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THE AUDITOR-GENERAL

ON

KAJIADO COUNTY CLIMATE CHANGE FUND

FOR THE YEAR ENDED 30 JUNE, 2026

PAPERS LAID

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KAJIADO COUNTY CLIMATE CHANGE FUND

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

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
FLLoCCA	Financing Locally led Climate Change Program
CCIRG	County Climate Resilience Investment grant
CCIS	County Climate Institutional Support grant
CCRI	County Climate Resilience Investment
CCU	County Climate Change Unit
PCRA	Participatory Climate Risk Assessments
CCAP	County Climate Action Plan

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

2. Who we are

a) Background information

Kajiado County Climate Change Fund is established by and derives its authority and accountability from Kajiado County Climate Change Act, 2020 on 31st December 2020. The Fund is wholly owned by the County Government of Kajaido County and is domiciled in Kenya.

The Kajiado County Climate Change Fund's objective is to provide sound and effective framework for sustainable Natural Resource use and eco-friendly environment

The Fund's principal activity is Coordinating of all activities towards enhancement of climate change resilience and low carbon pathway for sustainable development in the county.

b) Principal Activities

Mission

To promote equitable and sustainable socio economic development through efficient resource utilization and inclusive public participation.

Vision

A prosperous, globally competitive county, offering quality life.

The principal activity/mission/ mandate of the Kajiado County Climate Change Fund are to ;

1. Coordination of all activities towards enhancement of climate change resilience and low carbon pathway for sustainable development in the county.
2. Cooperation with line departments both at national and county governments level
3. Spearhead formulation and implementation of county legal documents pertaining to climate change, efficient environmental management and exploitation and utilization of the natural resources for effectiveness in delivering services.
4. Partnership with stakeholders and partners on environmental matters
5. Community Sensitization on environmental and climate change matters

c) Assurance and Audit

SN	Position	Name
1	Directorate Internal Audit	Richard Parsitau

d) Registered Offices

Kajiado County Headquarters

Along Namanga Road

P. O. Box 11-01100

e) Fund Contacts

Telephone: (254)0202043075
E-mail: environment@kajiado.go.ke
Website: www.kajiado.go.ke

f) Fund Bankers

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

g) Independent Auditors

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

h) Principal Legal Adviser

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

i) County Attorney

Kajiado County Attorney

Office of the County Attorney

Kajiado County Headquarters

P. O. Box 11-01100 Kajiado

3. Fund Chairperson's Report

Section 9 of the Kajiado County Climate Change Act, 2020 provides establishment of the Kajiado County Climate Change Fund. Kajiado County Climate Change Fund shall be used to fund climate change programs, projects and activities provided for in the Climate Finance Framework. The purpose for Kajiado County Climate Change Fund is to enable to finance climate change resilience and its assessment in the County.

The Kajiado County Climate Change Council chaired by the governor shall provide an oversight over the county climate change coordination mechanism. The Ward Climate Change Council shall be carrying out mobilization of consultative meetings on climate change with local communities together with relevant agencies.

During the financial year under review the fund received funding from the Financing Locally led Climate Change (FLLoCA) Program which is an innovate 5-year program, jointly funded by the Government of Kenya and the World Bank to create climate change resilience at the local (community) level to mitigate and adapt to the impacts of climate change. The goal is to strengthen local resilience to the impact of climate change, natural hazards, and other shocks/stressors, thereby supporting Kenya's transition to a low-carbon, climate –resilient and green development pathway.

Kajiado County Climate Change Fund has two grants namely the Climate Change institutional support grant (CCIS) and County Climate Change Investments Grants (CCIRG). The CCIS grant was utilized in the Participatory Climate Risk Assessment process, development of the FLLoCA climate change action plan and putting in place institutional arrangements and legibility criteria for the investment grant. County Climate Change Investments Grants (CCIRG) that are meant to undertake investments towards climate change activities and the County Counter Funding as part of the funding towards climate change activities.

In conclusion the fund operates a Special Purpose Account in the Central Bank of Kenya. Budget allocation for the financial year ended 30th June 2026 was Kshs. **137,511,456** and Kshs. **60,000,000** for CCIRG and County Counter Funding respectively.

Name Judy Pere ..... Signature ..... Date 3/9/2026

Chairperson of the Council

4. Report of the Fund Administrator

Section 10 of the Kajiado County Climate Change Act, 2020 States that; 1) Kajiado County Climate Change Fund shall finance implementation of approved climate change projects; 2) undertake capacity building; 3) carry out public participation for climate change activities; 4) carry out technical and scientific research as well as County policy formation on matters climate change.
In the financial year under review, the Fund received two grants namely; **County Climate Institutional Support (CCIS) grant** which is meant to help the county government put legal, institutional and organization arrangements in place to be budgeted, plan for and implement for county climate change adaptation through County Climate Action and **County Climate Resilience Investment (CCRI) grant** whose main purpose is to facilitate County Governments to implement the County Climate Action Plan as prepared in a participatory manner, whilst at the same time incentivizing the County Governments to increase county contributions into the County Climate Change Fund and mainstreaming climate action into the regular operations of the county departments. There was also the **County Contribution** which was 1.5% of the development budget for the period. The year under review was the fourth year after commencement of the fund, the fund implemented projects under environment conservation & management, Agriculture & Livestock Production, Access to water resources. To enhance environmental conservation the fund established tree nurseries and constructed sand dams. Also to promote agro pastoral livelihoods, the fund sensitized the community on the ipomea and other invasive species, supplied drought resilient pasture seeds and implemented the school shamba system in five schools in the county. Further, there was spring protection, solarization of boreholes and pipeline extensions to ensure there is access to clean and safe water to the residents of Kajiado County.
During the implementation of the Fund's activities, there were challenges faced such delay in exchequer transfers to the fund and there is need for more training and capacity building for the Climate Change Unit and the Climate Change Ward Councils to enable efficient operations of the Fund.

