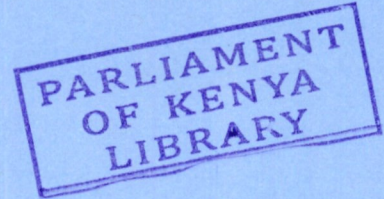
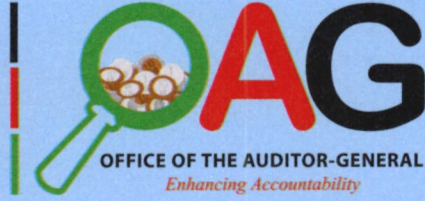


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**KAKAMEGA COUNTY CLIMATE
CHANGE FUND**

**FOR THE YEAR ENDED
30 JUNE, 2025**

PAPERS LAID	
DATE	19/11/2025
TABLED BY	Sen. Mutinda on behalf of SML
COMMITTEE	→
CLERK AT THE TABLE	Beindah.



**COUNTY GOVERNMENT OF KAKAMEGA
KAKAMEGA COUNTY CLIMATE CHANGE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025**

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

Kakamega County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility

2. Key Entity Information and Management

a) Background information

Kakamega County Climate Change Fund is established by and derives its authority and accountability from Kakamega County Climate Change Act 2020. The Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

The fund's objective is to establish a climate change framework, governance structures and resources to support implementation of climate change actions

The fund's objective is to to establish a climate change framework, governance structures and resources to support implementation of climate change actions

b) Principal Activities

The Fund's principal activity is to mainstream Climate change programmes into development planning, decision making and advisory on climate change in the county; coordination and collation and dissemination of information on climate change to the public to raise awareness and preparedness; and establish financing mechanism and governance framework for climate change response and risk mitigation

c) Fund Steering Committee

Ref	Name	Position
1.	Mrs Peninah Mukabane	Chairperson, CECM Water Environment Natural Resources & Climate Change,
2.	Dr Lawrence Angolo Omuhaka CBS	Member, County Secretary
3.	Architect Patrick Wesonga Kundu	Member, CEC Member - Roads, Energy & Public Works
4.	CPA Livingstone L. Imbayi	Member, CEC Member - Health Services.
5.	Mr Benjamin Andama	Member, CEC Member – Finance & Economic Planning
6.	Mr Mophat Mandela	Member, CEC Member, Agriculture, Irrigation, Cooperative, Livestock, Veterinary Services and Fisheries
7.	Mrs Mariam N. Were	Member, Chief Officer Water, sanitation services & Climate Change
8.	CS. Vivian Komwonyo Mmbaka	County Attorney
9.	Mr Vincent Sakwa	County Director of Meteorological Services
10.	Mr Anthony Munanga	Co-opted, Fund Administrator

**Kakamega County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

d) Key Management Team

Ref	Name	Position
1.	Dr. Jeophita June Mwajuma	Chief Officer Finance & budget
2.	Mrs Mariam N. Were	Chief Officer Water, sanitation services & Climate Change
3.	Mr Anthony Munanga	Fund Administrator

e) Fiduciary Oversight Arrangements

No	Entity	Role
1	Audit Committee and Finance committee activities	Provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations
2	Senate Committee Activities	Legislation, Oversight and Representation
3	County Assembly	Legislation, Oversight and Representation
4	Development partner oversight activities	Predominant roles played by development partners have been shown to include capacity building, project planning, lobbying and advocacy, others (including resource mobilization) and financing respectively
5	Controller of Budget	This role involves overseeing the implementation of the budgets of both national and county governments. The Controller of Budget in this role therefore monitors the use of public funds in-year and reports to Parliament on how the funds have been utilised.
6	Office of the Auditor General	The Auditor-General (AG) is mandated to audit and report on the use and management of public resources by public entities. Article 229(6) of the Constitution requires the Auditor-General to confirm whether public money has been applied lawfully and in an effective way

f) Registered Offices

Kakamega County Headquarters
P.O. Box 36-50100, 056 31850/31852/31853
County Headquarters
Kisumu/Kitale Highway
Kakamega, KENYA

g) Fund Contacts

Telephone: 056 31850/31852/31853
E-mail: info@kakamega.go.ke
Website: kakamega.go.ke

h) Fund Bankers

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

Key Entity information and Management (Continued)

i) Independent Auditors

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




j) Principal Legal Adviser

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

k) County Attorney

Kakamega County Headquarters
P.O. Box 36-50100, 056 31850/31852/31853
County Headquarters
Kisumu/Kitale Highway
Kakamega, KENYA

