitutional dispute between the Council of Governors and the Controller of Budget arising from a petition filed by the Katiba Institute. The petition required counties to comply with constitutional and legal provisions governing the transfer of functions before education funds could be disbursed. These requirements included signing an **Intergovernmental Partnership Agreement (IPA)**, publishing the relevant Gazette Notice, and ensuring that both the National Assembly and the respective County Assembly were formally notified of the transfer of functions.

Through the Office of the County Attorney, the County Government of Marsabit fulfilled all the required legal and administrative obligations by submitting the necessary documentation to the relevant authorities. Compliance with these requirements paved the way for the approval and release of funds by the National Exchequer and the Controller of Budget.

As a result, during the current financial year, the County Government successfully disbursed funds for both the **2024/2025** and **2025/2026** financial years. The cumulative allocation amounted to **KSh 356 million**, ensuring that scholarship beneficiaries could continue their education without further interruption. The timely release and disbursement of these funds have restored stability to the programme, enabled students to remain in school, and reaffirmed the County Government's commitment to expanding access to quality education for vulnerable learners in Marsabit County.

.....

Emmanuel Chorodo

Fund Administrator – MCEF

6. Corporate Governance Statement

Marsabit County Education Fund Act, 2018 An Act of the County Assembly of Marsabit to provide for the establishment of fund to finance secondary and higher Education courses in designated fields. The county Executive committee members responsible for finance shall designate a person who shall administer the fund. The fund administrator prepare and keep the accounts of fund in each financial year, present financial statement to the office of Auditor – General and County Assembly of Marsabit and prepare Quarterly financial statements in compliance with accounting standard prescribed.

There is established committee to be known as the Marsabit County Education Fund selection committee consist of a chairperson, chief officer – Education, chief officer – finance and Fund Administrator. Their function among others includes;

a. To formulate sound policies for regulating management of the Fund and other related matters;

b. To raise and solicit for funds and other assistance to promote the ideals of the Fund;

c. To set and review the criteria and conditions governing the granting of scholarships and bursaries

d. To receive any gifts, donations, grants or endowments made to the Fund;

e. To make final determination on applications for scholarships and bursaries as received from the Sub-County Education Fund Selection Committee;

f. To establish and maintain links with other persons, bodies or organizations within or outside Kenya as may be necessary for the furtherance of the object and purpose of the Fund;

g. To mentor beneficiaries of the Fund;

h. To advise the County Government on all matters relating to financing of education and development of the County's human resource; and

i. To perform any other function as may be conferred by any county legislation or as may be necessary to ensure prudent management of the Fund.

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

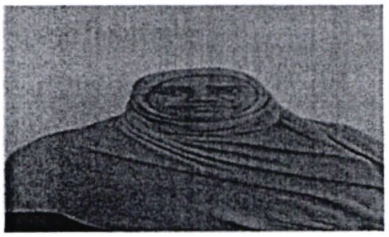
There is established of ward Education Fund Selection Committee for each ward in the County. They comprise of chairperson, a ward administrator who shall be the secretary of the committee and ex-office members and maximum of 5 members who are residents of the ward. The ward selection committee are appointed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

Function of the ward education fund selection committee among others include receiving, reviewing and approve application, determine amount of education grant, monitor and evaluate performance of beneficiaries, creating awareness among resident and participate in mentoring beneficiaries,

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

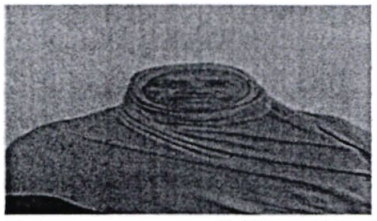
(a) Inability to perform the functions of the office of Chairperson arising out of physical or mental incapacity
(b) Gross misconduct or misbehaviour
(c) Incompetence or neglect of duty
(d) Violation of the Constitution

Part A: Board of Trustees' profiles:

Name	Details of qualifications and experience
1. Halima Adan  Primary responsibility: Provides strategic leadership and oversight to the Fund Committee.	key academic - Masters in Education Psychology Professional qualifications • Senior principal Moi Girls 2011 to date • Teacher primary school 1991-2003
2. Qabale A. Bulbul  Primary responsibility: Provides education-sector oversight, community liaison and implementation support.	key academic - degree in Business Administration (human resource management) professional qualifications • Educationist • Community liaison • Advocacy • CO Education
3. Mr. Godfrey Godana Chief Officer Finance 	Key academic Qualifications:Bachelor Arts. Work Experience: ➢ Chief Officer Finance, ➢ Principal Administrative Secretary - Office of the Governor.Head of Program - Caritas.