5. 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 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 County Integrated Development Plan (CIDP) for 2023 to 2027 are to:

1. Coordination of all activities towards enhancement of climate change resilience and low carbon pathway for sustainable development in the county.
2. Cooperation with line departments both at national and county governments level towards climate change resilience
3. Spearhead formulation and implementation of county legal documents pertaining to climate change, efficient environmental management and exploitation and utilization of the natural resources for effectiveness in delivering services.
4. Partnership with stakeholders and partners on environmental matters
5. Community Sensitization on environmental and climate change matters

Progress on attainment of Strategic development objectives

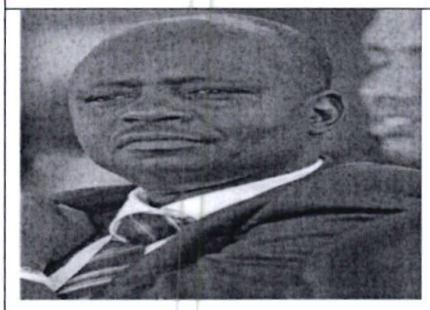
Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Environmental conservation & management	Enhancing environmental conservation & management	Tree nurseries established and supported	No. Of tree nurseries established & supported	Two tree nurseries established at HQ & Ongata Rongai ward
Agriculture & lovestock production	Promote agro agriculture livehoods	Sensitized groups on Ipomea and other invasive crops & school shamba systems	No. Of groups sensitized on ipomea & No. Of school shamba systems established	Sensitized commuinities at two wards on ipomea and establishment of five school shamba systems

Training and capacity development	Capacity building of the CCU	No. Of trainings done	Competent and efficient CCU	Efficient operation of the Fund.
Access of water resources	Ensure access of safe & clean water	Borehole solarazation and pipeline extension	No. Of boreholes solarized and pipeline extensions done	10 no. Boreholes solarized

6. Corporate Governance Statement

Part A: Board of Trustees/ Fund Administration Committee:

Name	Details of qualifications and experience
	Date of Birth: 20th October 1970 **Key Qualifications:** Master of Business Administration in strategic management **Work Experience:** Kajiado County Governor from 2017 to date **Area of Responsibility:** Chairperson
 Micheal Semera- CECM Finance & Economic Planning	**Date of Birth:** 25th January 1940 **Key Qualifications:** Bachelor degree in Accounting from University of Nairobi **Work Experience:** Diverse experience of over 20 years in banking industry **Area of Responsibility:** Member
 Judy Pere – CECM Water, Environment & Climate Change	**Date of Birth:** 5th March 1982 **Key Qualifications:** Master degree in business administration **Work Experience:** Worked at the Red Cross for 2 years as the Coordinator. **Area of Responsibility:** Member – County Climate Change Council
 James Ngugi- CO Environment & Climate Change	**Date of Birth:** 30th November 1970 **Key Qualifications:** Master of Education (education Administration and Leadership. **Work Experience:** 29 years **Area of Responsibility:** Member

 James Larmoi – Emergency Fund Administrator	**Date of Birth:** 20th January 1988 **Key Qualifications:** Bachelor Degree in Business Administration (Accounts & Finance) from the University of Nairobi **Work Experience:** been a environment officer in the county Government of Kajiado from 2014 to date. **Area of Responsibility:** Member
 Mark Angwenyi- County Director -NEMA	**Date of Birth:** 18th January 1980 **Key Qualifications:** Master of Arts (Sociology) **Work Experience:** worked as senior Environment Officer/ County Director of NEMA **Area of Responsibility:** Member
 Benson Lubanga-County Director Meteorological department	**Date of Birth:** 16th October 1969 **Key Qualifications:** Bachelor Degree in Meteorology from the University of Nairobi **Work Experience:** been a meteorology Director from 1995 to date. **Area of Responsibility:** Member
 Vivian Mashipei - County Climate Change Deputy Director	**Date of Birth:** 18th September 1990 **Key Qualifications:** Bachelor of Science in Dry land Natural Resources Management from Africa Nazarene University **Work Experience:** Climate Change Officer from 2015 to date **Area of Responsibility:** Member

 Joseph Gipson- Business Sector Nominee	**Date of Birth:** 8th August 1980 **Key Qualifications:** Bachelor in Business Management and Leadership **Work Experience:** **Area of Responsibility:** Member
 Joseph Kasere- SCO Representative	**Date of Birth:** 23rd August 1985 **Key Qualifications:** Bachelor degree in Project Planning **Work Experience:** 10 years' experience on program planning & project execution **Area of Responsibility:** Member

