

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

**BUSIA COUNTY CLIMATE
CHANGE FUND**

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

PAPERS LAID	
DATE	26.02.2025
TABLED BY	MAJORITY LEADER
COMMITTEE	
CLERK AT THE TABLE	BELINDA



BUSIA COUNTY CLIMATE CHANGE FUND (FLLoCA)

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

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

Busia County Climate Change Fund (FLLoCA)
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FLLoCA	Financing Locally Led Climate Actions
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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2. Key Entity Information and Management

a) Background information

Busia County Climate Change Fund is established by and derives its authority and accountability from Busia Climate Change Fund Act, 2021 which came to force on 17th May 2021. The Fund is wholly owned by the County Government of Busia and is domiciled in the department of Water, Irrigation, Environment, Natural Resources and Climate change.

The fund's objective is to facilitate and coordinate County Climate Change mitigation and adaptation programmes; and for connected purposes.

The Fund's principal activity is to create a fund in the county for purpose of facilitating climate finance.

b) Principal Activities

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

1. Initiating and coordinating financing of climate change adaptation and mitigation projects at the community level.
2. To establish Climate Finance Mechanisms
3. To coordinating collection and dissemination of climate change information to the public to create awareness and preparedness;

c) Fund Administration Steering Committee

Ref.	Name	Position
1	H.E Hon Arthur Papa Odera	Chairperson
2	Eng. Andrew Meso	Secretary
3	Ms. Jackline Namadi	Vice Chair person
4	Dr. Simplisious Mukok	Member
5	Hon. Topister Naiti Wanyama	Member
6	Boniface Okumu	Member
7	Dorothy Anyango	Member

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d) The Busia County Climate Change Fund Planning Committee

Ref	Name	Position
1	John Muroki	Chairperson- of the Climate Change Planning Committee
2	Hendrick Owori	Vice Chairperson – County Director Fisheries
3	Dan Opilio	Secretary – County Director climate change
4	Dennis Chirande	Member – County Director Environment
5	Maloba ...	Member- County Director Natural resources
6.	Evans Wangata	Member – County Director Budgeting
7.	James Imwen	Member – County Director – water
8.	Allan Ogendo	Member – County Director Veterinary services
9.	Dr. Mukabi David	Member- County Director medical services
10.	Dancun Osale	Member – County Director Environment - NEMA
11	Benjamin Bahati	Member – Director meteorological services

e) Key Management Team

Ref	Name	Position
1	John Muroki Mirengo	Chief Officer Climate Change
2	Dan Opilio	Director Climate Change
3	Andrew Werambo	Fund Manager/ Administrator
4	Humphreys Olukoye	Fund Accountant

Key Entity and Management (Continued)

f) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

SN	Position	Name
1	Directorate Internal Audit	Maximilla Ayieko
2	County Assembly of Busia	Clerk of the County Assembly
3	Office of the Controller of Budget	Controller of Budget

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4	Office of the Auditor General	OAG
5	The Senate	
6	Public Sector Accounting Standards Board	
7	Audit Committee	

g) Registered Offices

P.O. Box Private Bag 50400
Busia (K)
Town Hall Building Busia-
Kisumu Highway Busia, Kenya

h) Fund Contacts

Telephone: (254) 726 938 690/ 0721 857 809
E-mail: info@busiacounty.go.ke
Website: www.busiacyounty.go.ke

i) Fund Bankers

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

(List all the banks where the fund has accounts)

Key Entity and Management (Continued)

j) Independent Auditors

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

k) Principal Legal Adviser

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



l) County Attorney

County Government of Busia
Inyanja Plaza 1st Floor
P.O Box Private Bag-50400
Busia, Kenya

Busia County Climate Change Fund (FLLoCA)




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3. Fund Steering Committee

Name	Details of qualifications and experience
<p>1. H.E Deputy Governor, Chair Person</p>  <p>Hon. Arthur Papa Odera</p>	<p>Year of Birth: 1968</p> <p>Academic Qualification: Master's in Business Administration</p> <p>Work Experience: Served as MP for Teso North Constituency between the year 2013-1017. Currently Serving as the CECM for Public Health & Sanitation.</p>
<p>2. CECM Water, Irrigation, Environment, Natural Resources & Climate Change</p>  <p>Eng. Andrew Meso</p>	<p>Year of Birth:01/10/1985</p> <p>Academic Qualification: Bachelor's degree in Civil Engineering- The University of Nairobi. Professional member of Engineers Board of Kenya (EBK).</p> <p>Work Experience: Corporate member of Institution of Engineers of Kenya. He has 14 years experience both in Government and private sector in areas of Water, sanitation, Irrigation and drainage</p>
<p>CECM Public Works and Roads</p>  <p>Andrew Nakitari</p>	<p>Date: 22nd August 1960.</p> <p>Academic Qualification: Masters in Human Resource.</p> <p>Work Experience: Director Human Resource State Department of Human Resource.</p>

Busia County Climate Change Fund (FLLoCA)