4. Shadrack Lengonyap 	Key academic Qualification - Bachelor of Education. Professional Qualifications: - Head Teacher, Senior Teacher and Teacher in various schools in Kenya
5. Haro Godana 	Key academic Qualification - Bachelor of Education and Counselling. Professional Qualifications: - Head Teacher, Senior Teacher and Teacher in various schools in Kenya
6. Gabriel Galgallo 	Key academic Qualification - Bachelor of Education. Professional Qualifications: - Deputy District Education Officer Inspector of Schools. DICECE Trainer/Lecturer, Examination Officer Head Teacher, Senior Teacher and Teacher in various schools in Kenya
7. Daki Bilala 	Key academic Qualification - Diploma in Education. Professional Qualifications: - Head teacher, Senior Teacher and Teacher in various schools in Kenya
8. Emmanuel Chorodo  Primary responsibility: Administers the Fund, implements Committee decisions and coordinates financial and operational reporting.	Key academic – BED Professional qualifications • Teacher in Various primary school 1997-2016 • Head teacher 2014-2016 • Chief Education officer 2016-2020

Part B: Management Profile

Name	Details of qualifications and experience
1. Halima Adan  Primary responsibility: Provides strategic leadership and oversight to the Fund Committee.	key academic - Masters in Education Psychology Professional qualifications • Senior principal Moi Girls 2011 to date • Teacher primary school 1991-2003
2. Qabale A. Bulbul  Primary responsibility: Provides education-sector oversight, community liaison and implementation support.	key academic - degree in Business Administration (human resource management) professional qualifications • Educationist • Community liaison • Advocacy • CO Education
3. Emmanuel Chorodo  Primary responsibility: Administers the Fund, implements Committee decisions and coordinates financial and operational reporting.	Key academic – BED Professional qualifications • Teacher in Various primary school 1997-2016 • Head teacher 2014-2016 • Chief Education officer 2016-2020

Part C: Governance arrangements

i. *Appointment of Board Trustees, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter*

The Fund is governed by the County Education Fund Selection Committee established under **Section 9** of the Marsabit County Education Fund Act, 2018. Members are appointed in

accordance with Sections 12–15 of the Act, which prescribe qualifications, tenure, removal from office, and filling of vacancies. The Committee comprises representatives from key stakeholder institutions to ensure inclusivity, gender equity, and regional representation in line with Articles 10, 27 and 232 of the Constitution. The Committee operates within the Act and approved governance guidelines, which serve as its Board Charter

ii. Roles and functions of the board

The functions of the County Education Fund Selection Committee shall include—

The functions and powers of the Committee are provided under Sections 10 and 11 of the Act. These include providing strategic oversight, approving beneficiaries, overseeing administration of the Fund, ensuring prudent utilization of resources, monitoring implementation of programmes, and ensuring compliance with applicable laws and policies.

iii. Induction, training, and development

Upon appointment, members are inducted on the provisions of the Marsabit County Education Fund Act, 2018, the Public Finance Management Act, 2012, procurement laws, leadership and integrity requirements, and other relevant legal frameworks. Continuous capacity building is undertaken to strengthen governance, fiduciary oversight, and financial management in line with Article 232 of the Constitution.

iv. Board and members' performance

The Committee undertakes periodic performance reviews to assess its effectiveness in delivering its statutory mandate. Performance is measured against the objectives of the Act, approved work plans, and compliance with applicable laws, guided by the principles of accountability and good governance under **Articles 10 and 232 of the Constitution**.

v. Number of Board meetings held and the attendance to those meetings by members

The Committee held two meetings in accordance with the provisions of the Act and approved annual work plans. Attendance is documented through signed attendance registers and confirmed in approved minutes for every meeting.

vi. Succession plan

Succession is guided by Sections 13–15 of the Marsabit County Education Fund Act, 2018, which provide for members' tenure, vacancies, and removal from office. Vacancies are filled through the appointment process prescribed by the Act to ensure continuity in governance.

vii. Policy to manage conflicts of interest.

Committee members are required to declare any actual or potential conflict of interest and recuse themselves from deliberations or decisions where such conflicts exist, in accordance with the

Leadership and Integrity Act, 2012, the Public Officer Ethics Act, 2003, and Chapter Six of the Constitution.

viii. Board remuneration

Committee members are remunerated in accordance with Article 230(4) of the Constitution, the Salaries and Remuneration Commission (SRC) guidelines, and approved County Government rates applicable to County committees.

ix. Ethics and Conduct

Committee members are guided by Chapter Six of the Constitution, the Leadership and Integrity Act, 2012, the Public Officer Ethics Act, 2003, and the County Government Code of Conduct. Members are expected to uphold integrity, accountability, transparency, professionalism, and impartiality in the discharge of their duties.

x. Governance audit

The Fund is subject to governance, financial, and compliance audits in accordance with Article 229 of the Constitution, the Public Audit Act, 2015, and the Public Finance Management Act, 2012. Audit recommendations are implemented to strengthen governance, internal controls, and accountability.

xi. Communication policy

The Fund communicates through approved County Government channels, including official correspondence, circulars, the County Government website, official email, authorized social media platforms, press releases, public participation forums, stakeholder meetings, County Gazette notices where applicable, and other communication authorized by the County Secretary or the relevant County Executive Committee Member, in compliance with Articles 10, 35 and 232 of the Constitution and the Access to Information Act, 2016.

xii. Terms of Reference of Committees

The Committee derives its mandate from Sections 10 and 11 of the Marsabit County Education Fund Act, 2018. Detailed Terms of Reference approved by the Committee and the County Government define its responsibilities, reporting arrangements, and decision-making processes.

xiii. Policy on related party transactions

The Fund requires disclosure of all related party interests and ensures that such transactions are managed transparently and in compliance with the Public Finance Management Act, 2012, the Public Procurement and Asset Disposal Act, 2015, the Leadership and Integrity Act, 2012, and applicable government financial reporting standards.

xiv. Statement of compliance with laws and regulations

The Fund operates in compliance with the Constitution of Kenya, 2010, the Marsabit County Education Fund Act, 2018, the Public Finance Management Act, 2012, the Public Procurement and Asset Disposal Act, 2015, the Leadership and Integrity Act, 2012, the Public Audit Act, 2015,

the Public Officer Ethics Act, 2003, the Access to Information Act, 2016, and all other applicable laws, regulations, and County Government policies.

xv. Provide the existing key management structure and its key roles.