Part B: Management Profile

Name	Details of qualifications and experience
 James Ngugi - CO Environment & Climate Change	**Date of Birth:** 30th November 1970 **Key Qualifications:** Master of Education (education Administration and Leadership. **Work Experience:** 29 years **Area of Responsibility:** Fund Administrator
 Peter Pushati- Director Climate Change	**Date of Birth:** 5th April 1994 **Key Qualifications:** Msc- Environmental Planning and Development - JKUAT **Work Experience:** 8 years' experience in the public service. **Area of Responsibility:** Member

 Vivian Mashipei -County Climate Change deputy director	**Date of Birth:** 18th September 1990 **Key Qualifications:** Bachelor of Science in Dry land Natural Resources Management from Africa Nazarene University **Work Experience:** Climate Change Officer from 2015 to date **Area of Responsibility:** Member
 Jeniffer Ranketi-County Climate Change Fund Accountant	**Date of Birth:** 8th February 1990 **Key Qualifications:** Bachelor degree in Commerce (Finance Option) from Kabarak University and Certified Public Accountant (CPA K) **Work Experience:** been an accountant in the county Government of Kajiado from 2015 to date. **Area of Responsibility:** Fund Accountant

Part C: Governance arrangements

The Kajiado County Climate Change Council comprises of a ten-member team chiared by his Excellency the Governor, the committee has been established to provide oversight on the County climate change coordination mechanism as per Section 6 of the Kajiado County Climate Act, 2020.

In the Financial year 2025/2026, Kajiado County Climate Change Council held two meetings. The meetings attendance was impressive as most members availed themselves while those who didn't make to attend made appropriate apologies. In the meetings the Council reviewed and approved the work plans for the Fund and the progress of implementation of fund's activities.

On succession planning, the Council members are succeeded by those who will be appointed as the Governor, County Executive Committee Members for the time being responsible for finance and Environment, chief officers responsible for the time being responsible for Environment.

The functions of Climate Change Council outlined in the Kajiado Climate Change Act , 2020 shall be summarized in a service charter in the coming financial years.

The Council Members are appointed by the County Governor. The removal of the members is also executed by the County Governor.

The Kajiado County Climate Change Council draws its mandates from the Kajiado Climate Change Act 2020. The Act, outlines the functions of the committee as follows;

a) Approve and oversee implementation of the County Climate Change Action Plan

b) Approve the Ward disbursement proposals

c) Prepare a Climate Change Awareness Strategy for the County

d) Approval for County Climate Change project proposals

Council members were inducted and trained on their roles and responsibilities. The member's performance under the review period was satisfactory.

There were no reported cases on conflict of interest during the 2025/2026 Financial Year. Members of the council committee have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Fund.

Ethics and conduct as well as governance audit was also not conducted in the same period.

The Kajiado County Climate Change Councils are reimbursed from the Fund account as per the Salaries and Remuneration Commission approvals.

