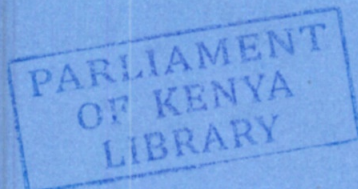


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

PAPERS LAID	
DATE	18/01/2024
TABLED BY	Deputy Majority Whip
COMMITTEE	—
CLERK AT THE TABLE	CAROLYN E.C.

THE AUDITOR-GENERAL

ON

**BOMET COUNTY EDUCATION REVOLVING
FUND**

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



BOMET COUNTY EDUCATION REVOLVING FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2023

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

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

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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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Bomet County Education Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

2. Key Entity Information and Management

a) Background information

Bomet County Education Revolving Fund is established by and derives its authority and accountability from The Bomet County Education Revolving Fund Policy, 2019 and The Bomet County Education Revolving Fund Regulations, 2019. The Fund is wholly owned by the County Government of Bomet and is domiciled in Kenya.

Objectives of the revolving Fund

The goal of Bomet County is to improve access to higher education by offering financial support to identified students from Bomet County studying in identified institutions of higher learning in Kenya; This is also informed by the need by Bomet County, to improve access and strengthening technical courses offered at Vocational Training Centres (VTCs) to offer quality, market driven, relevant and affordable training to enhance job creation, technological and industrial development within the county.

This will be achieved only if there is a sustainable funding mechanism in the long term. This policy will guide the establishment of a Revolving Fund to be known as Bomet County Education Revolving Fund which shall be managed and administered by a Committee which for purposes of this policy will be the Fund Administrator in collaboration with HELB.

The Fund's principal activity is to meet tuition expenses for the beneficiaries of the fund by equitably sharing the funds among the twenty-five wards existing in the county.

b) Principal Activities

The principal activity of the Fund is to equitably share the funds among the twenty-five wards existing in the county. Regulation 5(1) of the fund further states that the fund shall be used to;

- a) Provide education support to eligible students of Bomet county enrolled in vocational training centres, Universities and tertiary colleges both public and private.
- b) Provide loans on agreed terms to qualified students to institutions approved under the criteria in these regulations.
- c) Meeting any expenditure related to administration of the fund as shall be approved by the executive member; provided that not more than 3% of the total monies consisting of the fund shall be utilized for administration of the fund.

c) Fund Administration Committee

Ref	Name	Position
1	Richard Rono	Loan Committee Chairperson
2	Dr John Keter	Fund Administrator
3	Kipngetich Kirui	Loan Committee Member
4	Indiatsi Mabale	Loan Committee Member
5	Andrew Sigei	Loan Committee Member
6	Eunice Siele	Loan Committee Member
7	Hellen Rotich	Loan Committee Member
8	Rosaline Langat	Loan Committee Member
9	Peter Langat	Loan Committee Member
10	Mrs. Agnes Ngeno	Loan Committee Member

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

d) Key Management team

Ref	Name	Position
1	Mrs. Agnes ngeno	CECM
2	Dr John Keter	Fund Administrator
3	CPA Jacob Koech	Accountant

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Internal Audit	County Audit Committee
2	County Assembly	Public investments Committee

f) Registered Offices

P.O. Box 19 - 20400
Department of Education and vocational Training Building
Huduma Centre Avenue
Bomet, KENYA

g) Fund Contacts

Telephone: (254) 717 289 000
E-mail : ecd.vti@bomet.go.ke
Website: www.bomet.go.ke

h) Fund Bankers

Equity Bank-Bomet Branch
AC/NO: 1220275961647

i) Independent Auditors

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

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

Key Entity and Management (Continued)

j) Principal Legal Adviser

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

k) County Attorney

The County Attorney
County Attorney Office
Bomet County
P.O. Box 19 – 20400
Huduma Centre Avenue
Bomet, KENYA

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

3. Fund Administration Committee (Or Any Other Corporate Governance Body for The Fund)

Name	Details of qualifications and experience	Position
1. Mrs. Agnes Ngeno 	Key Academic Qualification: Master Degree Work Experience: 20 Years	CECM Education and vocational training
2. Dr John keter 	Key Academic Qualification: PhD Work Experience: 15 Years	Chief officer Education and vocational training(Fund administrator)
3. Richard Rono 	Key Academic Qualification: Master Degree Work Experience: 17 Years	Consultant E-Governance
4. Indiatsi Mabale 	Key Academic Qualification: Master Degree Work Experience: 24 Years	County Director of Education Bomet County
5. Kipngetich Kirui 	Key Academic Qualification: Doctorate Degree Work Experience: 28 Years	Lecturer Moi University