3. Fund Administration Committee

Name	Details of qualifications and experience
 <p>Dr. Jeophita June Mwajuma</p>	<p>Responsibility: Chief Officer, Finance & Budget</p> <p>Experience Doctorate in Environmental Microbiology Master of Science Degree in Microbiology Bachelor of Science Degree (Botany/Zoology) University of Kenyatta Work Experience: Laboratory Assistant Mumias Sugar Company Assistant Lecturer Mombasa Polytechnic University College</p>
 <p>Ms Viviane M Komwonyo -Member</p>	<p>Responsibility: County Attorney</p> <p>Qualifications and Experience Doctor of philosophy in Law (PhD candidate) University of Nairobi, Masters of Law, and Post graduate Diploma in Law, and Bachelor Degree in Law. Certified secretary (CPS,K) Member of the chartered institute of certified arbitrators. An advocate of the high court of Kenya and a member of the law society of Kenya with over 14 years' experience in legal practice in both private and public spheres with a bias in public law and corporate governance</p>
 <p>CPA Mohammed Maalim</p>	<p>Responsibility: Head of Treasury</p> <p>Experience and Qualifications M.Sc. Finance, BSc Actuarial Science Professional qualification CIFA,CPAK Over 4 years' experience in financial management</p>



Mrs. Mariam N. Were

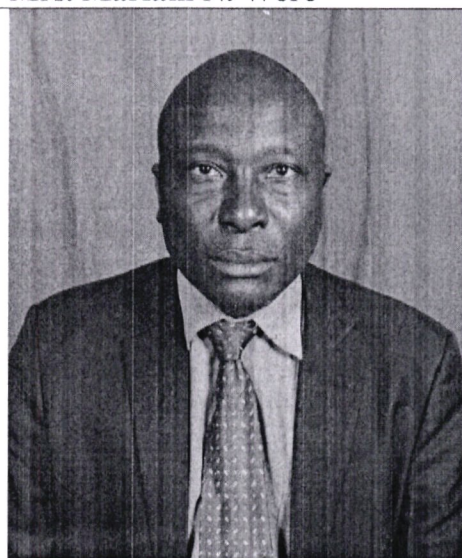
Responsibility: Chief Officer Water, sanitation services and Climate change

Qualifications and Experience

MSc. Crop protection.

B.ED Science.

Experience: 10 years work experience in education and crop production.



Mr. Anthony Munanga

Responsibility: Fund Administrator



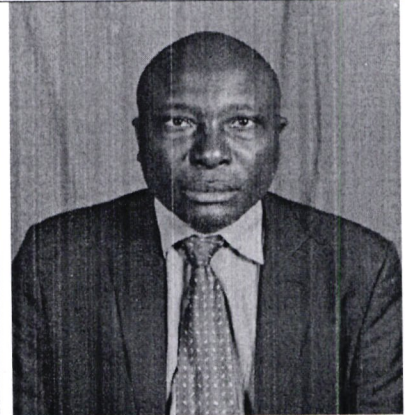
Qualifications and Experience

Academic qualification: MA(International Development); Environmental Planning & Management

Professional qualifications: Environmental Impact & Assessment Lead Expert

Over 10 years working experience on environmental issues

4. Management Team

Name	Details of qualifications and experience
 <p>Dr. Jeophita June Mwajuma</p>	<p>Responsibility: Chief Officer, Finance & Budget</p> <p>Experience Doctorate in Environmental Microbiology Master of Science Degree in Microbiology Bachelor of Science Degree(Botany/Zoology) Kenyatta University Work Experience: Laboratory Assistant Mumias Sugar Company Assistant Lecturer Mombasa Polytechnic University College</p>
 <p>Mrs. Mariam N. Were</p>	<p>Responsibility: Chief Officer Water, Sanitation services & Climate change</p> <p>Qualifications and Experience MSc. Crop protection. B.ED Science. Experience: 10 years' work experience in education and crop production</p>
 <p>Mr. Anthony Munanga</p>	<p>Responsibility: Fund Administrator</p> <p>Qualifications and Experience</p> <p>Academic qualification: MA (International Development); Environmental Planning & Management</p> <p>Professional qualifications: Environmental Impact & Assessment Lead Expert</p> <p>Over 10 years working experience on environmental issues</p>