7. Financial Performance Overview

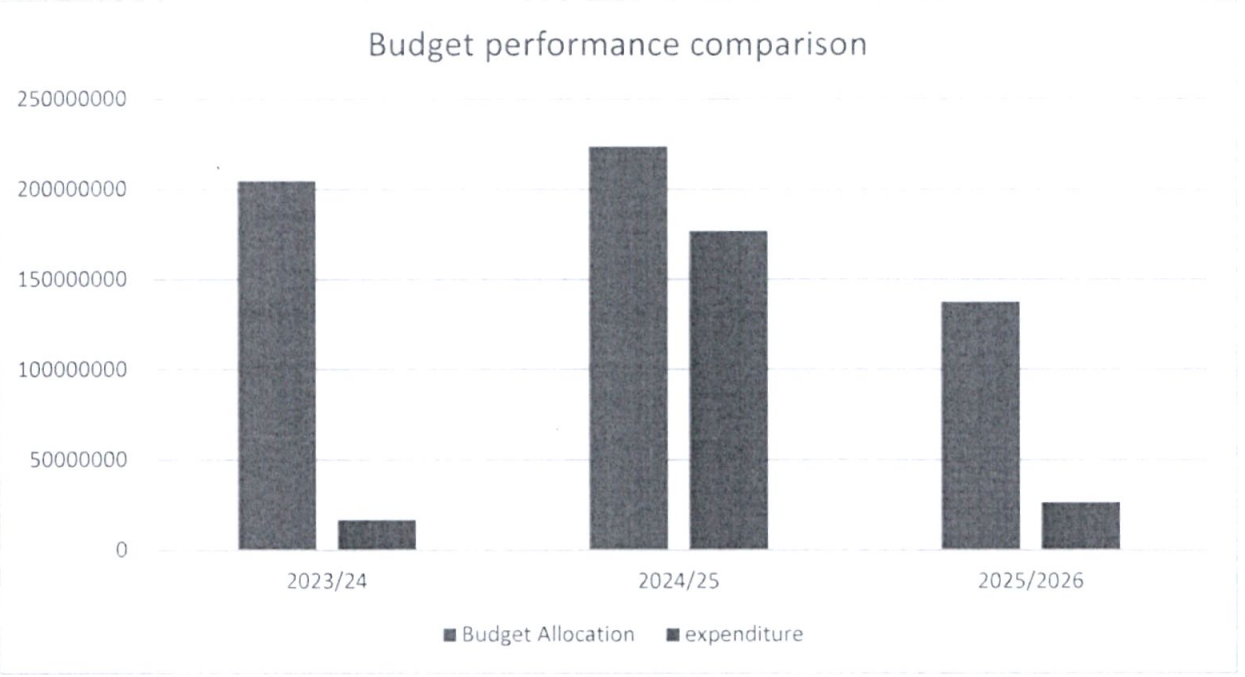
1. Revenue

Kajiado County Climate Change fund budgetary allocation for the financial year 2025/2026 was Kshs. 197,511,456. Kshs.30, 000,000 and Ksh. 13,671,000 were received for the County Counter Funding and County Climate Change Investments Grants (CCIRG) grants respectively. An amount of Kshs. 30,000,000 was received on 9th March 2026, Kshs. 13,671,000 was received on 18th September 2025. However, the CCIRG grants amounting to Kshs.144, 874,347 and County Counter Funding of Ksh. 30,000,000 has not been received as at 30th June 2026.

The funds were prudently utilized on various climate change activities such as project environmental screening, Preparation of a Grievance Redress Mechanism and Capacity building of the technical and the ward councils towards climate change resilience.

2. Expenditure

The fund's budget and expenditure analysis for the financial years 2022-2023 to 2025-2026 has been illustrated as follows;



Kajiado County Climate Change Fund key projects implemented in the financial year.

NO.	ACTIVITY NAME	DESCRIPTION
1	Environmental conservation & management	Enhancing environmental conservation & management
2	Agriculture & livestock production	Promote agro agriculture livelihoods

3	Training and capacity development	Capacity building of the CCU
	Access of water resources	Ensure access of safe & clean water

Kajiado County Climate Change Fund's compliance with statutory requirements

Kajiado County Climate Fund is in compliance with all the statutory requirements and no foreseeable potential contingent liabilities exist. The Climate Change Fund complied with statutory requirements by remitting Withholding tax (WHT) for supplies done within the financial year under review.

Major risks facing the Fund

The major risk that the fund was exposed to was late disbursement of funds from the National Treasury. This is a major risk as it hinders timely implementation towards climate resilience activities in the County.

3. ***Revenue and expenditure per budget estimates***

In the Financial Year ended 30th June 2026 the fund's budget allocation for the fund was Ksh. 197,511,456, however the fund only received Ksh. 43,671,000 during the financial year. The fund had an expenditure of Ksh. 26,435,554 which is only 13% of the budget. The underutilization was due to late disbursement of funds from the National Treasury.

4. Assets of the Entity

In the Financial Year ended 30th June 2026 the Fund did not acquire any new asset.

5. ***Liabilities of the Entity***

Kajiado County had met all its liabilities in the Financial Year Ended 30th June 2026.

8. Environmental and Sustainability Reporting

Kajiado County Climate Change Fund exists to transform the livelihoods of the citizens guided by over roll County **vision**, which is *a Prosperous, globally competitive county, offering quality life.* The delivery of the transformation agenda is guided by key principles and values which are: integrity and accountability: inclusiveness: equity and fairness: patriotism and responsiveness.

1. Sustainability strategy and profile -

The County promotes sustainable development through governance reforms that are founded on integrity, transparency and accountability. The County has focussed on provision of overall policy development and institutional development and strengthening. This is guided by issue based leadership, transparency and accountability in management of public resources

2. Environmental performance

The County is committed to environmental conservation and sustainability. The county has in place the County Environment Act in addition to the County Environment Action Plan that is responsible for mainstreaming climate change in County development processes.

3. Employee welfare

Kajiado County has several policies in place that guided hiring of employees. These include the County Government Act: The Employment Act and the Constitution of Kenya, 2010. Every effort is made in ensuring Gender balance and involvement of various stakeholders in the hiring process. Through the County Public Service Board, the County Government has made tremendous effort in improving skills, managing careers, appraisal and reward systems of employees. These include Performance Management system: training of staff: formation of Departmental Human Resource Management Advisory Committees, Appointment of Committee to review the schemes of service and introduction of reward system under the Performance Management System.

4. Marketplace practices-

Kajiado County Government has made efforts in promoting fairness in the market place as outlined below:

a) Responsible competition practice.

The County has adopted open contracting in the procurement process as well as adopting e-procurement process. This has greatly enhanced openness and transparency in conducting procurement. The County Government has also embraced the AGPO affirmative action aimed at

empowering youth, women and persons with disability-owned enterprises by giving them more opportunities to do business with Government.

b) Responsible supply chain and supplier relations

To guarantee sustainability, the County ensures a cordial relationship with its suppliers/contractors. The County leadership holds periodic meetings with the contractors and suppliers to share on any concerns and address any emerging issues. The County has established a County Pending Bills Committee and has ensured that all payments due are promptly paid and this has provided confidence to suppliers and contractors that they will be paid upon completion of works or delivery of goods and services.

c) Responsible marketing and advertisement

The County is in the process of establishing a marketing unit with the responsibility of coordinating market and marketing linkage as well as market information and intelligence to empower farmers and local traders to access profitable and lucrative markets for their products. The County is also establishing a marketing portal which will be useful in connecting traders and market linkage.

d) Product stewardship

The County has implemented consumer protection programme whose objective is to safeguard the business owners and promote fair trade practices. The County through the Department of Trade, Industry, Marketing, Tourism and Cooperative inspected and verified weights and measures equipment.