Pursuant to Sections 5 and 6 of the Marsabit County Education Fund Act, 2018, the Fund is administered by the Fund Administrator, appointed by the County Executive Committee Member responsible for Finance. The Fund Administrator is responsible for the day-to-day administration of the Fund, implementation of Committee decisions, financial management, maintenance of records, preparation of reports, coordination of Fund activities, and ensuring compliance with applicable laws. The Committee provides policy direction and oversight.

xvi. Provide the existing fiduciary oversight arrangements.

Fiduciary oversight is exercised through the **County** Education Fund Selection Committee established under Section 9 of the Act, the **Fund Administrator**, the **County Treasury**, internal control systems, internal audit, the Office of the Auditor-General, oversight by the County Assembly, and compliance with the Public Finance Management Act, 2012, Public Audit Act, 2015, and other applicable financial management laws and regulations

7. Financial Performance Overview

FY 2025/2026 Financial and Operational Performance Report

1. Revenue

- *Revenue FY 2025/2026 356,000,000*
- *Revenue recognized on the accrual basis comprised County Government transfers of Kshs.201,000,000. Cash receipts during the year were Kshs.356,000,000, including collection of the Kshs.155,000,000 receivable outstanding at 30 June 2025.*
- *Revenue by nature comprised County Government transfers of Kshs.201,000,000.*

2. Expenditure

- *Expenditure FY 2025/2026 321,722,869*
- *Total expenses recognized on the accrual basis were Kshs.171,756,958. Cash payments were Kshs.321,722,869, including settlement of Kshs.149,965,911 opening payables.*
- *Expenditure by nature comprised scholarship grants and use of goods and services.*
- *Expenditure supported the Fund's education scholarship and administration mandate.*

3. Revenue and Expenditure per Budget Estimates

- *On the cash-budget basis, receipts of Kshs.356,000,000 equalled the final available funding of Kshs.356,000,000. Accrual revenue reported in the Statement of Financial Performance was Kshs.201,000,000 after accounting for collection of the opening receivable of Kshs.155,000,000.*
- *Expenditure variance: Kshs.34,273,913 under-utilisation against the final budget.*

4. Assets of the Entity - Nil

5. Liabilities of the Entity - Nil

6. Multi-Year Operational and Financial Performance (3–5 Years)

- *Operational performance is assessed through access, retention, completion and transition outcomes.*
- *Financial performance information available for FY 2025/2026 is presented below.*
    - *Revenue highlight: Kshs.356,000,000 was received from the County Government.*
    - *Revenue arose from County Government transfers.*
    - *Expenditure amounted to Kshs.321,722,869.*
    - *Key indicators include beneficiary access, retention, completion and transition.*
    - *Closing net assets were Kshs.34,273,913.*

7. Key Projects and Investment Decisions

- *The Fund's principal programme was education scholarship support to eligible beneficiaries.*

8. Risk Analysis and Statutory Compliance

- *Key risks include delayed funding, beneficiary demand exceeding available resources and compliance risk.*
- *The Fund is subject to the PFM Act, 2012 and the Marsabit County Education Fund Act, 2018.*
- *No material statutory arrears are disclosed in these financial statements.*

9. Economic and Sector Outlook

- *The Fund operates within the County Government fiscal environment and depends on County transfers.*
- *Education demand remains high, particularly among vulnerable and disadvantaged learners.*
- *The Fund will continue supporting eligible learners and strengthening programme administration.*
- *The Fund continues to prioritise equitable access to education across Marsabit County.*

8. Statement of Performance Against Predetermined Objectives for FY 2025/2026

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

The key development objectives of the Fund, as per the County Integrated Development Plan (CIDP) for *2025 to 2026* are to:

a) Improve human resource gaps in designated fields.

b) Monitor the process of planning, formulation and adoption of development project.

c) Provide competitive and transformative Education activities.
d) Talent identification, development and nurturing of talent.
e) Improve access, retention and completion rates .
f) To improve quality of Education and transition rates in primary and secondary Education.

Progress on the attainment of Strategic development objectives

Below, we provide the progress on attaining the stated objectives:

Program	Objective	Output	Performance Indicator	Performance
Education ,Skill Development Youth and Sports	Ensure access to Education by granting scholarship to students in institutions of higher learning , secondary Education and special categories of student	Improve enrolment, retention and completion of course	• no dropout • High completion rate	**In FY 2025/2026 number of beneficiaries increased by 90%**

9. Environmental and Sustainability Reporting

i) *Sustainability strategy, risk management, and profile*

The Marsabit Education Fund recognizes the critical need for sustainability of its operations and performance. Environmental considerations and safeguards are emphasized during the operations to reduce climate change impact on various stakeholders. In its commitment to sustainability and environment performance the fund management has ensured compliance with legal and other international frameworks supporting it. The Fund is particularly aligned to United Nations Sustainable Development Goals Number 4 on Quality education . Further the Fund staff is empowered to manage environmental issues as cross-cutting theme in execution of their duties to enhance their responsibilities and accountability with respect to the environment. Some of the key achievements for the Fund include disbursement of funds to needy students in the County and strategic partnerships and alliances with various stakeholders within the Education Sector in the County. The one major challenge has been the scarce resources that will not cover the needs for many needy students in the County due to frequent and severe droughts and effects of climate change in the County.