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

6. Eunice Siele 	Key Academic Qualification: Degree Work Experience: 18 Years	Head Teacher Kabisoge Pri School
7. Langat Peter 	Key Academic Qualification: Degree Work Experience: 5 Years	Banker
8. Andrew Sigei 	Key Academic Qualification: Master Degree Work Experience: 21 Years	CEC Finance and Economic Planning
9. Rosaline Langat 	Key Academic Qualification: Degree Work Experience: 10 Years	Chaplain Kibingei Girls Sec School
10. Hellen Rotich 	Key Academic Qualification: Master Degree Work Experience: 23 Years	Lecturer Kabianga University

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

4. Management Team

Name	Details of qualifications and experience	Position
1. Mrs. Agnes Ngeno 	Key Academic Qualification: Master Degree Work Experience: 20 Years	CECM Education and vocational training
2. Dr John keter 	Key Academic Qualification: PhD Work Experience: 15 Years	Chief officer Education and vocational training(Fund administrator)
3. CPA Jacob Koech 	Key Academic Qualification: Degree Work Experience: 10 years	Accountant

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

5. Fund Chairperson's Report

The Bomet County Education Revolving Fund is being administered as per Article 4 (2) and Article 5 of the The Bomet County Education Revolving Fund Policy, 2019.

During the 2019/2020 FY the membership of the county committee of the Revolving Fund was established and it carried out its key mandate for the smooth administration of the Revolving Fund. The key management team was developed as loans secretariat committee.

The management committees held its first meeting in September 2019 after the money had been successfully sent to HELB account.

The Revolving Fund is mandated to carry out the following functions in collaboration with HELB.

- The loan will be awarded to eligible needy students undertaking a course in tertiary institutions that are recognized in Kenya.
- Award loans to eligible students in tertiary institutions and public and private universities who for any reasons cannot access National Government HELB kitty or access is insufficient funds that are not enough to see them through their studies.
- Charge the college and undergraduate students an interest rate of 4% p.a. which is payable after loan maturity. The interest charged on the loan will form part of the administration fees for the revolving fund, payable to HELB
- HELB will identify all the students who qualify to be awarded loans and implemented as per the Criteria and Means Testing Instrument established by the Committee and submit a report of all applications in order of need and suggested amounts to the Committee which shall scrutinize the list and approve the beneficiaries to be awarded loans.

Name... Richard Njiru ... Signature... [Signature] ... Date... 30/9/23

Chairperson of the Board/Fund

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

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

6. Report of the Fund Administrator

The revolving fund was not able to utilize the budget for 2019/2020 financial year due to reallocation of the budgeted Ksh. 20 million to emergency kitty to combat Covid 19 pandemic during supplementary budget.

Equally in the FY 2020/2021 the fund did not receive any allocation. Out of the budgeted Ksh. 20 Million a sum of Ksh. 10 Million was wired to the fund account in July of the current financial year and application is on as at the date of this report.

These funds will be disbursed to students during 2021/2022 financial year; hence, this report is only reporting on state of the accounts.

In the 2022/2023 Financial Year the fund did not receive any monies from the Exchequer hence resulting in un utilized budget of Ksh.20 Million.

Signed: _____

DR. JOHN KETER



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

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

Introduction

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

Strategic objectives

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key objectives of Bomet County Revolving fund are to:

- a) Provide education support to eligible students of Bomet county enrolled in vocational training centres, Universities and tertiary colleges both public and private.
- b) Provide loans on agreed terms to qualified students to institutions approved under the criteria in these regulations.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above objectives to specific sectors, all the objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into real outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement:

Bomet County entered partnership with the Higher Education Loans Board through signing of a service contract on 17th January 2019 and established the Bomet County Education Revolving Scheme that aims at providing affordable funding to needy students from Bomet County pursuing higher education.

Below we provide the progress on attaining the stated objectives:

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

DEPARTMENT OF EDUCATION AND VOCATIONAL TRAINING

Department	Objectives	Outcome	Indicator	Performance
EDUCATION AND VOCATIONAL TRAINING	• To increase equitable access to technical and higher education in Bomet County • To support highly qualified Bomet County Students who may not afford higher education • To provide loans to residents of Bomet County pursuing courses in technical institutes, public and private universities and other tertiary institutions • To ensure sustainable revolving loans fund		No. of students in tertiary institution benefited from revolving fund	In FY 19/20, 2,787 students in tertiary institution benefited from revolving fund

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

8. Corporate Governance Statement

The Bomet County Education Revolving fund committee was commissioned on 16th of July 2019 and sat for the first meeting on 10th September 2019.

