

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



**REPORT**

PAPERS Laid	
DATE	16/11/2024-
TABLED BY	DSML -
COMMITTEE	
CLERK AT THE TABLE	David

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MARSABIT COUNTY  
EDUCATION FUND**

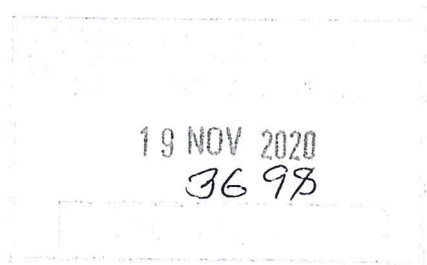
**FOR THE YEAR ENDED  
30 JUNE, 2019**





**Marsabit County Education Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**MARSABIT COUNTY EDUCATION FUND  
ANNUAL REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019**

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





**Marsabit County Education Fund**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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## **1.0 KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

The Fund was created following the act of the County Assembly of Marsabit ACT 2016 to make provisions for the establishment of the fund to finance higher education courses in designated fields at recognised institutions of learning where the county has identified human resource capacity gaps and for connected purpose. The amendments was made in 2018 to cater for secondary education

### **(b) Key Management**

The County Executive Committee Member responsible for finance is responsible for administering the fund.

### **(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Umuro Roba Godana	CEC-- Education, Skill Development youth and sports
2.	Fatuma Nur	Chief Officer – Education,
3	Domnic Daballen	Chairman-Board of Management
4	Emmanuel Chorodo	Fund Manager

### **(d) Fiduciary Oversight Arrangements**

### **(e) Entity Headquarters**

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

### **(f) Entity Contacts**

Telephone: (254) 720336776  
E-mail: [info@treasury.marsabit.go.ke](mailto:info@treasury.marsabit.go.ke)  
Website: [www.marsabitgo.ke](http://www.marsabitgo.ke)





**(g) Entity Bankers**

1. Equity Bank,  
Marsabit Branch

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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





## **2.0 FORWARD BY THE CHIEF OFFICER**

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

During the year under review the county education fund got an allocation of ksh.60,000,000 with the new act which have incorporated secondary school the funds have attracted highest number of applicant ever witnessed. However after vetting by Education selection committee only 2,373 have managed for consideration to benefit from the fund.

We are optimistic these funds will make student access Education at higher level reducing human resource gaps in our county.

**Fatuma Nur**



**Chief Officer – Education  
Marsabit County Government**



**Marsabit County Education Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**3.0 STATEMENT OF MANAGEMENT RESPONSIBILITIES**

Sections 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of revenue and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

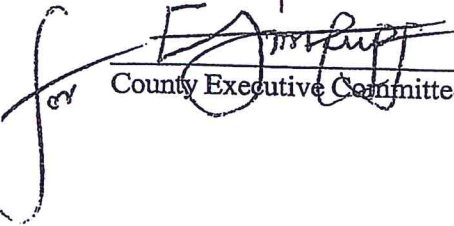
The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 2019. 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 County Government; (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 County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Government's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that the County Government's financial statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30, 2019, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member for finance confirms that the County Government's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The County Government's financial statements were approved and signed by the CEC member for finance on 18/07 2019.

  
County Executive Committee member – Finance







# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON MARSABIT COUNTY EDUCATION FUND FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Marsabit County Education Fund set out on pages 6 to 15, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined 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 Marsabit County Education Fund as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012, Public Finance Management Act, 2012 and the Marsabit County Education Fund Act, 2018.

#### **Basis for Qualified Opinion**

##### **1.0 Bursary Disbursement**

##### **1.1 Unsupported Bursary Awards**

The statement of receipts and payments reflects Kshs.61,123,392 in respect to other grants and payments as detailed in Note 2 to the financial statements. Included in this balance is Kshs.16,660,000 disbursed to various institutions as bursaries.

However, supporting documents, including receipts issued to the beneficiaries and the ward Education Fund Selection Committee minutes, were not provided for audit review. It was therefore, not possible to confirm the total applicants (longlist), successful



applicants (shortlist) and selection criteria and the objectivity, equity and fairness of the vetting process.

In the circumstances, the accountability and value for money of the Kshs.16,660,000 bursaries for the year ended 30 June, 2019 could not be confirmed.

## **1.2 Unaccounted for Bursary Fund**

Note 2 to the financial statements reflects Kshs.61,123,392 in respect to bursary disbursement to various schools and institutions. However, included in Kshs.61,123,392 is Kshs.10,000,000 set aside for bursaries to polytechnics within Marsabit County contrary to Section 8 (a) & (b) of the Marsabit County Education Fund Act, 2018 which states that the distribution of the amount set aside for disbursement under the Act shall be in two categories; 3% of the fund allocation to cater for administrative costs and the remaining amount after deducting the administrative costs shall be allocated as fifty (50%) percent equal share to all the ward and the remaining fifty (50%) percent in accordance with the prescribed formula depending on the number of applicants received per ward. The Act does not provide for a lump sum amount to any specific institution as set aside by the Fund.