ii) *Environmental performance*

The Fund operations ensure compliance with the established County Climate Change Fund Act. The Act creates a fund in the County for the purpose of facilitating, establishment of a mechanism to finance climate change activities and programmes. The Act enabled establishment of various institutions to coordinate climate change issues at the County. The Education Fund ensures that its activities such as meetings, educations awareness programmes, data handling and disbursement processes are conducted in eco-friendly manner and compliance laws or regulations that emphasize biodiversity conversation, waste reduction and energy efficiency adhered with. Some of the key environmental gains are; reduced paper usage in compliance with fund motto of print only when absolutely necessary, engagement of students to participate in tree planting exercises their various schools in order to promote trees biodiversity and promotion of beneficiary schools adopt recycling and proper waste disposl practices.

iii) *Employee welfare*

The Fund values inclusive and equal opportunities for all the stakeholders. It has put in place policies that ensure that the employee welfare are well guarded and all staff and other stakeholders are given fare and just treatment. All staff matters are considered through the County Public Service Board processes and in consultation with Fund Selection Committee in relation to the Fund ensure that staff related matters are evaluated objectively and advised according for necessary action such promotion, deployment, reprimanding and or dismissal.

The Fund as an entity of Marsabit County is equal opportunity employer with consideration for merit as prerequisite for hiring. The County ensures applicants are not discriminated by gender, religious background, ethnicity or any other form of personality. The County conducts annual staff appraisal that helps to identify training needs and ways of improving staff productivity. The annual targets are negotiated and agreed between the officer and the supervisor at the beginning of the year. The County has clear career progression structure and staff are awarded promotion timely basis.

iv) ***Market place practices-***

a) Responsible competition practice.

The Fund operates with high level ethical standards and integrity with various County Executive management, schools, suppliers and all relevant stakeholders in order to promote transparent, fair and equitable disbursement of funds. The Fund's approach towards corruption prevention mechanism is zero tolerance towards corruption related incidents and full accountability of the officers on all financial management matters.The disbursement of education funds are anchored on competitive selection processes based on the set criteria for beneficiary's identification. The suppliers engaged to provide goods and services to the Funds are sourced through a very competitive procurement processes and with clear complains handling mechanisms in place.

b) Responsible Supply chain and supplier relations

The Fund operates with high level ethical standards and integrity with various County Executive management, schools, suppliers and all relevant stakeholders in order to promote transparent, fair and equitable disbursement of funds. The Fund's approach towards corruption prevention mechanism is zero tolerance towards corruption related incidents and full accountability of the officers on all financial management matters.The disbursement of education funds are anchored on competitive selection processes based on the set criteria for beneficiary's identification. The suppliers engaged to provide goods and services to the Funds are sourced through a very competitive procurement processes and with clear complains handling mechanisms in place.

c) Responsible marketing and advertisement or Responsible engagement with the citizens.

The fund engages in ethical advertisement and awareness creation programmes to inform the public on available funds for bursaries, processes of applications and officers to reach out to in case of additional information. This information is found the County Website, Key Government structures offices and community village elders baraza forums. All communications in relation to the fund are transparent and aim to serve public interest. The application and disbursement processes respect diversity of different groups in the Communities

d) Product stewardship or Awareness creation

The Fund operations is anchored on the principle of openness and accountability in all its financial and operational performance. The Funds' information is posted on the County Website, Key Government structures offices and community village elders baraza forums. All communications in relation to the fund are transparent and aim to serve public interest. Data privacy and confidentiality is maintained for all the applicants' details. The Fund is administered with utmost care to protect the interest of various stakeholders.

v) ***Corporate Social Responsibility / Community Engagements***

The Fund management actively participates in Corporate Social Responsibility (CSR) activities that promote education, social equity and community development. During the year, the Fund partnered with schools to participate in educational support walks and debates as they enlighten parents in pastoralism communities to prioritize education of their children through the funds allocated, planting of trees across various schools and promotion of modern practices on recycling and waste disposal. The Fund also involves local communities in their decision making as public participation is conducted during budget making process for funds allocation in the financial year.

10. Report of The Trustees/Committee

The Trustees/Committee submit their report together with the audited financial statements for the year ended June 30, 2026, which show the state of the Fund's affairs.

Principal activities

The principal activities of the Fund are;

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

Results

The results of the Fund for the year ended June 30, 2026 are set out in the financial statements on pages 1 to 5.

Trustees

The Trustees/Committee members who served during the year are presented in the governance and profile sections of this report.

Auditors

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

.....

Chair of the Board/Fund Administration Committee

Date: 11.09.2026

11. Statement of Management's Responsibilities

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

The Administrator of Marsabit County Education Fund is responsible for the preparation and presentation of the Fund'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, 2026. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Marsabit Education Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Marsabit County Education Fund Act, 2018. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30th, 2026, 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 Marsabit County Education Fund has assessed the Fund's ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Committee on 29 July 2026 and signed on its behalf by:

.....