Existence of a board/trustee charter

The county education revolving fund is established through memorandum of understanding between HELB and Bomet county government through the Higher Education Loans Act.

The service agreement led to enactment of regulations through the county assembly of Bomet. The HELB charter is used by both parties in ensuring that the fund is administered according to the relevant laws.

Process of Appointment and Removal of County Education Loans Committee

The composition of the County Education Loans Committee shall consist of the following persons appointed by the Governor on recommendation of the County Executive Committee Member at the time responsible for Education and Vocational Training

- (a) chairperson appointed by the Governor
- (b) CEC Member responsible for Finance
- (c) CEC Member responsible for Education and Vocational Training
- (d) chief Officer for Education and Vocational Training who will be the secretary
- (e) county Director of Education (National Government) who shall be an ex officio member
- (f) County Education Board chairman
- (g) one person representing faith based organizations and
- (h) (h) three persons appointed by CEC member for Education and Vocational Training each representing women youth and persons living with disability

Roles and Functions of the Board

- a) to advise the CEC member for Education on loan disbursements and loans awarding
- b) approve the list of beneficiaries to be granted loans
- c) to provide oversight and supervisory role in giving loans to students from the funds outsourced to the HELB by the County
- d) to fundraise in support of the County Education Revolving Fund

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

- e) to receive any gifts donations grants or endowments made to the committee and to make legitimate disbursements there from
- f) to determine the maximum number of eligible persons or students to be granted loans in a particular year
- g) in consultation with HELB set up the criteria conditions and formulate policies governing the granting and disbursement and management of loans
- h) liaise with HELB in the approval of disbursement of financial assistance
- i) receive quarterly reports from HELB concerning the management of the project in the agreed format
- j) consider and grant waiver/amnesty of bad debts as deemed appropriate
- k) inform HELB of proposed changes deemed appropriate from time to time
- l) pay all administrative fees in the mode in the fee schedule and
- m) to perform any other functions for implementation of these Regulations,

Board/trustee remuneration

The members of the committees are paid allowances as approved by SRC and the County Treasury

Ethics and Conduct as Well as Governance Audit

In awarding a loan the Committee shall be guided by the following principles—

- (a) fairness in allocating monies
- (b) equitable distribution and allocation of monies to all parts of the County
- (c) inclusivity and non-discrimination in ensuring that all residents are included in the process
- (e) accountability and transparency
- (f) efficiency in funds disbursement and
- (g) special needs of the applicant for example young single mothers, persons with disabilities among others will be given priority.

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

9 Management Discussion and Analysis

During the 2019/2020 FY the membership of the county committee of the Revolving Fund was established and it carried out its key mandate for the smooth administration of the Revolving Fund. The key management team was developed as loans secretariat committee.

The management committees held its first meeting in September 2019 after the money had been successfully sent to HELB account.

1. Loan Application

From inception of the scheme, the County Government has invited applications twice for the financial years 2019/2020 and 2021/2022.

The scheme was launched on 18th July 2019 with the County Government providing an initial funding of Kshs. 29,100,000 for the financial year 2019/2020. An additional Ksh. 9,700,000 was received for the financial year 2021/2022 bringing the total amount of funds received from the County to Ksh. 38,800,000.

2. Scheme Disbursements

Out of the total amount of **Kshs.38,8M**, **Kshs 37.04M** has been disbursed to **2,836** students. This amount inclusive of the administrative fee which will be expensed to the student upon recovery.

2.1. Disbursement by Gender

It is noted that 65% of the those who received funding from the County were male, while **35%** were female. The table below show the fund distribution per gender.

Gender	No. of students	Amount allocated (KSH)	Percentage %
Female	984	12,302,500.00	35%
Male	1852	24,742,000.00	65%
Grand Total	2836	37,044,500.00	100 %

2.2 Disbursement by Level of Study.

The highest number of beneficiaries from this fund are University students pursuing undergraduate degrees utilizing 90% of total amount disbursed.

Level of study	No. of students	Total amount (KSH)	Percentage %
Degree	2511	33,386,500.00	90%
Diploma	300	3,378,000.00	9%
Certificate	25	280,000.00	1%
Grand Total	2836	37,044,500.00	100%

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

2.3 Disbursements per Ward

Siongiroi ward was the highest beneficiary with 8.50% in terms of allocation, followed closely by Kipsonoi ward at 7.68%. Chepchabas ward ranked the lowest in terms of allocation per ward at 0.20%. This is attributed to the low number of applications received from the ward.