5. Corporate Social Responsibility / Community Engagements

The County has an elaborate public participation framework that guides participatory development initiative in the County. To strengthen community engagement and empowerment the County has innovations such as trainings and implementing of creative strategies to encourage participation and empowerment

9. Report of the Council

The Kajiado County Climate Change Fund submit their report together with the audited financial statements for the year ended June 30, 2026 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are Coordinating of all activities towards enhancement of climate change resilience and low carbon pathway for sustainable development in the county.

Results

The results of the Kajiado County Climate Change Fund for the year ended June 30, 2026 are set out on page 1-5.

Council

The members of the Council who served during the year are shown on page (x) to (xiii).

Auditors

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

.....

Chair of the Council/Fund Administrator

Date: 03/09/2026

10. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Kajiado County Climate Change Act, 2020 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, 2026. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kajiado County Climate Change Act,2020, The Administrator of the Kajiado County Climate Change 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, 2026, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund's financial statements were approved by the Council on 03/09/ 2026 and signed on its behalf by:

.....

Fund Administrator

10. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Kajiado County Climate Change Act, 2020 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, 2026. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kajiado County Climate Change Act,2020, The Administrator of the Kajiado County Climate Change 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, 2026, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund's financial statements were approved by the Council on 03/09/ 2026 and signed on its behalf by:

.....

Fund Administrator

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 KAJIADO COUNTY CLIMATE CHANGE FUND FOR THE YEAR ENDED 30 JUNE, 2026

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; and,

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.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in 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, Cap. 412A and the Public Audit Act, Cap.412B. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kajiado County Climate Change Fund set out on pages 1 to 25, which comprise of the statement of financial position as at 30 June, 2026 and the statement of financial performance, statement of changes in net assets, statement of cash flow and the statement of comparison of budget and actual

amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, Cap. 412B. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kajiado County Climate Change Fund as at 30 June, 2026 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kajiado County Climate Change Act, 2020 and the Public Finance Management Act, Cap. 412A.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kajiado 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 opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.197,511,456 and Kshs.43,671,000 respectively resulting in an underfunding of Kshs.153,840,456 or 78% of the budget. Similarly, the Fund spent Kshs.26,435,554 against actual receipts of Kshs.43,671,000 resulting in an under-absorption of Kshs.17,235,446 or 39% of the actual receipts.

The underfunding and under absorption affected the planned activities and may have impacted negatively on service delivery to the residents of Kajiado County.

2. Late Disbursement of Funds

The statement of financial performance reflects total revenue of Kshs.218,545,347 as disclosed in Notes 6 and 7 to the financial statements out of which Kshs.174,874,347 was received in July, 2026. The late disbursement of funds may have negatively affected service delivery to the residents of Kajiado County.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on pages iii to xix which comprise of the Fund Information, Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance against County Funds Predetermined Objectives, Corporate Governance Statement, Financial Performance Overview, Environmental and Sustainability Reporting, Report of the Council 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. In my opinion, except for the matter described below, I confirm that the Other Information is not materially inconsistent with the financial statements.

Delayed Implementation of Program Projects

Review of the Program's annual work plan, budget, project implementation and expenditure records revealed that the County did not implement any project earmarked for the year under review. Instead, only projects relating to the financial year 2024/2025 were implemented. The Program is time-bound with a definite implementation period. Continued delay in the implementing of annual work plans may result in the Programme failure to achieve on the intended objectives.

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 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, I confirm that nothing 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

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, Cap. 412B, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, Cap. 412B.

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, Cap. 412B and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, Cap. 412B. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 September, 2026

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

Description	Note	2025/2026	2024/2025
			KShs.
Revenue From Non-Exchange Transactions			
Public Donations	6	158,545,347	11,000,000
Transfers From the County Government	7	60,000,000	75,000,000
Total Revenue		**218,545,347**	**86,000,000**
Expenses			
Use of goods and services	8	26,435,554	167,356,744
Total Expenses		**26,435,554**	**167,356,744**
Surplus/(Deficit) for the Period		**192,109,792**	**-81,356,744**

The entity financial statements were approved on ..... 2026 and signed by;

James Ngugi

Name:
Administrator of the Fund
Date: 03/09/2026

Name: Jonifer Rankah
Fund Accountant
ICPAK Member Number: 30124
Date: 3/9/2026

13. Statement of Financial Position as at 30 June 2026

Description	Note	2025/2026	2024/2025
			KShs.
Assets			
Current Assets			
Cash and Cash Equivalents	9	125,482,460	108,247,015
Current Portion of Long- Term Receivables from Non Exchange Transactions	10	174,874,347	
Total current assets		**300,356,807**	**108,247,015**
			0
Non-Current Assets			
Property, Plant and Equipment	11	13,884,697	13,884,697
Total non- current assets		**13,884,697**	**13,884,697**
Total Assets (A)		**314,241,504**	**122,131,712**
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	12		-
Total current liabilities			
Total Liabilities (B)			-
Net Assets (A-B)		**314,241,504**	**122,131,712**
Represented By:			
Revolving Fund			
Reserves		13,884,697	13,884,697
Accumulated Surplus		300,356,807	108,247,015
Net Assets		**314,241,504**	**122,131,712**