5. Fund Chairperson's Report

As the Chairperson of the Kakamega County Climate change, I am pleased to present this report for the fiscal year 2024/2025. This past year has been one of change, adaptation, and growth, marked by significant developments in our governance structure and strategic direction.

Review of the Fund's Performance

The Fund has shown commendable resilience and progress despite a challenging economic environment. Our portfolio has grown by 174 million, driven by effective management strategies and prudent financial oversight. We have also expanded our outreach programs, reaching more beneficiaries and fulfilling our mandate more effectively.

Future Outlook

Looking ahead, we remain focused on driving sustainable growth and enhancing our impact. Key priorities for the coming year include diversifying our investment portfolio, improving operational efficiency, and fostering partnerships to increase our reach and effectiveness. We anticipate a dynamic year ahead, with opportunities for innovation and expansion.

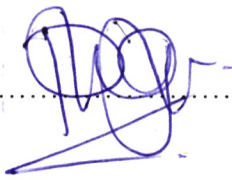
Other Matters

We have undertaken an internal review of our governance practices to ensure compliance with all relevant regulations and best practices. The results have been encouraging, confirming our commitment to transparency, accountability, and good governance.

Conclusion

In conclusion, I extend my gratitude to our administration committee members, management team, and staff for their dedication and hard work throughout the year. I also thank our stakeholders, including beneficiaries, donors, and partners, for their continued support and trust. Together, we look forward to another successful year for the Climate Change Fund.

Thank you

Name PENINAH MUKABANE Signature  Date 29-09-2025

6. Report of The Fund Administrator

I am pleased to present the Fund Administrator's report for the Climate Change Fund for the fiscal year 2024/2025. This report provides a detailed overview of the Fund's performance, financial standing, and achievements, while also highlighting the challenges faced and the strategies adopted to mitigate risks.

Budget Performance

The Fund's budget for the financial year 2024/2025 was Ksh.527,158,387 allocated across various programs to achieve our strategic objectives. Actual expenditures for the year totaled Ksh. 116,231,771 resulting to a variance of Kshs 410,926,616 against the budget. The fund received Ksh. 50,740,000 and a balance of Ksh 476,418,387 was recognised as receipts due to accrual adoption totalling to Ksh. 527,158,387.

The fund's activities during the year include rehabilitation of dams across the County, Rehabilitation of water projects, solarisation of water projects, uptake of Energy saving Jikos, promotion of drought tolerance crops value chain among others.

Physical Progress

The fund has initiated projects that will serve residents in compliance with the county climate change action plan. Some of the projects that have been initiated are, fencing of Kakamega forest to prevent encroachment, poaching so that the forest is preserved as well as the animals in it, rehabilitation of Savona water project, screening and identifying residents who will benefit from energy saving jikos among other climate resilient projects.

The Fund continues to effectively utilize the cash received on capacity building and implementation of various climate resilient projects, demonstrating a strong commitment to value-for-money principles.

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

Introduction

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

The Climate change fund has a robust project implementation plan cited in the funds work plan and in the County Integrated Development Plan and the objective is to attain the implementation framework through the said tools. The fund is at its infancy stage and yet to develop its own strategic plan.

The key development objectives of the Fund as per the workplan for the FY 2024/2025 are to:

- a) Rehabilitate Savona Water project in Lurambi Sub county
- b) Construct Mumias East Climate resilient water project
- c) Rehabilitate Osindo Dam
- d) Afforestation and Reforestation program
- e) Provide solution on rain water harvesting
- f) Provide solarised solution on selected health facilities

Progress on attainment of Strategic development objectives

The fund has developed a work plan on how to implement programs/projects throughout the period ended June 30th 2025.