S/No.	Ward	No. of Students.	Total Amount (KSH)	Percentage %
1.	Boit	62	810,500.00	2.19%
2.	Chebunyo	162	2,238,000.00	6.04%
3.	Chemagel	131	1,631,000.00	4.40%
4.	Chemaner	72	878,000.00	2.37%
5.	Chepchabas	5	73,000.00	0.20%
6.	Chesoen	117	1,582,000.00	4.27%
7.	Embomos	86	1,097,000.00	2.96%
8.	Kapletundo	183	2,485,000.00	6.71%
9.	Kembu	110	1,416,500.00	3.82%
10.	Kimulot	48	665,500.00	1.80%
11.	Kiprerer	58	807,500.00	2.18%
12.	Kipsonoi	209	2,844,000.00	7.68%
13.	Kongasis	156	2,016,500.00	5.44%
14.	Longisa	110	1,368,500.00	3.69%
15.	Merigi	113	1,502,500.00	4.06%
16.	Mogogosiek	97	1,305,000.00	3.52%
17.	Mutarakwa	104	1,300,000.00	3.51%
18.	Ndanai/Abosi	177	2,267,000.00	6.12%
19.	Ndaraweta	41	537,500.00	1.45%
20.	Nyangores	130	1,682,000.00	4.54%
21.	Rongena/Manaret	88	1,064,000.00	2.87%
22.	Sigor	117	1,545,500.00	4.17%
23.	Silibwet Township	145	1,769,500.00	4.78%
24.	Singorwet	81	1,011,000.00	2.73%
25.	Siongiroi	234	3,147,500.00	8.50%
	Grand Total	2836	37,044,500.00	100.00%

3. Loan Recoveries

A total of **201** loan beneficiaries have begun repaying their loans and have paid a total of **Kshs. 706,883.15** has been recovered and is available for distribution to more students.

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

10. Environmental and Sustainability Reporting

Bomet County revolving fund exists to transform lives. This is our purpose; the driving force behind everything we do. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile

Accountability is one of the processes whereby a leader or government seeks to ensure integrity. In a global stakeholder society, accountability is among the key challenges of organizations. Responsible leaders are concerned with reconciling and aligning the demands, needs, interests, and communities, shareholders, nongovernmental organizations (NGOs), the environment, and society at large. The government's track record in terms of CSR accounting will be effective when appropriate CSR measures are included in its internal activities.

Economic sustainability implies that macroeconomic and financial stability, as well as the prevention of balance-of-payments crises are a basic requirement for sustained economic and social development. It also implies that human and financial resources must be used in a way that ensures continuous and lasting improvements in standards of living. Inappropriate consumption and production patterns, and waste of human, natural and financial resources compromise the quality of the natural environment and jeopardize peace.

The revolving fund intends to achieve its goals by:

- Ensuring equity distribution of the available resources and with emphasis on programs that promotes quality education;
- Proper planning and allocation of resources, promote policies that encourage entrepreneurship and job creation to stimulate sustainable economic growth;
- Strengthening partnership and resource mobilization strategies to address resource limitation.

2. Environmental performance

Environmental sustainability implies that the quality and protection of the natural environment, as well as successful adaptation to climate change, influence the scope for long-term social progress and economic development. Environmental degradation, waste of non-renewable natural resources and the various impacts of climate change have a direct effect on living conditions. They also raise the risk of social friction and reduce the scope for economic growth and the allocation of public finances.

In ensuring a sustainable consumption and production patterns, the county shall leverage on this goal in ensuring that cleaner production mechanisms are adopted and promote the principle of 3Rs (Reduction, Reuse and Recycle) to reduce production of wastes; and

Goal 13: Take urgent action to combat climate change and its impacts. To achieve this goal, the county fund will strive to;

- Strengthen resilience and adaptive capacity to climate related hazards and natural disasters;
- Integrate climate change measures into funds policies, strategies and planning; and
- Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss. A large

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

percentage of the county is terrestrial with the biodiversity thereon facing threats due to land degradation as a result of increasing population. The county is committed to conserving and restoring the use of ecosystems such as forests, dry land and mountains.

On Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development. The fund is committed to developing multi-stakeholder partnerships to share knowledge, expertise, technology and financial support to achieve the SDGs. The county will also pursue the Public-Private Partnerships (PPPs) to foster these achievements.