The entity financial statements were approved on 3/sep/ 2026 and signed by:

.....
Name: James Ngugi
Administrator of the Fund
Date: 3/09/2026

.....
Name: Jennifer Rankoh
Fund Accountant
ICPAK Member Number: 30124
Date: 3/9/2026

14. Statement of Changes in Net Assets for the year ended 30th June 2026

Description	Revolving Fund	Capital fund reserve	Accumulated Surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2024	-	4,395,000	202,033,456	**206,428,456**
Surplus/(Deficit) For the Period			(81,356,743)	**(81,356,743)**
Prior Year Adjustment	-		(2,940,000)	**(2,940,000)**
Transfers to capital fund reserve	-		(9,489,697)	**(9,489,697)**
Additional Fixed Assets	-	9,489,697		**9,489,697**
Balance As At 30 June 2025	-	**13,884,697**	**108,247,015**	**122,131,712**
Balance As At 1 July 2025	-	13,884,697	108,247,015	**122,131,712**
Surplus/(Deficit) For the Period			192,109,792	**192,109,792**
Prior Year Adjustment	-	-	-	-
Transfers to capital fund reserve	-	-	-	-
Additional Fixed Assets	-	-		-
Balance As At 30 June 2026	-	**13,884,697**	**300,356,807**	**314,241,504**

15. Statement of Cash Flows for the Year Ended 30 June 2026

Description	Note	2025/2026	2024/2025
			KShs.
Cash flows from operating activities			
Receipts			
Public donations	6	13,671,000	11,000,000
Transfers from the county government	7	30,000,000	75,000,000
Total receipts		**43,671,000**	**86,000,000**
Payments			
Use of goods and services	8	26,435,554	167,356,744
Total Payments		**26,435,554**	**167,356,744**
Net cash flows from operating activities		**17,235,445**	**-81,356,744**
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets	11	-	-9,489,697
Net cash flows used in investing activities		-	**-9,489,697**
Net increase/(decrease) in cash & cash Equivalents		**17,235,445**	**-90,846,441**
Cash and cash equivalents at 1 July 2025		108,247,015	199,093,456
Cash and cash equivalents at 30 June 2026		125,482,460	**108,247,015**

16. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2026

Description	Original budget	Adjustment for budget	Final budget	Actual on comparable basis	Performance difference	Note	% utilization
	Kshs	Kshs	Kshs	Kshs	Kshs		f=d/c*100
	a	b	C=(a+b)	d	e=(c-d)		f=d/c*100
Revenue							
Public Donations	137,511,456	-	137,511,456	13,671,000	123,840,456	6	9.9%
Transfers From County Govt.	60,000,000	-	60,000,000	30,000,000	30,000,000	7	50%
Total Income	**197,511,456**	**-**	**197,511,456**	**43,671,000**	**153,840,456**		**22%**
Expenses							
General Expenses	197,511,456	-	197,511,456	26,435,554	171,075,902	8	13%
Total Expenditure	**197,511,546**	**-**	**197,511,546**	26,435,554	**171,075,902**		**13%**
Surplus For the Period				**17,235,445**	**17,235,445**		

Notes;

1. Ksh. 123,840,456 was for CCRIG allocation that was not received as at 30th June 2026
2. Ksh. 30,000,000 was CCIS County Counter Funding that was not received as at 30th June 2026

17. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kajiado County Climate Change Fund is established by and derives its authority and accountability from Kajiado County Climate Change Act, 2020. The entity is wholly owned by the Kajiado County Government and is domiciled in Kenya. The Kajiado County Climate Change fund's principal activity is Coordinating of all activities towards enhancement of climate change resilience and low carbon pathway for sustainable development in the county.

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 2026

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

Standard	Effective date and impact:
IPSAS 43: Leases	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.

IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized 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.
IPSAS 46: Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.

Standard	**Effective date and impact:**
IPSAS 43: Leases	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.

IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: ii. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. iii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iv. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.

IPSAS 48: Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	***Applicable 1st January 2026*** The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	***Applicable 1st January 2027*** The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

(i) Early adoption of standards

The Kajiado County Climate Change did not early – adopt any new or amended standards in the financial year 2025/2026

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

Finance 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 and other similar distributions

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.

Other Revenues

b) Budget information

The original budget for FY 2025/26 was approved by the County Assembly on 17th July 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification 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 cash flows has been presented.

c) Property, plant and equipment
Recognition and Measurement

The Kajiado County Climate Change Fund's Property, Plant, and Equipment (PPE) are tangible items held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used for more than one reporting period.

An item of PPE is recognized as an asset if, and only if:

- It's probable that the future economic benefits or service potential associated with the item will flow to the entity.
- The cost or fair value of the item can be measured reliably.