Administrator of the Marsabit County Education Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MARSABIT COUNTY EDUCATION FUND FOR THE YEAR ENDED 30 JUNE, 2026 - COUNTY GOVERNMENT OF MARSABIT

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the 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; and,

C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, Cap. 412A and the Public Audit Act, Cap. 412B. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Marsabit County Education Fund set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2026, 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, Cap. 412B. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Marsabit County Education Fund as at 30 June, 2026 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Marsabit County Education Fund Act, 2018 and the Public Finance Management Act, Cap. 412A.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts does not indicate the total budgeted receipts and actual on comparable basis. Further out of the total receipts realized of Kshs.356,000,000, only Kshs.321,722,869 was utilized resulting in an under-utilization of Kshs.34,277,131 or 10% of the actual receipts.

The under-utilization affected the planned activities and may have impacted negatively on service delivery to the residents of Marsabit County.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Audit Matters

The Auditor-General's report for the year ended 30 June, 2025 raised several audit issues which remained unresolved as at 30 June, 2026. Management has not taken adequate

action to address these matters. The issues relate to prior periods and have been reported for emphasis of matter purposes.

S/No.	Issue
1.	Budgetary Control and Performance
2.	Late Disbursement of Funds by the County Government
3.	Non-Compliance with Statutory Meeting Requirement by the Fund Committees
4.	Lack of Risk Management Policy

Other Information

Management is responsible for the Other Information set out on pages iv to xxvi which comprise of Who We Are, The Report of the Fund Administrator, Corporate Governance Statement, Financial Performance Overview, Statement of Performance against Predetermined Objectives, Environmental and Sustainability Reporting, Report of the Trustees/Committee and 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 Project's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact.

In my opinion, except for the matter described below, I confirm that the Other Information is not materially inconsistent with the financial statements.

Unconfirmed Other Non-Financial Information

Review of the statement of performance against predetermined objectives reflects an objective of education, skill development youth and sports. However, the Funds objectives were; To ensure access to education by granting scholarship to students in institution of higher learning, secondary education and special categories of students; Increase enrolment and improve transition from one level of education to the next; Enhance equity in education for all residents of the County; Improve human resource gaps in designated fields in the County and Ensure a portion of the County quarterly budget is devoted to the education fund for the purposes of the act. Further, the progress on attaining the outcome was not measurable as the outcomes and performance did not indicate the numbers or students enrolled, amount of scholarships and capitations paid and the performance achieved.

In the circumstances, the accuracy and completeness of performance information could not be confirmed.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Overdrawn Bank Account and Netting off of Balances

The statement of financial position reflects prior year negative cash and cash equivalents balance of Kshs.3,218 as disclosed in Note 13 to the financial statements. However, the prior year negative cash and cash equivalents balance of Kshs.3,218 was netted off in the current assets contrary to Section 28(4)(5) of the Public Finance Management Act, Cap. 412A.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, Cap. 412B, based on the audit procedures performed, except for the effect of the matters 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

1. Lack of Risk Management Policy

During the year, Management had not developed and implemented Risk Management Policy to guide the identification, assessment, mitigation and monitoring of financial operational, fraud and compliance risks. Further, Management had not carried out any risk assessments to identify and address key areas of concern and document specific controls in response to risks noted.

In the circumstances, the effectiveness of risk Management and governance mechanisms could not be confirmed.

2. Non-Adherence to the Stipulated Number of Committee Meetings

During the year, both the County Education Fund Selection Committee and the Wards Education Fund Selection Committee held only one (1) meeting each during the financial year under review. This was contrary to Section 1(1) of the Marsabit County Education Fund Act, 2018, which requires each committee to convene a minimum of four and a maximum of six meetings annually with no more than four months between any two consecutive meetings.

In the circumstances, the effectiveness of oversight and governance systems over the Fund's activities and programmes could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, 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, Cap. 412B.

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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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, Cap. 412B and the International Standards of 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, Cap. 412B. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, Cap. 412B.

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

28 September, 2026

13. Statement of Financial Performance for the Year Ended 30th June 2026

Description	Note	FY 2025/2026 Kshs	FY 2024/2025 Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	6	201,000,000	155,000,000
Public Contributions and Donations	7	-	-
		-	-
Revenue From Exchange Transactions			
Finance Income	8	-	-
Other income	9	-	-
Total Revenue		**201,000,000**	**155,000,000**
Expenses			
Bursary transfers	10	25,196,000	18,500,000
Scholarship grants	11	136,759,878	131,850,000
Use of Goods and Services	12	9,801,080	352,122
Total Expenses		**171,756,958**	**150,702,122**
Surplus/(Deficit) for the Period		**29,243,042**	**4,297,878**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29 July 2026 and signed by:

.....
Name: Emanuel B. Chirchir
Administrator/Accounting Officer

.....
Name: HALAKE WAKO
Fund Accountant
ICPAK Member Number: 33856

14. Statement of Financial Position as at 30 June 2026

Description	Note	FY 2025/2026 Kshs	FY 2024/2025 Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	13	34,273,913	(3,218)
Non-exchange receivables	14	-	155,000,000
Exchange Receivables	15	-	-
Total current assets		**34,273,913**	**154,996,782**
Total Assets (A)		**34,273,913**	154,996,782
Liabilities			
Current Liabilities			
Trade and Other Payables	16	-	149,965,911
Total current liabilities		-	**149,965,911**
Total Liabilities (B)		-	**149,965,911**
Net Asset (A-B)		**34,273,913**	**5,030,871**
Represented By:			
Accumulated Surplus		34,273,913	5,030,871
Net Assets		**34,273,913**	5,030,871

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29 July 2026 and signed by:

.....
Name: Emanuel Chorodo
Fund Administrator/Accounting Officer

.....
Name:Halake Fugicha Wako
Fund Accountant
ICPAK Member Number:33856

15. Statement Of Changes in Net Assets for the year ended 30th June 2026

Description	Accumulated surplus
	Kshs
Balance as at 1 July 2024/2025	732,993
Surplus/(Deficit) For the Year	4,297,878
Balance As At 30 June 2024/2025	**5,030,871**
Balance As At 1 July 2025	**5,030,871**
Surplus/(Deficit) For the Year	29,243,042
Balance As At 30 June 2026	**34,273,913**

16. Statement of Cash Flows for The Year Ended 30 June 2026

Description	Note	FY 2025/2026	FY 2024/2025
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers From the County Government		356,000,000	-
Public Contributions and Donations		-	-
Finance Income		-	-
Other receipts		-	-
Total receipts		**356,000,000**	-
Payments			
Bursary Transfers		43,696,000	(-)
Scholarship grants		268,225,789	(384,089)
Use of goods and Services		**9,801,080**	(352,122)
Net cash flows from operating activities	**17**	**34,277,131**	**(736,211)**
Cash flows from investing activities			
		-	-
Net cash flows used in investing activities		-(-)	-(-)
Cash flows from financing activities			
Net cash flows used in financing activities		-(-)	-(-)
Net increase/(decrease) in cash & cash Equivalents		**34,277,131**	**(736,211)**
Cash and cash equivalents at 1 July	**13**	**(3,218)**	**732,993**
Cash and cash equivalents at 30 June	**13**	**34,273,913**	**(3,218)**

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

17. Statement of Comparison of Budget & Actual Amounts for Year Ended 30th June 2026

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Opening budget Carry Overs	**155,000,000**	-	**155,000,000**	**155,000,000**		
Receipts						
Transfers From the County Government	201,000,000	-	201,000,000	201,000,000	0	100%
Public Contributions and Donations						
Finance Income						
Other receipts						
Total Receipts						
Payments						
Bursary Transfers	53,000,000		53,000,000	43,696,000	9,304,000	**90%**
Scholarship grants	292,320,000		292,320,000	268,225,789	24,094,211	90%
Use of goods & Services	10,680,000	(3218)	10,676,782	9,801,080	875,702	
Total Payments	**356,000,000**		**355,996,872**	**321,722,869**		
Surplus For the Period			**(3218)**	**34,277,131**	**34,273,913**	

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	Some cheques remained uncollected as at the closure of the financial year	34,273,913

18. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Marsabit County Education Fund is established by and derives its authority from the Marsabit County Education Fund Act, 2018. The Marsabit County Education Fund is wholly owned by the Marsabit County Government and is domiciled in Kenya. Marsabit County Education Fund's principal activities are the provision and administration of education scholarships and bursaries in accordance with the Act.

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

b) Inclusiveness, non – discrimination, gender equality and gender equity.

c) Integrity, transparency and accountability.

d) Prudence and responsibility in utilization and management of public funds and assets, as well as clarity in fiscal reporting.

e) The need to ensure equity in allocation of resources.

f) The rights of the public to participate in policy –making and legislative processes

g) The need to ensure impartial, responsive, prompt, effective, efficient and equitable service provision.

h) The rights of the public to be provided timely and accurate information.

i) The need for protecting of the vulnerable and the marginalised groups and communities.

2. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements have been prepared and presented in Kenya Shillings, the Entity's functional and reporting currency. The financial statements have been prepared in accordance with the PFM Act, the Marsabit County Education Fund Act, 2018, and International Public Sector Accounting Standards (IPSAS). The adopted accounting policies have been consistently applied to all years presented.

a) Basis of measurement

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid, or the fair value of the consideration given to acquire them at the time of acquisition, plus directly attributable transaction costs. Liabilities are recorded at the amount of consideration received to assume the obligation, less transaction costs incurred when the liability was assumed.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Entity uses market-to-observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Entity using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items, or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Fair values are categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- The Entity's accounting policy is to recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred. This policy is consistently applied to transfers into and out of each level.

b) Use of Estimates

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements method.

3. Adoption of new and revised standards

(i) ***New and amended standards and interpretations in issue effective in the year ended 30 June 2026.***

Standard	Effective date and impact:
IPSAS 43 Leases	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. Expected impact on the Fund: No material impact is expected as the Fund has no material lease arrangements disclosed in these financial statements.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. Expected impact on the Fund: No material impact is expected as the Fund has no non-current assets held for sale or discontinued operations.
IPSAS 45- Property Plant and Equipment	***Applicable 1st January 2025*** 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.

Standard	Effective date and impact:
	Expected impact on the Fund: No material impact is expected because the Fund reports no property, plant and equipment as at 30 June 2026.
IPSAS 46 Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. 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. Expected impact on the Fund: No material impact is expected on current balances; the Fund will apply the revised measurement guidance to relevant assets and liabilities when applicable.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2026.

IPSAS 47-Revenue	***Applicable 1st January 2026*** 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. Expected impact on the Fund: The standard will affect presentation and disclosures for County Government transfer revenue; no material measurement impact has been identified.
IPSAS 48-Transfer Expenses	***Applicable 1st January 2026*** 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. Expected impact on the Fund: The standard will affect recognition, presentation and disclosure of bursary and scholarship transfer expenses; no material quantitative impact has been identified.
IPSAS 49-Retirement Benefit Plans	***Applicable 1st January 2026*** 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. Expected impact on the Fund: Not applicable because the Fund is not a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of	***Applicable 1st January 2027*** The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.