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<p>Women Representative</p>  <p>Jacklyn Namadi</p>	<p>Date of Birth: 15th Sept 1980</p> <p>Academic Qualification: Bachelor of Business Studies</p> <p>Work Experience: Experience in Marketing and data collection and analysis.</p>
<p>Youth Representative</p>  <p>Boniface Okumu</p>	<p>Date of Birth: 22nd April 1994</p> <p>Academic Qualification: KCSE Certificate</p> <p>Work Experience: Experience in Community Engagements with NGOs and Non State Actors</p>
<p>Business Community Representative</p>  <p>Dorothy Anyango</p>	<p>Date of Birth: 9th Sept 1995</p> <p>Academic Qualifications: Bachelor of arts in sociology and linguistics</p> <p>Work Experience: CEO KNCCI-Busia Chapter</p>

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CECM-Finance and Economic Planning



Topista Naiti Wanyama




Year of Birth: 1973

Academic Qualification: She is a Graduate in Business Field.

Work Experience: She has worked as a Banker for over 25 Years and rose to a position of a Bank Manager.

**Busia County Climate Change Fund (FLLoCA)
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4. Management Team

Name	Details of qualifications and experience
<p>1. Chief Officer Climate Change</p>  <p>Mr. John Muroki</p>	<p>Year of Birth: 28th June 1968.</p> <p>Education: Bachelor’s Degree Education Science Maths/Physics.</p> <p>Work Experience. Principal for high School experience in teaching for over 15 Years.</p>
<p>2. Director Climate Change</p>  <p>Dan Opilio</p>	<p>Year of Birth 1st July 1983.</p> <p>Education: Masters of Science in Environmental Studies</p> <p>Work Experience. Part time Lecturer and Director specialised in climate and environment matters.</p>
<p>3. Senior Accountant</p>  <p>CPA. Humphreys Nundu Olukoye</p>	<p>Date of Birth: 01/12/1984</p> <p>Holds a Bachelor’s Degree in Finance, and is a certified Public Accountant of Kenya.</p> <p>Has 14 years of Experience in Accountancy and Finance. Has been a Management Accountant and Assistant Finance Manager.</p>

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

4. Fund Administrator



Andrew Werambo

Date of Birth : 23/01/1986

Academic Qualification: Holds a bachelor degree in Applied Statistics With Information Technology.

Work Experience:

5. Fund Chairperson's Report

Busia Climate Change Fund Act 2021 established Busia Climate Change Fund, with three level structures namely, the Steering committee, the County Planning committee and the Ward Climate Change Planning committee.

The Fund was allocated Kshs. 46.2 million in the FY 2023-2024 from the County Allocation, Kshs. 11 Million County Climate Institutional Support (CCIS), and 217 Million County Climate Resilience Projects (CCRI) Grants from the National Treasury FLLoCA program.

The funds contributed by the County Government are utilized in line with the Busia County Climate Change Fund Act, 2021. The Act stipulates that 3% of the funds be utilized for administrative activities for both the ward and county level committees and building capacity of the County Climate Change Directorate, 20% for implementation of various County wide projects while 77% of the funds are to be utilized for implementation of ward prioritized projects as per section four of the Busia County Climate Change Fund Act, 2021.

The Busia County Climate Change Fund will continue with the ongoing projects to completion as well as initiate the implementation of the CCRI projects that are to be funded by the FLLoCA CCRI I grant. In the next financial year 2024/25, the Fund has been allocated Kshs. 52 Million which will be utilized in line with *the Act*. FLLoCA program has allocated the County 11 Million CCIS III grant and anticipates 217 Million in CCRI grants.

In conclusion, I highly appreciate the staff, the committee members and other stakeholders for cooperation, support and hard work that enabled the Fund to achieve the above milestones. My special appreciation goes to H.E. the Governor for his strategic guidance in the design of climate change programs, the CECM and the Chief Officer(s) for their leadership in implementation of fund programs and the Director Climate Change for his day to day coordination of the fund's activities.

The Busia County Climate Change Fund envisions to attain greater performance in the next fiscal year 2024/25 and beyond.

Name.....

JOHN MURRAY

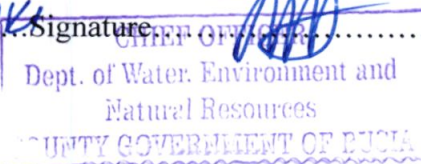
Signature.....

[Handwritten Signature]

Date.....

03/12/24

Chairperson of the Fund



6. Report of the Fund Administrator

The Busia County Directorate of Climate Change was established in March 2021 to coordinate the County's Climate Change response and spearhead implementation of climate change adaptation programs under the County Climate Change Fund. The County's Climate Change response is anchored on the Busia County Climate Change Fund Act, 2021. (hereafter referred to as *The Act*) and guided by the Busia County Climate Change Policy, 2022-2027, the Busia County Climate Change Regulations, 2021 and the Busia County Climate Change Action Plan 2023 -2027.

During the reporting period, the Directorate of Climate Change focused on strengthening climate change governance structures, increasing awareness and implementation of climate change resilience projects. The Program Activities Undertaken during the FY 2023/2024 include the following:

a) The Climate Change Coordination unit finalized on preparation of Climate Change Action Plan 2023-2027 under the guidance of National Treasury team of Experts.