Items acquired through non-exchange transactions (e.g., donations) are measured at their deemed cost, which is the fair value at the date of acquisition. For all other acquisitions, initial measurement is at cost, which includes all expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The fund has adopted the Historical cost model for the subsequent measurement of its PPE. Under this model, after initial recognition, an asset is carried at its cost less any accumulated depreciation and accumulated impairment losses.

Depreciation and Impairment

The fund applies the straight-line method of depreciation, as it best reflects the pattern of the asset's consumption of its future economic benefits or service potential. Depreciation begins when the asset is available for use and ceases at the earlier of the date the asset is classified as held for sale or the date of derecognition. The depreciable amount is the cost of the asset less its residual value. The residual value and the useful life of an asset are reviewed at least at each annual reporting date. The table below indicates the various classes of assets and the depreciation rates.

PPE Item	**Depreciation Rate**
Land	
Buildings	**2-10%**
Motor vehicles	**10-16.67%**
Infrastructure assets	2-20%
Furniture and fittings	12.5%
Computers & ICT Equipment	33.3%
Heritage Assets	x%
Work in progress (WIP)	
Service concession assets	

Impairment The fund assesses at each reporting date whether there is any indication that an asset may be impaired. If an indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized immediately in the statement of financial performance.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the

sales proceeds and the carrying amount of the asset and is recognized in statement of financial performance.

d) Right of Use Asset

A right-of-use asset represents the fund's right to use an underlying leased asset over the lease term. At the commencement date of a lease, the entity recognizes a right-of-use asset and a lease liability, except for short-term leases and leases of low-value assets as allowed under IPSAS 43.

Recognition

The fund recognizes a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- The amount of the initial lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred; and
- An estimate of the costs to be incurred in dismantling and removing the underlying asset or restoring the site.

Measurement

Right-of-use assets are initially measured at cost. After initial recognition, right-of-use assets are measured using the cost model, where the asset is carried at: Cost less accumulated depreciation, and Any accumulated impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Depreciation of right-of-use assets is charged to expenditure in accordance with the entity's depreciation policy applicable to owned assets of the same class. Right-of-use assets are assessed for impairment in accordance with IPSAS 21 – Impairment of Non-Cash-Generating Assets or IPSAS 26 – Impairment of Cash-Generating Assets, as applicable.

e) Lease Liability

The lease liability is measured at the present value of lease payments that are not paid at that date. The lease payments have been discounted using the interest rate implicit in the lease, and the rate can be readily determined. If the rate cannot be readily determined, the entity uses the incremental borrowing rate.

Subsequently, the lease liability is measured at amortized cost using the effective interest method and reduced by lease payments. Interest expense is recognized in the statement of financial performance.

f. 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.

g) Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets or disposal groups are classified as held for sale when their carrying amount is expected to be recovered through sale rather than continued use. They are measured at the lower of carrying amount and fair value less costs to sell and have been presented separately in the Statement of Financial Position. Depreciation has ceased for the assets classified as held for sale.

The assets classified as held for sale have met the following required criteria: management has made a commitment to sell, the asset is actively being marketed for sale at a reasonable price, the sale will be completed within one year of the classification date, an active program to find a buyer has been initiated, and there are no significant changes to the plan that might impact the sale.

Discontinued operations are the major components that have been disposed of or are held for sale. Their results have been presented separately in the Statement of Financial Performance.

h) 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 a year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* 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.

i) 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 Fund's financial statements.* A financial

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

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).

Financial liabilities

Classification

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

j) 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 labor 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.

k) 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.

l) **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 recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes 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.

m) 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.

n) Nature and purpose of reserves

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

o) 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.

p) 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.

q) 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.

r) 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.

s) 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.

t) 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

u) Comparative figures

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgments, 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.

6. Public contributions and donations

	2025/2026	2024/2025
Description	**KShs.**	**KShs.**
Public Grants	13,671,000	11,000,000
Receivables	144,874,347	-
Total	**158,545,347**	**11,000,000**

7. Transfers from County Government

	2025/2026	2024/2025
Description	**KShs.**	**KShs.**
Transfers From County Govt.	30,000,000	75,000,000
Receivables	30,000,000	-
Total	**60,000,000**	**75,000,000**

8. Use of Goods and Services

	2025/2026	2024/2025
Description	**KShs.**	**KShs.**
Use of Goods	26,435,554	167,356,744
Total	**26,435,554**	**167,356,744**

9. Cash and cash equivalents

	2025/2026	2024/2025
Description	**KShs.**	**KShs.**
Current Account	125,482,460	108,247,015
Total Cash And Cash Equivalents	**125,482,460**	**108,247,015**

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

Financial Institution	Account Number	2025/2026	2024/2025
		KShs.	**KShs.**
a) Current Account			
KAJIADO COUNTY CLIMATE CHANGE FUNDS	1000541768	125,482,460	108,247,015
Grand Total		**125,482,460**	**108,247,015**

10. Receivables from Non exchange transactions

	2025/2026	2026/2025
Description	**KShs.**	**KShs.**
Current Receivables		
Current Portion of Long- Term Receivables from non-Exchange Transactions	174,874,347	-
Total Current Receivables	**174,874,347**	-