3. Employee welfare

County Public Service Board is establish and abolish offices in the County public service; appoint persons to hold or act in offices of the county public service considering gender ratio including in the Boards of county funds within the county and to confirm appointments; exercise disciplinary control over, and remove, persons holding or acting in those offices as provided in the law; prepare regular reports for submission to the County Assembly on the execution of the functions of the Board; promote the values and principles referred to in Articles 10 and 232; evaluate and report to the County Assembly on the extent to which the values and principles referred to in Articles 10 and 232 are complied with in the County Public Service; facilitate the development of coherent integrated human resource planning and budgeting for personnel emoluments in counties; advise the county government on human resource management and development; advise county government on the implementation and monitoring of the national performance management system in counties; and make recommendations to the Salaries and Remuneration Commission (SRC), on behalf of the county government, on the remuneration, pensions and gratuities for County Public Service employees.

The fund has complied with the Occupational Safety and Health Act, 2007 in revising a written statement of general policy with respect to the safety and health at work of his employees and other arrangements for the time being in force for carrying out the policy

4. Market place practices-

The fund makes its effort to:

Responsible competition practice: This has been well articulated in the revolving funds Vision, where distribution of resource is done based on the number of Wards in the County.

Responsible Supply chain and supplier relations: The fund maintains good business practices, treats its own suppliers responsibly by honoring contracts and respecting payment practices on time. This is done with no discrimination when it comes to payment

Responsible marketing and advertisement- The fund comply with ethical marketing practices. This has been done when new varieties of product are introducing to the market for the resident to subscribe

Community Engagements-The county government has been bringing on board all stakeholders in policy development, budgeting and implementation through public participation. This has solved governance challenges such as uncoordinated public participation and stakeholder engagement, inequitable distribution of public resources, unfairness in recruitment and promotions and misappropriation

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

9. Report of the committees

The committee submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs. This report has been highlighted under management discussion and analysis.

Principal activities

The principal activities of the Fund continue to be as highlighted in 2b of key entity information and management.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page xvii and xviii.

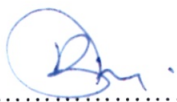
Committees

The members of the committee who served during the year are shown on page iv and v.

Auditors

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

By Order of the Board


.....

Chair of the Board/Fund Administration Committee

Date:

Bomet County Revolving Fund Reports
Annual Report and Financial Statements for the year ended June 30, 2023

10. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Bomet County Education Revolving 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 the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for period ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Bomet County Education Revolving Fund regulations. 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 period ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30th September 2023 and signed on its behalf by:

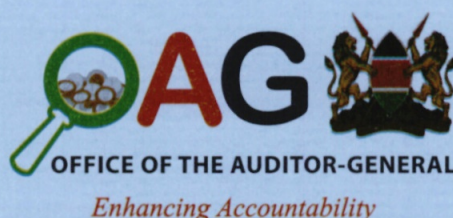


DR. JOHN KETER
Fund Administrator

(Note: A circular official stamp is visible behind the signature, containing the text 'BOMET COUNTY EDUCATION REVOLVING FUND', '30 SEP 2023', and 'TRAINING'.)

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bomet County Education Revolving Fund set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2023 and the statement of statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bomet County Education Revolving Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Bomet County Education Revolving Fund Regulations, 2019.

Basis for Qualified Opinion

1. Unsupported Administration Fees

The statement of financial performance and as disclosed in Note 3 to the financial statements reflects nil amounts in respect of use of goods and services which includes nil amount of administrative fees. However, review of the Bomet County Revolving Fund summary status report submitted by Higher Education Loans Board (HELB) for the year under review revealed an amount of Kshs.706,803 in respect of proceeds from loan principal repayments paid by two hundred and twenty-one (221) loan beneficiaries who were charged Kshs.500 each for administrative fees which are not included. Further, the Management did not disclose administrative fees on the loan repayments as stipulated in the Paragraph 3.1 of the Service Contract Fund Administration & Management Partnership which states that HELB shall charge an administration fee of 4% and shall be recovered from the students during loan recovery. Further, list of students who repaid the loans was not provided for audit review.

In the circumstances, the accuracy and completeness of the Nil amount in respect of administrative fees on the loan repayments could not be confirmed.

2. Unsupported Other Income

The statement of financial performance reflects Nil amount in respect of other income. However, review of the Bomet County Education Revolving Fund summary status report submitted by Higher Education Loans Board (HELB) for the year under review, revealed an amount of Kshs.706,803 in respect of proceeds from loan principal repayments paid by two hundred and twenty-one (221) loan beneficiaries. However, Management did not disclose other income charged on the loans and schedule of student who applied for the loan during the year as stipulated in Paragraph 3.2 of the service contract fund administration and management partnership which states that HELB shall charge a loan processing fee of Kshs.500 to the direct entry undergraduate student and Kshs.1,000 to salaried employees. Further, the list of student loan applicants was not provided for audit review.