After developing County Climate Change Action Plan 2023-2027, the experts from The National Treasury convened a workshop in Nakuru where the BCCAPs were reviewed and enriched by the experts. This workshop culminated to a well refined and accepted final draft Climate Change Action Plan which was approved by the Cabinet.

b) Capacity Building of the two County Assembly Sector Committee Members

In line with Kenyan Constitution 2010, County Government Act, 2012 and Public Finance Management Act, 2012, The county assembly plays important role in representation, legislation and oversight. In line with this spirit the two committees on delegated legislation and Climate Change, Environment and Energy were trained on; Climate Change Financing and County Budgeting resources allocation, Legal and institution framework around FLLoCA program, social safeguards and redress mechanism and mitigation and adaptation to impacts of Climate change at ward level. Finally, the two County assembly committees validated the PCRA Report and County Climate Change Action Plan 2023-2027.

c) Capacity Building of the County Climate Change Planning committee

The established county climate change Act, 2021 elaborates the structure of the climate change committee. In relation to this, the County planning committee comprises of directors and technical persons in the directorates and semi-autonomous agencies which are heavily impacted by the effects of Climate Change and the Chief officer Climate Change. Given their vital mandate, the committee was trained and sensitized steering committee with representation from county departments and semi-autonomous agencies were taken through a sensitization and training workshop. The objective of the workshop was to equip the committee with knowledge on their

functions as established under the Busia climate change fund act, 2021. The covered topics included; operationalization of the FLLoCA program, proposal development/vetting/approval, monitoring and evaluation, environmental and social safeguards and grievance redress mechanisms

d) Training of programme Accountant

The program Fund Accountant was trained on best practises in accounting and prudence management of financial resources and timely reporting.

I. Second Quarter Activities

a) Renovation of the County Climate Change Coordination Unit office

In quarter two of the financial year under review, the CCCU office was renovated and equipped for better working environment for the County Climate Change Secretariat. The office renovated had nine working stations for Fund Administrator, Accountant, M&E focal person, GRM Person, Environment and social safeguards person among other secretariat members.

b) Development of County Climate Change policy funded by the county government.

The County Climate Change Unit embarked on development of Climate Change policy to enhance framework on to which Climate change fund was operating. In totality the policy shall address hitches felt or experienced in the implementation of the program along the way. Through the policy all the mitigation and adaptation measures to climate change shall be streamlined and legalized.

II. Third Quarter Activities

a) Capacity building and Training of ward Climate Change planning committees

Under this Quarter, the CCCU trained the ward Climate Change planning committee for twelve wards across the two sub-Counties; Butula and Samia. Areas of training included but not limited to; Overview of FLLoCA Program, FLLoCA Performance Areas, level of action to strengthen vertical and horizontal collaboration, overview of National climate change act [amended]2023 & Busia county climate change act 2021, Mainstreaming Climate change Action into County Government function, Roles of Ward Climate Change Committee, Measures to responding to climate change, environmental safeguard mechanism for development project, grievance redress mechanism for FLLoCA projects and publicising of the County Climate Action Plan and process of lodging complaints

x

III. Fourth Quarter Activities

a) Developed County information service plan

The climate change unit with technical working group from different sectors developed the draft Busia County Climate Information Services Plan (BCCISP). The entire exercise of developing the draft plan was guided by the County Director Meteorological Department in reference with the stipulated guidelines by the national meteorological department.

Busia County CISP Objectives are;

- Providing Relevant location specific weather and climate information (daily observed rainfall, weekly, monthly and seasonal rainfall forecasts) that supports community level livelihoods and county and sub county level decision making processes
- Provision of Early warning and Alerts of extreme weather and climate events
- Promotion of relevant climate information to contribute on the development of sector specific advisories for short term and long-term planning.

b) Capacity building of officers on environment and social risk management

The national treasury in collaboration with the program management unit (PIU) organized for a one-week workshop under the financing locally-led climate action (FLLoCA) program in Machakos to capacity build the three focal point persons across the forty-five counties in the country. The three key safeguards focal point persons included; environment safeguards focal point person, social safeguard focal point person and the grievance redress mechanisms focal point person. The counties were expected to facilitate the three officers from the climate change institutional support grant.

The objective of the workshop was to sensitize the focal point persons from counties on adherence to environment and social safeguards standards and guidelines both at national and international level.

Some of the topics undertaken during the training included:

- Climate change governance
- Contractor's code of conduct implementing environment and social safeguards during project implementation period
- Introduction to environment and social safeguards
- Environment and social frameworks fundamentals
- Introduction to SEAH
- Mainstreaming gender issues in climate actions

c) Facilitation of officers to attend APA

The workshop was organized by program implementation unit under the national treasury and economic planning for counties that merited for the climate resilient investment grants. Counties participated in the annual performance assessment with key officers including chief officer and director in charge of climate change to assess the level of preparedness for subsequent funding. The officers from counties were facilitated from county climate change funds under the FLLoCA program.