Consequently, the accountability of the Kshs.10,000,000 disbursed in the year ended 30 June, 2019 could not be confirmed. In addition, the Fund was in breach of the law.

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

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

## **Other Matter**

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

#### **1.1 Expenditure Analysis**

The summary statement of appropriation; recurrent and development combined reflects approved expenditure budget of Kshs.63,440,902 and an actual expenditure of Kshs.62,974,732 resulting to under expenditure of Kshs.466,170 as follows;



Item	Budget (Kshs.)	Actual (Kshs.)	Under (Kshs.)	%
Other Payments	1,851,340	1,851,340	0	
Other Transfers and Bursary	61,589,562	61,123,392	466,170	0.8
<b>Total</b>	<b>63,440,902</b>	<b>62,974,732</b>	<b>466,170</b>	

The under expenditure of Kshs.466,170 is equivalent to services promised but not delivered to the residents of Marsabit County. There is need therefore, for the Fund to relook at its budget making mechanism with a view to coming up with more realistic budget.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

#### 1. Presentation of Financial Statements

The International Public Sector Accounting Standards (Cash Basis) reporting template issued by the Public Sector Accounting Standards Board (PSASB) in June, 2019 requires inclusion of the signature and Institute of Certified Public Accountants of Kenya (ICPAK) membership number of the Fund administrator on the financial statements. However, the Fund administrator of Marsabit County Education Fund did not indicate his or her ICPAK Membership number in the financial statements for the year under review creating doubts the membership of the Institute.

In the circumstances, the presentation of the financial statements for the year ended 30 June, 2019 did not conform to the prescribed PSASB format.

#### 2. Un-balanced Budget

The Fund's summary statement of appropriation: recurrent and development combined reflects Kshs.60,000,000 and Kshs.63,440,902 in respect to approved receipts and expenditure respectively resulting to a variance of Kshs.3,440,902. The budget imbalance of Kshs.3,440,902 is contrary to Section 31(c) of the Public Finance Management (County Government) regulations, 2015 which states that budget revenue and expenditure appropriation shall be balanced.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

In preparing the financial statements, Management is responsible for assessing the Marsabit County Education Fund ability to sustain 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 Marsabit County Education Fund or to cease operations.

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

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



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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Marsabit County Education Fund ability 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 Marsabit County Education Fund to cease to continue as a going concern or 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 Marsabit County Education Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**


**26 October, 2021**

## 5.0 FINANCIAL STATEMENT

### 5.1 STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018-2019	2017 - 2018
			Kshs
<b>RECEIPTS</b>			
Transfers from the County Treasury/ Exchequer Releases	1	60,000,000	45,000,000
<b>TOTAL RECEIPTS</b>		<b>60,000,000</b>	<b>45,000,000</b>
<b>PAYMENTS</b>			
Other payments	5	1,851,340	1,417,610
Other transfers and bursary	2	61,123,392	45,516,400
<b>TOTAL PAYMENTS</b>		<b>62,974,732</b>	<b>46,934,010</b>
<b>SURPLUS/DEFICIT</b>		<b>-2,974,732</b>	<b>-1,934,010</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 10/07 2019 and signed by:

  
\_\_\_\_\_  
Chief Officer - Education

  
\_\_\_\_\_  
Fund administrator

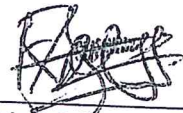


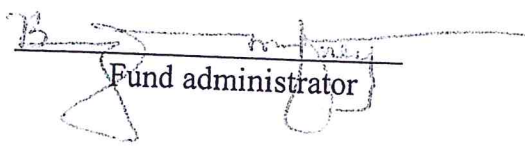


## 5.2 STATEMENT OF ASSETS AND LIABILITIES

	Note	2018-2019	2017-2018
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	3	466,170	3,440,902
<b>Total Cash and cash equivalent</b>		466,170	3,440,902
Accounts receivables – Outstanding Loans			
<b>TOTAL FINANCIAL ASSETS</b>		466,170	3,440,902
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits			
<b>NET FINANCIAL ASSETS</b>		466,170	3,440,902
<b>REPRESENTED BY</b>			
Fund balance b/fwd		3,440,902	5,374,912
Surplus/Deficit for the year		-2,974,732	-1,934,010
<b>NET FINANCIAL POSITION</b>		466,170	3,440,902

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 10/07 2019 and signed by:

  
Chief Officer - Education

  
Fund administrator




**Marsabit County Education Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**5.3 STATEMENT OF CASHFLOW**

		2018-2019	2017-2018
<b>Receipts for operating income</b>			
Transfers from the County Treasury/ Exchequer Releases	1	60,000,000	45,000,000
<b>Payments for operating expenses</b>			
Other payments	5	1,851,340	1,417,610
Other transfers and bursary	2	61,123,392	45,516,400
<b>Net cash flow from operating activities</b>		<b>-2,974,732</b>	<b>-1,934,010</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
<b>Net cash flows from Investing Activities</b>			
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
<b>Net cash flow from financing activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>-2,974,732</b>	<b>-1,934,010</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	4	3,440,902	5,374,912
<b>Cash and cash equivalent at END of the year</b>	3	466,170	3,440,902

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 10/07 2019 and signed by:

  
Chief Officer - Education

  
Fund administrator



it County Education Fund  
and Financial Statements  
year ended June 30, 2019

4 SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

pt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
EIPTS						
fers from the County Treasury/ quer Releases	60,000,000	-	60,000,000	60,000,000	0	100%
L	60,000,000	-	60,000,000	60,000,000	0	100%
IENTS						
payments	1,851,340		1,851,340	1,851,340	-	100%
transfers and bursary	58,148,660	3,440,902	61,589,562	61,123,392	466,170	99%
	60,000,000	3,440,902	63,440,902	62,974,732	466,170	99%

e entity financial statements were approved on 18/07 2019 and signed by:



ser - Education

  
Fund administrator






County Education Fund  
and Financial Statements  
Year ended June 30, 2019

5 SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Account/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
ELIPTS						
Transfers from the County Treasury/ Quarter Releases	60,000,000	-	60,000,000	60,000,000	0	100%
EL	60,000,000	-	60,000,000	60,000,000	0	100%
ELMENTS						
payments	1,851,340		1,851,340	1,851,340	-	100%
transfers and bursary	58,148,660	3,440,902	61,589,562	61,123,392	466,170	99%
	-	-	-	-	-	-
EL	60,000,000	3,440,902	63,440,902	62,974,732	466,170	99%

The entity financial statements were approved on 10/07 2019 and signed by:

  
Chief Officer - Education

  
Fund administrator



## 5.6 SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

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

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *Marsabit County Education Fund*. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

**2. Recognition of revenue and expenses**

The *Marsabit County Education Fund* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *entity*. In addition, the *entity* recognises all expenses when the event occurs and the related cash has actually been paid out by the *entity*.

**3. In-kind contributions**

In-kind contributions are donations that are made to the *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *Marsabit County Education Fund* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**4. 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.





**5. Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**6. Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties has been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

**7. Non current assets**

Non current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

**8. Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *Marsabit County Education Fund* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**9. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *Marsabit County Education Fund* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**10. Comparative figures**

This is the third year of operation of Marsabit County Education Fund. All the figures for the current Financial year 2018/2019 were compared with the first financial year 2017/2018.

**11. Subsequent events**

Events subsequent to submission of the financial year end financial statements to the County Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of County Treasury.



## 5.7 NOTES TO THE FINANCIAL STATEMENTS

### 1. Transfer from the County Treasury/Exchequer Releases

	2018 - 2019	2017 - 2018
	Kshs	Kshs
Transfers from the County Treasury/ Exchequer Releases	60,000,000	45,000,000
<b>Total</b>	<b>60,000,000</b>	<b>45,000,000</b>

### 2. OTHER GRANTS AND OTHER PAYMENTS

	2018 – 2019	2017 - 2018
	Kshs	Kshs
Bursary Disbursement	Sh.61,123,392	45,516,400
<b>Total</b>	<b>61,123,392</b>	<b>45,516,400</b>

### 3. Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	2018 – 2019	2017 - 2018
		Kshs	Kshs
Equity Bank Account No.1010265975890 in Kshs		466,170	3,440,902
<b>Total</b>		<b>466,170</b>	<b>3,440,902</b>





**Marsabit County Education Fund  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. FUND BALANCE BROUGHT FORWARD**

	<b>2018- 2019</b>	<b>2017 - 2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	3,440,902	5,374,912
<b>Total</b>	<b>3,440,902</b>	<b>5,374,912</b>

**5. Other Payments**

	<b>2018- 2019</b>	<b>2017 - 2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee allowances	1,802,400	1,392,200
Bank charges	48,940	25,410
<b>Total</b>	<b>1,851,340</b>	<b>1,417,610</b>



### **13. PROGRESS ON FOLLOW UP OF AUDITOR 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
FY 2017-2018	Late submission of Financial Statements	The management noted the finding and ensured that the current Financial Year 2018-2019 Financial reports were submitted within the required timelines	Mr. Emmanuel Chorodo, Fund Administrator	Resolved	N/A
FY 2017-2018	Lack of admission numbers and double payments	The management have presented names and admission numbers in response	Mr. Emmanuel Chorodo, Fund Administrator	Resolved	N/A
FY 2017-2018	Non-inclusion of ICPAK membership number of the Fund Administrator	The Fund manager is seconded from the Department of the Education as per the Act.	Mr. Emmanuel Chorodo, Fund Administrator	N/A	N/A