In the circumstances, the accuracy and completeness of the Nil amount in respect of other income could not be confirmed.

3. Unsupported Cash and Cash Equivalents

The statement of financial position and statement of cash flows reflects cash and cash equivalents balance of Kshs.2,320 as at 30 June, 2023. However, the balance was not supported with cash book, certificate of bank balance, bank reconciliation statements and bank statements. Further, the statement of cash flows does not reflect any proceeds from loan principal repayments under cash flows from investing activities which contradict the Fund summary status report submitted by HELB for the year under review indicating an amount of Kshs.706,803 in respect of proceeds from loan principal repayments paid by two hundred and twenty-one (221) loan beneficiaries.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.2,320 as at 30 June, 2023 could not be confirmed.

4. Long-Term Receivables from Exchange Transactions

The statement of financial position reflects balance of Kshs.38,800,000 in respect of long-term receivables from exchange transactions and comparative balance as disclosed in Note 5 to the financial statements. However, review of the statement of cash flows reflects nil amount in respect of proceeds from loan principal repayments contrary to fund summary status report submitted by HELB for the year under review which indicate an amount of Kshs.706,803 in respect of proceeds from loan principal repayments paid by two hundred and twenty-one (221) loan beneficiaries. Further, review of the loan disbursement schedule by HELB revealed that the loans are not serviced contrary to clause 4.2.5 of the Service Contract No. SC-Con-01-2019 dated January, 2019 between Higher Education Loans Board and Bomet County Government.

In the circumstances, the accuracy and completeness of the Nil balance in respect of loan principal repayments and long-term receivables from exchange transactions balances could not be confirmed.

5. Unsupported Current Portion of Long-Term Receivables from Exchange Transactions

The statement of financial position reflects Nil balance in respect of current portion of long-term receivables from exchange transactions and as disclosed in Note 5 to the financial statements, However, supporting detailed schedules including the repayment dates and amounts for all beneficiaries due within twelve (12) months after date of reporting was not provided for audit.

In the circumstances, the accuracy and fair statements of Nil balance in respect of current portion of long-term receivables from exchange transactions could not be confirmed.

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

Emphasis of Matter

Sustainability of Service

The statement of financial performance and statement of comparison of budget and actual amounts reflects nil transactions during the year ended 30 June, 2023. This indicates that the Fund did not receive any funding from the County Government or the National Government and did not generate any own income. It further indicates that the Fund did not incur any expenses during the year, and was technically dormant. The Fund bank account has been inactive since 2021/2022 implying that the Fund has not been able to achieve the objective for which it was established and as set out in Regulations 3(1) the Bomet County Education Revolving Fund, Regulations, 2019.

In the circumstances, the Fund's ability to sustain its intended services is in doubt.

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

Prior Year Matters

As disclosed under the progress on follow up of auditors recommendation section of the financial statements, Management presented five (5) prior year audit issues which included three (3) issues resolved and two (2) issues partly resolved. However, Management did not provide reports from the oversight committee's detailing the deliberations and recommendations of the committees on the matters.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Lawfulness and Effectiveness in Use of Public Resources section, 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.

1. Lack of an Approved Budget

The statement of comparison of budget and actual amounts reflects final budget amounts as Kshs 20,000,000 in respect of revenue and expenditure for the year. However, an approved budget for the year under review was not provided for audit contrary to Section 149(2)(h) of Public Finance Management Act, 2012, which requires accounting officers to prepare estimates of expenditure of the entity in conformity with its strategic plan.

In the circumstances, Management was in breach of law.

2. Name of the Fund

The Fund Management presented their annual reports and financial statements for the year ended 30 June, 2023 for audit review with the Fund name reflected as Bomet County Revolving Fund. This is contrary to Regulations 3(1) of the Bomet County Education Revolving Fund, Regulations, 2019 which requires that there is established a Fund to be known as Bomet County Education Revolving Fund to be managed by Higher Educations Loans Board (HELB) through memorandum of understanding service contract, agreement or any other arrangements approved by the County Executive Committee to provide loans to eligible students from the County.

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

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section, 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

Lack of Risk Management Policy

Review of the documents and records provided for audit revealed that the Fund Management had not established a Risk Management Policy. This is contrary to Regulation 158(1)(a-b) of the Public Finance Management (County Governments) Regulations, 2015 which states that 'the Accounting Officer shall ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal controls that builds robust business operations.