- d)** Handed over site for construction of County Climate change service hub which is currently at 85% completion rate.
- e)** The Climate Change Coordination unit conducted Environmental and Social screening for every FLLoCA Project and screening report generated for each and every project.
- f)** The CCU conducted stakeholder engagement meetings with the public who are recipient of the projects.
- g)** Administration of Grievance Redress Mechanism forms to the public and complaints recorded and acted upon for every project to be implemented
- h)** The CCU conducted topographical surveys
- i)** Responsible sectors developed Bill of Quantities for all FLLoCA projects to be implemented.

Challenges

- Inadequate political goodwill especially from the County Assembly
- Late disbursement of FLLoCA from National Treasury to facilitate community climate actions.
- Delayed transfer of money from exchequer to special purpose account for implementation of climate change activities.

Lessons learnt

- **Best Practices**

Utilization of Geographic Information system enhances timely reporting and accountability

- **Innovations**

Utilization of green energy i.e. Solarization of water points to reduce over reliance of electricity and fossil fuels.

Utilization of Geographic Information system to enhance timely reporting and accountability

Recommendation

- Early and timely disbursement of project funds to ensure proper/timely implementation of the programmes

Proper sensitization of community on locally led actions to enhance acceptance and participation in the program

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.

The key development objectives of the Fund as per the strategic plan for 2023-2027!!! are to:

- a) *Enhance Climate resilience through development, management, implementation*
- b) *Mainstream Climate Change responses into development*
- c) *Facilitate effective management of Climate change impacts*
- d) *Promote and facilitate community based and community initiated adaptation activities.*

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Climate Change Governance	To strengthen climate change institutional and planning framework	Climate change governance structures at county and ward level established	Number of governance structures established	<ul style="list-style-type: none"> • CCCU offices renovated • Busia County climate change policy developed • County climate service information service paln drafted.
Capacity Building	To build the capacity of committees and stakeholders to enable them execute climate action	Enhanced capacity to manage climate risks	Number of staff, committees trained	<ul style="list-style-type: none"> • Two county assembly committees; delegated legislation and Climate Change, Environment and Energy were trained climate change matters • Ward Climate Change planning committee for twelve wards across the two sub-Counties; Butula and Samia were capacity build on ,

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				<p>Mainstreaming Climate change Action into County Government function, Roles of Ward Climate Change Committee among others</p> <ul style="list-style-type: none"> • Fund Accountant was trained on best practises in accounting and prudence management of financial resources and timely reporting.
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8. Corporate Governance Statement

Section 5 of the Busia County Climate Change Fund Act, 2021 provides for establishment of the County Climate Change Steering Committee whose membership comprises nine members including; the Deputy Governor as the Chairperson, CECM in charge water, irrigation, environment, Natural resources and climate change matters who is the secretary, CECM in charge of finance, CECM Public Health, CECM in charge of infrastructure and energy and CECM Agriculture, livestock and fisheries. The Steering committee also comprises non-state actors namely; one representative of the private sector, a representative of women and one representative of youth. The Steering Committee serves as the Board of the Busia County Climate Change Fund.

In line with the Act, for one to be appointed on the Steering Committee is by virtue of the offices they bear. For non-state actor members of the committee, for one to be nominated, He/she should have demonstrable experience, expertise and interest in issues of climate change, natural resource management and/or environmental conservation. The term of service is a non-renewable term five-year period.

The steering committee ensures mainstreaming of climate into county planning and development process, co-ordinate formulation and monitoring implementation of climate change action plan; mobilize funds for climate change mitigation. Further, the committee is charged with the role of reviewing, approving and monitoring implementation; advise the county government on legislative, policy and other measures necessary for climate change response; ensure co-ordinated approach to climate response programming and coordinate the formulation of climate.

9. Management Discussion and Analysis

In the First meeting, the Chairperson (Deputy governor) the Deputy Governor pointed out that Climate Change is a phenomenon affecting the entire world with examples of cyclones occurring in Mozambique, drought experienced in the Northern part of Kenya, below normal rainfall quantities within the Lake Region among others. Therefore, the projects and programs proposed by the Directorate of Climate Change should address adaptation and mitigation aspects in Busia.

He further informed participants that the County Climate Support Institutional(CCIS) grant from FLLoCA was to be disbursed by the end of April, 2024 and called for the review of the workplan.

The chairperson further explained that the process of establishing a Busia Climate Change Hub should be fast tracked to ensure that its up and running. He advised continuous budgeting for the initiative and appreciated the directorate for the achievements attained since its inception in 2021. He directed that focus should be towards on clean energy, environmental conservation, water resources conservation, disaster risk reduction and smart agriculture to a level that can enable other counties to benchmark with Busia.

The CECM Climate Change informed the committee that the Department is committed to ensure that matters of Climate Change are well coordinated. He explained that other counties are working and Busia should not be left behind. He further mentioned that PCRA activities done across the County are yielding fruits as he has been receiving positive feedback from the Communities.