11. Property, plant, and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
At 1st July 2024	-	-	-	**1,455,000**	**1,455,000**
Additions	-	-	-	2,940,000	2,940,000
At 30th June 2025	-	-	-	**4,395,000**	**4,395,000**
At 1st July 2025	-	-	-	4,395,000	4,395,000
Additions	-	7,701,697	184,000	1,604,000	**9,489,697**
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2026	-	**7,701,697**	**184,000**	**5,999,000**	**13,884,697**
Depreciation And Impairment					
At 1st July (**Previuous** FY)	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June (Previuous FY)	-	-	-	-	-
At 1st July (Current FY)	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June (Current FY)	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June 2026	-	**7,701,697**	**184,000**	**5,999,000**	**13,884,697**

12. Trade and other payables from exchange transactions

	2025/2026	2024/2025
Description	**KShs.**	**KShs.**
Trade Payables	-	-
Total Trade and Other Payables	-	-

13. 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 Kajiado County Climate Change Fund is related to the following entities:

a) The County Government;
b) World bank
c) The Parent County Government Ministry;
d) Key management;
e) Climate Change Council

b) Related party transactions

	2025/2026	2024/2025
Description	**KShs.**	**KShs.**
Public Grants	13,671,000	11,000,000
Transfers From County Govt.	30,000,000	75,000,000

14. Financial risk management

The Kajiado County Climate Change Fund's is not exposed to financial risk, it doesn't issue loans or credits

a) Credit risk

The Kajiado County Climate Change Fund has no exposure to credit risk.

b) Liquidity risk management

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

c) Market risk

The fund 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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

i. Foreign currency risk

Kajiado County Climate Change Fund has no transactional currency exposures

ii. Interest rate risk

The Kajiado County Climate Change Fund is not exposed to Interest rate risk

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 Kajiado County Climate Change capital structure comprises of the following funds:

	2025/2026	**2024/2025**
Description	**KShs.**	**KShs.**
Accumulated surplus	125,482,460	108,247,015
Total funds	**125,482,460**	**108,247,015**

15. Events after the reporting period

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

16. Ultimate and Holding Entity

The Kajiado County Climate Change is a County Public Fund established by Kajiado County Climate Change Act, 2020 under the Ministry of Environment and Climate Change. Its ultimate parent is the County Government of Kajiado.

17. Currency

The financial statements are presented in Kenya Shillings (Kshs)

18. 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)
1	The statement of comparison of budget and actual amounts reflects total receipts budget and actual on a comparable basis of Kshs.226,511,546 and Kshs. 86,000,000 respectively resulting to an underfunding of Kshs.140,511,546 or approximately 62% of the approved budget. Similarly, the Fund spent Kshs.167,367,744 against actual receipts of Kshs.86,000,000 resulting to an over absorption of Kshs.81,367,744 or approximately 195% over and above actual receipts. No explanation was provided to confirm the source of the extra funding.	*Budgetary allocation for the year under review was Ksh. 223,511,546. Of the total budget allocation, Ksh. 137,511,546 was the world bank grant while Ksh. 86,000,000 was county contribution. During the year under review, the fund only received the county contribution and did not receive the world bank grant therefore the underfunding of 62% of the approved budget. Similarly, the over absorption was because of the balance brought forward from the previous financial year that was utilized in the year under review.*	Not Resolved	6 months

Annex II: Inter-Fund Confirmation Letter

Kajiado County Climate Change Fund
P.O BOX 11-001100 KAJIADO

The Kajiado County Climate Change Fund wishes to confirm the amounts disbursed to you as at 30th June 2026 as indicated in the table below. Please compare the amounts disbursed to Kajiado County Climate Change Fund with the amounts 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 Kajiado County Climate Change Fund as at 30th June 2026							
		Amounts Disbursed by County Government of Kajiado (Kshs) as at 30th June 2026				Amount Received by Kajiado County Climate Change Fund; (KShs) as at 30th June 2026 (E)	Differences (KShs) (F)=(D-E)
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter–Ministerial (C)	Total (D)=(A+B+C)		
							-
Total							-

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

Head of Accountants department of Kajiado County Climate Change Fund:

Name Jenifer Ranket **Sign** ..... **Date** 3/9/2026

Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4	Donation & County Contribution	Kajiado County Government & World bank
Project Related Expenditures	Projects Feasibility and Concepts note, BoQ proposal developments	Project feasibility projects across the County	Projects Feasibaility projects across the County		4,213,400				
		Project progress field visits	Project progress field visits						
		Stakeholders engagement on M & E of FLLoCCA ongoing projects	Stakeholders engagement on M & E of FLLoCCA ongoing projects						
		Audit of projects progress field visits	Audit of projects progress field visits						
Environmental conservation	Enhancing environmental conservation & management	Enhancing environmental conservation	Enhancing environmental conservation			14,788,486	7,559,668		

& management		& management	& management						
Agriculture & lovestock production	Promote agro agriculture livehoods	Promote agro agriculture livehoods	Promote agro agriculture livehoods						
Training and capacity development	Capacity building of the CCU	Capacity building of the CCU	Capacity building of the CCU						
Access of water resources	Ensure access of safe & clean water	Ensure access of safe & clean water	Ensure access of safe & clean water						