In the circumstances, Management was in breach of the law and was not able to identify risks and develop mitigating strategies.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 March, 2024

Bomet County Revolving Fund Reports
Annual Report and Financial Statements for the year ended June 30, 2023

12. Statement of Financial Performance for the Year Ended 30th June 2023

	Note	2022-2023	Restated 2021-2022
		Ks hs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	-	10,000,000
		-	-
Revenue From Exchange Transactions		-	-
Other Income		-	-
		-	-
Total Revenue		-	10,000,000
Expenses			
Transfers to Helb	2	-	9,700,000
Use of goods and services	3	-	297,740
Total Expenses		-	9,997,740
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Surplus/(Deficit) For The Period		-	2,260

.....

 Name: **Dr. John K. Keter**
 Administrator of the Fund

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

13. Statement of Financial Position as at 30 June 2023

	Note	2022-2023	2021-2022 Restated Fig
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	2,320	2,320
Current Portion of Long- Term Receivables From Exchange Transactions		-	-
Prepayments		-	-
Inventories		-	-
Non-Current Assets			
Property, Plant and Equipment		-	-
Intangible Assets		-	-
Long Term Receivables from Exchange Transactions	5	38,800,000	38,800,000
Total Assets		38,802,320	38,802,320
Liabilities			-
Current Liabilities			
Trade and Other Payables from Exchange Transactions		-	-
Provisions		-	-
Current Portion of Borrowings		-	-
Employee Benefit Obligations		-	-
		-	-
Non-Current Liabilities			
Non-Current Employee Benefit Obligation		-	-
Long Term Portion of Borrowings		-	-
Total Liabilities		-	-
Net Assets			
Revolving Fund		38,800,000	38,800,000
Reserves			-
Accumulated Surplus		2,320	2,320
Total Net Assets and Liabilities		38,802,320	38,802,320

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 20/9 2023 and signed by:

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

.....
Name: *Dr. John K. Keter*
Administrator of the Fund



.....
Name: *CPA Jacob Koeen*
Fund Accountant
ICPAK Member Number: *19141*

Bomet County Revolving Fund Reports
Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement of Changes in Net Assets for The Year Ended 30 June 2023

	Revolving Fund	Revaluation Reserve	Accumulate d surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	29,100,000	-	60	29,100,060
Surplus/(Deficit) For the Period		-	2,260	2,260
Funds Received During the Year	10,000,000	-	-	10,000,000
Transfers	-300,000	-	-	-300,000
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	38,800,000	-	2,320	38,802,320
Balance As At 1 July 2022	38,800,000	-	2,320	38,802,320
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	38,800,000	-	2,320	38,802,320

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

15. Statement Of Cash Flows For The Year Ended 30 June 2023

	Note	2022-2023	2021-2022 Restated
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	10,000,000
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		-	10,000,000
Payments			
Use of goods and services		-	297,740
Transfers to Helb		-	9,700,000
Finance cost			-
Other payments		-	-
Net cash flows from operating activities		-	2,260
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		-	2,260
Cash and cash equivalents at 1 july 2022	4	2,320	60
Cash and cash equivalents at 30 june 2023	4	2,320	2,320

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

.....
Name: *Dr. John K. Kete*
Administrator of the Fund



.....
Name: *CPA Jacob Kede*
Fund Accountant
ICPAK Member Number: *19141*

Bomet County Revolving Fund Reports
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement Of Comparison Of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2023	2023	2023	2023	2023	2023
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	-	-	-	-	
Transfers From County Govt.	20,000,000	-	20,000,000	-	-	0%
Interest Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
Total Income	20,000,000	-	20,000,000	-	-	0%
Expenses						
Use of Goods and services	600,000	-	600,000	-	-	0%
Transfers to Helb Account	19,400,000		19,400,000			0%
General Expenses	-	-	-	-	-	-
Finance Cost	-	-	-	-	-	
Total Expenditure	20,000,000	-	20,000,000	-	-	0%
Surplus For The Period	-	-	-	-	-	-

Bomet County Education Revolving Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2023

17. Notes to the Financial Statements

1. General Information

Bomet County Revolving is established by and derives its authority and accountability from The Bomet County Education Revolving Fund Policy, 2019 and The Bomet County Education Revolving Fund Regulations, 2019. The entity is wholly owned by the Bomet County Government and is domiciled in Kenya. The entity's principal activity is to improve access to higher education by offering financial support to identified students from **Bomet County** studying in identified institutions of higher learning in Kenya;.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.