The CECM for Agriculture observed that Agriculture is more affected by Climate Change citing example that shift in rainfall patterns affects both crops and animals adversely. He observed that addressing climate change impacts directly leads to increased agricultural productivity. On his part, the CECM for Finance challenged the directorates to take advantage of the expertise of CECM Water who is an Engineer in the field of Water. Further, he urged the department to ensure accountability and prudent utilization of the funds.

Based on the discussions, the Director Climate Change presented the work plan for FY 2023-2024 which was subsequently approved. The Committee urged the directorate to stick to best fiduciary and social practices while implementing.

10. Environmental and Sustainability Reporting

The Busia County Climate Change Fund, whose programs are implemented by the Directorate of Climate Change exists to strengthen resilience of communities to climate change and enhance adaptation in the context of sustainable development.

1. Sustainability strategy and profile -

The Climate Change Fund will be sustainable as there have been efforts to put in the budget at least two per cent of the County's annual budget. The Deputy Governor being the chair of the steering committee that is the highest decision-making organ and the involvement of the members of the County Assembly ensure the right trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure. Putting communities at the centre of decision making about project identification, implementation and operations helps to ensure sustainability of climate change initiatives under the fund. Furthermore, water projects implemented by the fund are handed over to the County Water Utility Company for sustainability.

2. Environmental performance

The fund undertakes environmental safeguards before implementation of the programs. This ensures that projects that are to be implemented undergo Environmental and Social Screening to check out for any adverse effects that may result from implementation of the same. An Environmental and Social Management Plan is then developed and presented to the contractor to enable mitigation of any harmful impacts that may arise during project implementation and operation. There is a dedicated environmental and social safeguards focal person for the projects. In addition, the projects have an environmental and social component, which budgets for conservation of natural resources, restoration of degraded areas and sensitization of communities on environmental conservation and climate change.

3. Market place practices-

The organisation should outline its efforts to:

- a) The advertisement of Development Project is through Open Tender where the evaluation process is done and the bidder who fulfils the Conditions set is awarded the Tender.*
- b) Payments are done promptly to the Suppliers after supply and delivery of goods and services.*

4. Corporate Social Responsibility / Community Engagements

Community engagements for social inclusion is one of the key pillars of the climate change fund. Community engagements in the reporting period were:

- Radio Programmes for increased Climate Change awareness
- Building capacity of various officers from the County Departments of Water Irrigation and Natural Resources, Agriculture select WCCPCs two wards in partnership with FLLoCA on digitization of participatory engagement tools


11. Report of The Trustees

The Fund does not have a Board of Trustees.

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. OR [XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Busia Climate Change Fund for the year/period ended June 30, 2024 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board



.....

Fund Administration Committee

Date: 

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *(The Fund should state the appropriate legislation establishing the 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 and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *(quote the applicable legislation establishing the County Public Fund)*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 20xx, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

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

Approval of the financial statements

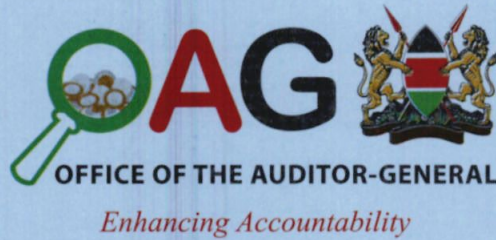
The Fund's financial statements were approved by the Board on 31/12/24 2024 and signed on its behalf by:

.....*[Signature]*.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BUSIA COUNTY CLIMATE CHANGE FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Busia County Climate Change Fund set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Busia County Climate Change Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Busia County Climate Change Act, 2021, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Use of Goods and Services Expenditure

The statement of financial performance reflects use of goods and services amounting to Kshs.24,698,102 which as disclosed in Note 7 to the financial statements includes an expenditure of Kshs.1,898,008 on travel costs. However, supporting documents including details of the persons who travelled, reasons for travel, proof of travel and expenditure vouchers were not provided for audit.

In the circumstances, the accuracy, completeness and propriety of the expenditure on use of goods and services amounting to Kshs.1,898,008 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Busia County Climate Change 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects approved revenue budget and actual on comparable basis totaling Kshs.285,377,403 and Kshs.123,192,425 respectively, resulting to under-funding of Kshs.162,184,978 or 57% of the budget. Further, the Fund incurred actual expenditure of Kshs.27,923,054 against approved expenditure of Kshs.285,377,403 resulting to under-performance of Kshs.257,454,349 or 90% of the budget. In addition, the statement of cash flows reflects purchase of property, plant and equipment during the year under review amounting to Kshs.12,868,808. However, details of budget and actual amounts on capital expenditure have been omitted in the statement of comparison of budget and actual amounts.

The under-funding and under-performance affected the planned activities and may have impacted negatively on services delivery to the public.

My opinion is not modified in respect of this matter.

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 matter 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 Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare an Annual Procurement Plan

During the year under review, Management did not provide an approved annual procurement plan aligned with the approved budget at the commencement of the financial year for audit verification, contrary to Section 53 (2) of the Public Procurement and Asset Disposal Act, 2015 which states that an Accounting Officer shall prepare an annual procurement plan which is realistic in a format set out in the Regulations within the

approved procurement budget prior to commencement of each financial year as part of the budget making process.