Mineral Resources	ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. Expected impact on the Fund: Not applicable because the Fund does not undertake mineral exploration or evaluation activities.

(iii) Early adoption of standards

The Fund did not early-adopt any new or amended standards during the financial year.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue transfers

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2025/2026 was approved by the County Assembly in July 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Marsabit County Education Fund upon receiving the respective approvals in order to conclude the final budget. The Marsabit County Education Fund recorded additional appropriations of Kshs. 201M on the FY 2025/2026 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows.

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 entity'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.

(i) Financial assets

Classification of financial assets

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

(ii) Subsequent measurement

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

(iii)Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is

recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(iv) Fair value through net assets/ equity

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

(v) Fair value through surplus or deficit

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

(vi) Trade and other receivables

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

(vii) Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 5.

Financial liabilities

Classification

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

d) Provisions

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

e) Contingent liabilities

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

f) Contingent assets

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

g) Nature and purpose of reserves

The Fund did not maintain a separate reserve during the year; accumulated surplus represents the residual interest in net assets.

h) Changes in accounting policies and estimates

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

i) Foreign currency transactions

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

j) Related parties

The Marsabit County Education Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Marsabit County Education Fund, or vice versa. Members of key management are regarded as related parties and comprise of Board of Trustees, the Fund administrator and senior managers.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

l) Comparative figures

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

5. Significant judgments and sources of estimation uncertainty

The preparation of the Marsabit County Education Fund'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.

The significant judgements, estimates and assumptions applied by management are set out below.

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 5.

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.

6. Transfers from the County Government

Description	FY 2025/2026	FY 2024/2025
	Kshs	Kshs
Cash received from County Government	356,000,000	-
Less: FY2024/25 receivable collected	(155,000,000)	-
Transfer revenue recognized	**201,000,000**	**155,000,000**

Disclosure Note: Kshs.356,000,000 was received from the County Government during FY 2025/2026, of which Kshs.155,000,000 settled the receivable recognized as revenue in FY 2024/2025. The Kshs.155,000,000 was therefore applied against the opening receivable and not recognized again as current-year revenue. Accordingly, FY 2025/2026 transfer revenue is Kshs.201,000,000, while Kshs.356,000,000 represents total cash received during the year.

7. Public Contributions and Donations

Description	FY 2025/2026	FY 2024/2025
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From the Public	-	-
Others (*Specify*)	-	-
Total	-	-

8. Finance income

Description	FY 2025/2026	FY 2024/2025
	Kshs	Kshs
Interest Income on Bank Deposits	-	-
Others *(Specify)*	-	-
Total finance Income	-	-

9. Other income

Description	FY 2025/2026	FY 2024/2025
	Kshs	Kshs
Cheque write backs	-	-
Others (*Specify)*	-	-

Total Other Income	-	-

10. Bursary Transfers

Description	FY 2025/2026	FY 2024/2025
	Kshs	Kshs
Universities	-	-
TVETs and Colleges	25,196,000	18,500,000
Secondary schools		-
Other (*Specify)*	-	-
Total	**25,196,000**	**18,500,000**

11. Scholarship grants

Description	FY 2025/2026	FY 2024/2025
	Kshs	Kshs
Universities	-	-
TVETs and Colleges	-	-
Secondary schools	136,759,878	131,850,000
Other (*Specify)*	-	
Total	**136,759,878**	**131,850,000**

12. Use of Goods and Services

Description	FY 2025/2026	FY 2024/2025
	Kshs.	Kshs.
Committee Allowances	-	-
Bank charges	123,281	-
Audit fees	-	
Other (Office Stationeries)	9,677,799	-
Domestic travel and subsistence		
Total	**9,801,080**	**352,122**

13. Cash and cash equivalents

Description	FY2025/2026	FY 2024/2025
	Kshs	Kshs
Current Account	34,273,913	(3218)
Others (*Specify*)	-	-
Total Cash and Cash Equivalents	**34,273,913**	**(3,218)**

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

Financial Institution	Account number	FY 2025/2026	FY 2024/2025
		Kshs	Kshs
I. Current Account			
Equity Bank		**34,273,913**	**(3,218)**
		-	-
Sub- Total		**34,273,913**	**(3,218)**
II. Others (Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		**34,273,913**	**(3,218)**

14. Non-Exchange Receivables

Description	FY 2025/2026	FY 2024/2025
	Kshs	Kshs
Revenue receivable	-	**155,000,000**
Others (*Specify*)	-	-
Total non-exchange receivables	-	**155,000,000**

15. Exchange Receivables

Description	FY 2025/2026	FY 2024/2025
	Kshs	Kshs
Interest receivable	-	-
Others *(Specify)*	-	-
Total exchange receivables	-	-

16. Trade and other payables

Description	FY 2025/2026		FY 2024/2025	
	Kshs		Kshs	
Trade Payables	-			
Other Payables *(specify)*	-		-	
Total Trade and Other Payables	-			
Ageing analysis (Trade and other payables)	**FY 2025/2026**	**% of the Total**	**FY 2024/2025**	**% of the Total**
Under one year	-	0%	**149,965,911**	100%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total (tie to above total)	-		**149,965,911**	