Bomet County Education Revolving Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2023

Standards	Effective date and impact
	IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <i>(State the impact of the standard to the Entity if relevant)</i>
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <i>(State the impact of the standard to the Entity if relevant)</i>
Amendments to Other IPSAS	Applicable: 1st January 2023:

Bomet County Education Revolving Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact:
resulting from IPSAS 41, Financial Instruments	a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. <i>(State the impact of the standard to the Entity if relevant)</i>
Other improvements to IPSAS	<i>Applicable 1st January 2023</i> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <i>State the impact of the standard to the Entity if relevant</i>
IPSAS 43	<i>Applicable 1st January 2025</i> 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

Bomet County Education Revolving Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	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. <i>State the impact of the standard to the Entity if relevant</i>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> 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. <i>State the impact of the standard to the Entity if relevant</i>

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on 30th June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 30M on the FY 2021-2022 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 7 of these financial statements.

Bomet County Education Revolving Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2023

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary Of Significant Accounting Policies (Continued) Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Bomet County Education Revolving Fund/Board
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Summary Of Significant Accounting Policies (Continued)

a) Inventories

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

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

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

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

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

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

b) Provisions

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

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

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

Contingent liabilities

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

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Summary Of Significant Accounting Policies (Continued) *Contingent assets*

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

c) Nature and purpose of reserves

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

d) Changes in accounting policies and estimates

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

e) Employee benefits – Retirement benefit plans

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

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

f) 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.

Bomet County Education Revolving Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2023

Summary Of Significant Accounting Policies (Continued)

g) Borrowing costs

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

h) Related parties

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

i) Cash and cash equivalents

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

j) Comparative figures

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

k) Events after the reporting period

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

l) Ultimate and Holding Entity

The entity is a County Public Fund established by Bomet County education Revolving Act (2019) under the Ministry of Education. Its ultimate parent is the County Government of Bomet.

m) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

Bomet County Education Revolving Fund/Board

Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements

1. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	-	10,000,000
Payments By County On Behalf Of The Entity	-	-
Total	-	10,000,000

Bomet County Education Revolving Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

2. Transfers to helb

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers to HELB	-	9,700,000
Total	-	9,700,000

3. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Restated Kshs.
General Office Expenses	-	297,200
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	-	-
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-

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Description	2021/22	2020/21
	Kshs.	Kshs.
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	540
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Total	-	297,740

**The amount for use of goods have been restated to ksh 297,740 since bank charges of Ksh 540 had been misclassified as finance cost in the financial statements for comparative period.*

Notes to the Financial Statements Continued

4. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Restated Kshs
Bomet county Education Revolving fund	2,320	2,320
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
Total Cash And Cash Equivalents	2,320	2,320

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank		-	-
Equity bank	1220278687861	2,320	2,320
Sub- Total		2,320	2,320
d) Others		-	-

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

Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		2,320	2,320
Grand Total		2,320	2,320

5. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	38,800,000	38,800,000
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	38,800,000	38,800,000

Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	38,800,000

Bomet County Education Revolving Fund
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Notes To The Financial Statements (Continued)

Notes To The Financial Statements (Continued)

Other Disclosures

20. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

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

Bomet County Education Revolving Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures Continued

e) Due to related parties

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

21. Contingent assets and contingent liabilities

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Case Xxx Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

Bomet County Education Revolving Fund**Annual Report and Financial Statements for the year ended June 30, 2023****Other Disclosures Continued****22. Financial risk management**

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

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

a) Credit risk

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

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

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

	Total amount Kshs	Fully performi ng Kshs	Past due Kshs	Impaire d Kshs
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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Annual Report and Financial Statements for the year ended June 30, 2023

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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

b) Liquidity risk management

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

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

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

Bomet County Education Revolving Fund

Annual Report and Financial Statements for the year ended June 30, 2023

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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

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Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2023			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs - (2022: KShs -). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs - (2021 - KShs -)

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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:

	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

Bomet County Education Revolving Fund**Annual Report and Financial Statements for the year ended June 30, 2023****18. Annexes****Progress On Follow Up of Prior Year Auditor's Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Unsupported Loans	List of beneficiaries availed	Resolved	-
2	Lack of Risk Management and Fraud Policy	Service Contract with HELB attached	Partly resolved	
3	Failure to Disburse Budget Funds to the Revolving Fund	Funds not released	Resolved	
4	Transfers to HELB	The management had submitted the schedules earlier on.	Resolved	
5	Current portion of long term receivables from exchange transactions	Attached herein is the latest annual report showing repayments.	Partly resolved	