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

2. Failure to Conduct Monitoring and Reporting on Compliance of Public and Private Entities

During the year under review, Management did not provide a report prepared by the County Director of Climate Change stating whether public and private entities are in compliance with the assigned climate change duties in accordance with Section 37(1) of the Busia County Climate Change Act, 2021, which states that the County Director of Climate Change may, with the representative of the National Environment Management Authority, monitor, investigate and report on whether the public and private entities are in compliance with the assigned climate change duties.

Further, Section 37(2) states that the County Director of Climate Change shall report to the Steering Committee on the performance of functions under Subsection (1) on annual basis, and such report shall form part of the Report by the Steering Committee to the County Assembly.

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

3. Failure to Provide an Annual Climate Change Response Report

During the year under review, Management did not submit to the County Assembly for discussion the annual climate change response report on the implementation of the County climate change action plan, and other climate change response actions and impacts. This was contrary to Section 39(1) of the Busia County Climate Change Act, 2021, which states that the County Director of Climate Change shall within three months after the end of every financial year, publish publicly and submit a report on the implementation of the County Climate Change Action plan and other climate change response actions and impacts to the County Assembly for review, discussion and debate. Further, Section 39(3) provides that a copy of the report issued under Subsection (1) shall be forwarded to the National Directorate of Climate Change for information purposes.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for

Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Non-Current Asset Register

The Fund did not maintain a register of fixed assets for the assets which were purchased during the year amounting to Kshs. 12,868,808, as well as the donated assets contrary to Section 149(2)(o) of the Public Finance Management Act, 2012, which states that, in carrying out a responsibility imposed by Subsection (1), an Accounting Officer shall, in respect of the entity concerned, ensure that the respective County Government entity has adequate systems and processes in place to plan for, procure, account for, maintain, store and dispose of assets, including an asset register that is current, accurate and available to the relevant County Treasury or the Auditor-General.

In the circumstances, the effectiveness of non-current assets management could not be confirmed.

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

Responsibilities of 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 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's 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 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 Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance

with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

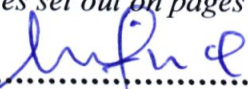
30 December, 2024

Busia County Climate Change Fund (FLLoCA)
Annual Report and Financial Statements for the year ended June 30, 2024


14. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	FY 2023/2024
		Kshs
Revenue From Non-Exchange Transactions		
Public Contributions and Donations	1	76,916,005
Transfers From the County Government	2	46,276,420
Fines, Penalties and Other Levies	3	-
		123,192,425
Revenue From Exchange Transactions		
Interest Income	4	-
Other Income	5	-
		-
Total Revenue		123,192,425
Expenses		
Employee Costs	6	-
Use of goods and services	7	24,698,102
Depreciation and Amortization Expense	8	3,224,952
Finance Costs	9	-
Total Expenses		27,923,054
Other Gains/Losses		
Gain/Loss on Disposal of Assets	10	-
Gain /Loss on fair value of investments	11	-
Surplus/(Deficit) for the Period		95,269,371

(The notes set out on pages xxx to xxx form an integral part of these Financial Statements)



Name: Protus Makokha
Administrator of the Fund



Name: Humphreys Nundu Olukoye
Fund Accountant
ICPAK Member Number:24595

Busia County Climate Change Fund (FLLoCA)
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15. Statement of Financial Position As at 30 June 2024

Description	Note	FY 2023/2024
		Kshs
Assets		
Current Assets		
Cash and Cash Equivalents	12	102,915,815
Current Portion of Long- Term Receivables From Exchange Transactions	13	-
Prepayments	14	-
Inventories	15	-
Investments in financial assets	16	-
Total current assets		102,915,815
Non-Current Assets		
Property, Plant and Equipment	17	9,643,856
Intangible Assets	18	-
Long Term Receivables from Exchange Transactions	13	-
Investment Property	19	-
Total non- current assets		9,643,856
Total Assets (A)		112,559,671
Liabilities		
Current Liabilities		
Trade and Other Payables from Exchange Transactions	20	-
Current Provisions	21	-
Current Portion of Borrowings	22	-
Employee Benefit Obligations	23	-
Social benefit liabilities	24	-
Total current liabilities		
Non-Current Liabilities		
Non-Current Provisions	21	-
Long Term Portion of Borrowings	22	-
Non-Current Employee Benefit Obligation	23	-
Social benefit liabilities	24	-

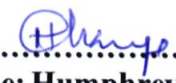
Busia County Climate Change Fund (FLLoCA)
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Description	Note	FY 2023/2024
		Kshs
Total Liabilities (B)		-
Net Assets (A-B)		112,559,671
Represented By:		
Revolving Fund		17,290,300
Reserves		-
Accumulated Surplus		95,269,371
Net Assets		112,559,671

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 03/12/ 2024 and signed by:



Name: Protus Makokha
Administrator of the Fund



Name: Humphreys Nundu Olukoye
Fund Accountant
ICPAK Member Number:24595

Busia County Climate Change Fund (FLLoCA)
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July (2023)	-	-	-	-
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Bank Balance (30/06/2023)	17,290,300	-	-	17,290,300
Balance As At 30 June 2023	17,290,300	-	-	17,290,300
Balance As At 1 July 2023	17,290,300	-	-	-
Surplus/(Deficit) For the Period		-	95,269,371	95,269,371
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June (Current FY)	17,290,300	-	95,269,371	112,559,671

(Provide details on the nature and purpose of reserves)

Busia County Climate Change Fund (FLLoCA)
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Note	FY 2023/2024 Kshs
Cash flows from operating activities		
Receipts		
Public contributions and donations	1	76,916,005
Transfers from the county government	2	46,276,420
Interest received	3	
Receipts from other operating activities	4	
Total receipts		123,192,425
Payments		
Fund administration expenses	6	-
General expenses	7	24,698,102
Finance cost		
Other payments		
		24,698,102
Net cash flows from operating activities	25	98,494,323
Cash flows from investing activities		
Purchase of property, plant, equipment and Intangible assets		(12,868,808)
Proceeds from sale of property, plant & equipment		-
Proceeds from loan principal repayments		-
Loan disbursements paid out		-
Net cash flows used in investing activities		(12,868,808)
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		85,625,515
Cash and cash equivalents at 1 July		17,290,300
Cash and cash equivalents at 30 June		102,915,815

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2023/2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	147,000,000	92,100,983	239,100,983	76,916,005	162,184,978	32.27%
Transfers From County Govt.	55,000,000	(8,723,580)	46,276,420	46,276,420	-	100 %
Interest Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
Total Income	202,000,000	83,377,403	285,377,403	123,192,425	162,184,978	43.17%
Expenses						
Fund Administration Expenses	40,000,000	-	40,000,000	-	40,000,000	0%
General Expenses	162,000,000	83,377,403	245,377,403	27,923,054	217,454,349	11.38%
Finance Cost	-	-	-	-	-	
Total Expenditure	202,000,000	83,377,403	285,377,403	27,923,054	257,454,349	9.78%
Surplus For the Period	-	-	-	95,269,371		
Capital expenditure	-	-	-	-	-	

Budget notes

1. Underutilization of funds was caused by late disbursement by FLLoCA
2. Changes of Counterpart funding was as a result of reallocation of funds to other critical Votes in the main budget.

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Busia Climate Change Fund entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Buisa County Government and is domiciled in Kenya. The entity’s principal activity is Climate Change and Mitigation.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<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 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 expected impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and	<i>Applicable 1st January 2025</i> The Standard requires,

Busia County Climate Change Fund (FLLoCA)
Annual Report and Financial Statements for the year ended June 30, 2024

Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

Busia County Climate Change Fund (FLLoCA)
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IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
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(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year *or the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

4. Summary of 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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 20xx was approved by the County Assembly on xxxx. 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 xxxxxx on the FY 20xx 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.

Summary of Significant Accounting Policies (Continued)

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 xxx of these financial statements.

c) Property, plant and equipment

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

a) 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.

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

e) Provisions

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

f) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

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. Additional disclosure of these estimates of provisions is included in Note xxx.

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

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

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6. Notes To The Financial Statements Continued

1. Public contributions and donations

Description	2023/2024	2022/2023
	Kshs	Kshs
Donation From Development Partners	76,466,005	-
Contributions From The Public	-	-
Other Donations in Kind	450,000	
Total	76,916,005	-

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2023/2024
	Kshs
Transfers From County Govt. –Operations	46,276,420
Payments By County On Behalf Of The Entity	-
Unconditional Development grants	-
Total	46,276,420

3. Fines, penalties and other levies

Description	2023/2024
	Kshs
Late Payment Penalties	-
Fines	-
Total	-

4. Interest income

Description	2023/2024
	Kshs
Interest Income from Mortgage Loans	-
Interest Income From Car Loans	-
Interest Income From Investments in financial assets	-
Interest Income On Bank Deposits	-
Total Interest Income	-

Notes to the Financial Statements Continued

5. Other income

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

6. Employee Costs

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

7. Use of Goods and Services

Description	2023/2024
	Kshs.
General Office Expenses	500,000
Loan Processing Costs	
Professional Services Costs	
Administration Fees	2,881,750
Committee Allowances	8,271,050
Hospitality	5,634,911
Travel Cost	1,898,008
Fuel And Oil Costs	200,843
Activity-ESIA	3,467,650

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Description	2023/2024
	Kshs.
Postage And Courier	
Printing And Stationery	
Rental Costs	
Security Costs	
Telephone And Communication Expenses	
Bank Charges	
Audit Fees	
Provision For Doubtful Debts	
Taxes	103,139
Training	1,316,000
Repairs and Maintenance	424,751
Social benefit expenses*	
Total	24,698,102

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

8. Depreciation and Amortization Expense

Description	2023/2024
	Kshs.
Property Plant and Equipment	3,224,952
Intangible Assets	-
Total	3,224,952

9. Finance costs

Description	2023/2024
	Kshs.
Interest On Bank Overdrafts	-
Interest On Loans From Banks	-
Total	-

10. Gain/(loss) on disposal of assets

Description	2023/2024
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
Total	-