17. Cash generated from operations.

Description	FY 2025/2026	FY 2024/2025
	Kshs	Kshs
Surplus/ (Deficit) For the Year	**29,243,042**	**4,297,878**
Adjusted For:		
Working Capital Adjustments		
Decrease/Increase In Receivables	155,000,000	(155,000,000)
Increase/Decrease In Payables	(149,965,911)	149,965,911
Net Cash Flow from Operating Activities	**34,277,131**	**(736,211)**

18. 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 is related to the following entities:

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

b) Related party transactions

Description	FY2025/2026	FY 2024/2025
	Kshs	Kshs
Transfers from related parties	-	-
Transfers to related parties	-	-

c) Key management remuneration

Description	FY2025/2026	FY 2024/2025
	Kshs	Kshs
Board of Trustees	-	-
Total	-	-

d) Due from related parties

Description	FY2025/2026	FY 2024/2025
	Kshs	Kshs
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

Description	FY 2025/2026 2025/2026	FY 2024/2025 FY 2024/2025
	Kshs	Kshs
Due to County Government	-	-
Due to Key Management Personnel	-	-
Total	-	-

19. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2025/2026 2025/2026	FY 2024/2025 FY 2024/2025
	Kshs	Kshs
Court cases against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

No contingent assets or contingent liabilities were disclosed at 30 June 2026.

20. Financial risk management

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2026				
Receivables From Non-Exchange Transactions	-	-	-	-
Receivables From Exchange Transactions	-	-	-	-
Bank Balances	34,273,913	34,273,913	-	-
Total	**34,273,913**	**34,273,913**	-	-
At 30 June 2025				
Receivables From Non-Exchange Transactions	-	-	-	-
Receivables From Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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 Fund's principal credit exposure at year end related to cash held with its banking institution.

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2026				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

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

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

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

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

i. Foreign currency risk

The Fund had no material foreign-currency-denominated transactions or balances disclosed at 30 June 2026.

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	Kenya Shillings	Foreign currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2026			
Cash	34,273,913	-	34,273,913
Debtors/ Receivables	-	-	-
Liabilities			
Trade And Other Payables	-	-	-
Net Foreign Currency Asset/(Liability)	**34,273,913**	**-**	**34,273,913**

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

Foreign currency sensitivity analysis

No foreign currency sensitivity impact is reported because no material foreign currency exposure was disclosed at 30 June 2026.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
		Kshs	Kshs
FY 2025/2026			
Euro	N/A	-	-
USD	N/A	-	-
Other currencies	N/A	-	-
FY 2024/2025			
Euro	N/A	-	-
USD	N/A	-	-
Other currencies	N/A	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund had no borrowings or other material interest-bearing financial liabilities at 30 June 2026. Accordingly, the Fund was not exposed to a material cash-flow interest-rate risk at year end and a quantitative interest-rate sensitivity analysis is not applicable.

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	FY 2025/2026	FY 2024/2025
	Kshs	Kshs
Accumulated surplus	34,273,913	5,030,871
Total funds	**34,273,913**	**5,030,871**
Less: cash and bank balances	(34,273,913)	3,218
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

21. Events after the reporting period

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

22. Currency

The financial statements are presented in Kenya Shillings (Kshs)

19. Annexes

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

The following is a summary of the issues raised by the Auditor General and the management responses provided.

Reference No.	Issue/Observation	Management Response	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	Financial Statements			
SEN/DGAC/CPICS	Late disbursement of excheque	Fund has not been disbursed to the designated bank account as at June 30th 2025.	Resolved	Resolved
	Lawfulness & Effectiveness in the use of Public Resources			
	Lack of code of conduct for fund selection committee	Confirmed to be in place	Resolved	Resolved
	Effectiveness of Internal Controls, Risk Management & Governance			
	Non compliance with statutory meeting	The committee did not ,meet during last year due to unavailability of fund	Resolved	resolved

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Fund Administrator/Accounting Officer

Date.....11.09.2026.....

Annex II: Inter-Entity Confirmation Letter

Name of transferring entity: Marsabit County Executive – Department of Education.

Name of beneficiary entity:Marsabit County Education Fund

Confirmation of amounts received by [Marsabit County Education Fund] as at 30th June 2026						
Reference Number	Date Disbursed	Amounts Disbursed by [Marsabit County Department] (Kshs. 356,000,000) as at 30th June 2026			Amount Received by Marsabit County Bursary Fund] (Kshs) as at 30th June 2026 (D)	Differences (KShs) (E)=(C-D)
		Recurrent (A)	Development (B)	Total (C)=(A+B)		
FT25192SLVGV	11/07/2025	78,000,000		78,000,000	78,000,000	
FT25192XK583	11/07/2025	77,000,000		77,000,000	77,000,000	
BNK26058LBKOJHBL	27/02/2026	50,000,000		50,000,000	50,000,000	
BNK26140JHDCMFGB	20/05/2026	51,000,000		51,000,000	51,000,000	
BNK26086CMDCGFKB	27/03/2026	50,000,000		50,000,000	50,000,000	
BNK26148HMLMFGGC	28/05/2026	50,000,000		50,000,000	50,000,000	
Total		356,000,000		356,000,000	356,000,000	
I confirm that the amounts shown above are correct as of the dates indicated.						

Head of Accounts - Disbursing Entity:

Name Dabasso Banaya **Sign** ..... **Date** 11.09.2026

Head of Accounts - Beneficiary Entity:

Name Emanuel B. Chorodo **Sign** ..... **Date** 11.09.2026