11. Gain/ (loss) on Fair Value Investments

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

12. Cash and cash equivalents

Description	2023/2024
	Kshs
Xxx Car Loan Account	-
Xxx County Mortgage Account	-
Fixed Deposits Account	-
On – Call Deposits	-
Current Account	102,915,815
Others (<i>Specify</i>)	-
Total Cash And Cash Equivalents	102,915,815

Busia County Climate Change Fund (FLLoCA)
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

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

Financial Institution	Account number	2023/2024
		Kshs
a) Fixed Deposits Account		
Kenya Commercial Bank		-
Equity Bank, Etc.		-
Sub- Total		-
b) On - Call Deposits		
Kenya Commercial Bank		-
Equity Bank - Etc.		-
Sub- Total		-
c) Current Account		
Busia County Climate Change Fund	1000535849	102,915,815
Bank B		-
Sub- Total		-
d) Others(Specify)		
Cash In Transit		-
Cash In Hand		-
Sub- Total		-
Grand Total		102,915,815

13. Receivables from exchange transactions

Description	2023/2024
	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	-
Total Non- Current Receivables	-
Total Receivables From Exchange Transactions	-

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	2023/2024
	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	-

14. Prepayments

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

15. Inventories

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

Notes to the Financial Statements Continued

16. Investments in financial assets

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

Movement of Equity Investments

Impairment allowance/ provision	2023/2024
	Kshs
At the beginning of the year	-
Purchase of investments in the year	-
Sale of investments during the year	-
Gain/(loss) in fair value of investments through surplus or deficit	-
At the end of the year	-

e) Shareholding in other entities

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

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

Busia County Climate Change Fund (FLLoCA)
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

17. Property, plant and equipment

Cost	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers and office equipment Kshs	Total Kshs
At 1st July 2023					
Additions		11,000,000	489,660	1,379,148	12,868,808
Disposals					
Transfers/Adjustments					
At 30th June 2024		11,000,000	489,660	1,379,148	12,868,808
Depreciation & Impairment					
At 1 st July 2023					
Depreciation		2,750,000	61,208	413,744	3,224,952
Disposals					
Impairment					
Transfer/Adjustment					
At 30th June 2024		2,750,000	61,208	413,744	3,224,952
Net Book Values					
At 30th June 2024		8,250,000	428,453	965,404	9,643,856

Busia County Climate Change Fund (FLLoCA)
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

18. Intangible assets

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

19. Investment Property

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

Busia County Climate Change Fund (FLLoCA)
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

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

21. Provisions

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

Busia County Climate Change Fund (FLLoCA)
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

22. Borrowings

Description	2023/2024
	Kshs
Balance At Beginning of The Period	-
External Borrowings During the Year	-
Domestic Borrowings During the Year	-
Repayments of External Borrowings During the Period	-
Repayments of Domestic Borrowings During the Period	-
Balance At End of The Period	-

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

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

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

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

Busia County Climate Change Fund (FLLoCA)
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Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2023/2024
	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-
Total	-	-	-	-

24. Social Benefit Liabilities

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

Busia County Climate Change Fund (FLLoCA)
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

25. Cash generated from operations.

Description	2023/2024
	Kshs
Surplus/ (Deficit) For the Year Before Tax	95,269,371
Adjusted For:	-
Depreciation	3,224,952
Amortisation	-
Gains/ Losses On Disposal Of Assets	-
Interest Income	-
Finance Cost	-
Working Capital Adjustments	
Increase In Inventory	-
Increase In Receivables	-
Increase In Payables	-
Net Cash Flow From Operating Activities	98,494,323

Notes To The Financial Statements (Continued)

26. 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; etc.

b) Related party transactions

Description	2023/2024
	Kshs
Transfers From Related Parties'	-
Transfers To Related Parties	-

c) Key management remuneration

Description	2023/2024
	Kshs
Board Of Trustees	-
Key Management Compensation	-
Total	-

d) Due from related parties

Description	2023/2024
	Kshs
Due From Parent Ministry	-
Due From County Government	-
Total	-

Other Disclosures Continued

e) Due to related parties

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

27. Contingent assets and contingent liabilities

Contingent Liabilities	2023/2024
	Kshs
Court Case Xxx Against the Fund	-
Bank Guarantees	-
Total	-

Notes To The Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

Notes To The Financial Statements (Continued)

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

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

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Notes To The Financial Statements (Continued)

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:

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

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
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. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax.

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	Current FY	Comparative FY
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	17,290,300	-
Accumulated surplus	95,269,371	-
Total funds	112,559,571	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by Busia County Climate Change Act 2021 Act (*state the legislation establishing the Fund*) under the Ministry of Water. Its ultimate parent is the County Government of Busia.

31. Currency

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

20. Annexes

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

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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

Fund Manager/Accounting Officer (enter title of head of Fund)

Date.....

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Annex II: Inter-Fund Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary Fund]
 [Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 20xx				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name SignDate

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Annex III: Reporting of Climate Relevant Expenditures

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

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Annex IV: Reporting on Disaster Management Expenditure

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