**Kakamega County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Objectives	Ward	Project/Programme	Activities	Expected Output	Monitorable Indicators	Target as per the indicator	Implementation Timeframe												Responsible person	Cost (KES 000,000)		Source of Funds
							Q1			Q2			Q3			Q4				Development	Recurrent	
							J	A	S	O	N	D	J	F	M	A	M	J				
To improve access to adequate, safe water and sanitation services for sustainable development	East Wanga ; Malaha /Isongo /Makungu; Lubinu /Lusheya	Mumias East Climate Resilient Water project	<ul style="list-style-type: none"> Conduct feasibility studies Undertake ESIA Develop of sump Construction of elevated reservoir Laying of distribution pipeline (Bumini, Shitoto, Lubinu, Mwitoti, Malaha), Rising main, Sump, solar pumping system. In Mumias East subcounty 	Households connected	No of people accessing safe water	300													Director Water Services	20		CGK
Promote climate change mitigation and adaptation to build community resilience	Shirere ; Shieywe; Mahyakalo	Rehabilitation of Savona Water project for enhanced water supply for pro-poor urban population	<ul style="list-style-type: none"> Conduct feasibility study Undertake ESIA Solarization Catchment conservation Rising main Distribution line 	Water scheme rehabilitated	No.	1													Director Water	30		CGK/FLLOCA
Landscape Rehabilitation	Isukha Central Isukha South & East	Perimeter Fence on Kakamega Forest Ecosystem	<ul style="list-style-type: none"> Procurement of fencing material 	Length of Kilometers fenced	No	34													Director Climate Change	23		
Promote climate change mitigation and adaptation to build community resilience	Kongoni Sango, Sinoko	Rehabilitation of Osindo Dam to promote multiple water use project	<ul style="list-style-type: none"> Conduct feasibility study; ESIA; 	Multiple use of water	No.	2													Director Water	5		CGK

8. Corporate Governance Statement

The Kakamega County Climate Change Fund was established by the County Government of Kakamega through the Kakamega County Climate Change Act 2020 and Kakamega County Climate Change (General) regulations 2021. These are legal requirements for financing climate change actions and interventions. The County Climate Change Steering Committee mobilizes resources for the Fund from donors, development partners, and the private sector; national climate change fund; and international climate finance frameworks, including but not limited to the Green Climate Fund, Adaptation Fund and the Global Environment Facility.

Currently the main source of Fund is the Financing Locally led Climate Action (FLLoCA) program, an innovative programme jointly funded by the Government of Kenya and the World Bank to build resilience at the community level to mitigate its impact of climate change. The programme started in the FY 2021 and will run for four fiscal years. There are two intergovernmental grants that are available namely:

1. County Climate institutional support (CCIS) grant meant to support county government develop legal, institutional and organizational arrangement to be able to budget, plan, and implement Climate change adaptation county climate change action; and
2. The County Climate Resilience Investment, a performance-based grant to fund county climate actions.

The County Climate Change Fund has held three meetings during the year under review and the objectives of the meeting was as follows

The fund has elaborate succession plan where appointments and removal of administration committee members is highlighted according the laws and act creating the fund.

The fund has a charter that guides its implementation framework of the programs.

The Kakamega County Climate Change Administration Committee have the following functions.

The fund has sponsored capacity building workshops to equip members with knowledge of handling the climate change actions and implementations of the projects and programs.

The fund has a competent procurement unit that adheres to strict procurement laws and therefore where there is conflict of interest members must declare.

The County Climate Change fund has an internal auditor whose mandates are spelt out and conducts regular audits including governance audits.

9. Management Discussion and Analysis

The Kakamega County Climate Change Fund was established by the County Government of Kakamega through the Kakamega County Climate Change Act 2020 and Kakamega County Climate Change (General) regulations 2021. These are legal requirement for financing climate change actions and interventions. The County Climate Change Steering Committee mobilize resources for the Fund from donors, development partners, and the private sector; national climate change fund; and international climate finance frameworks, including but not limited to the Green Climate Fund, Adaptation Fund and the Global Environment Facility.

Currently the main source of Fund is the Financing Locally led Climate Action (FLLoCA program, an innovative programme jointly funded by the Government of Kenya and the World bank to build resilience at the community level to mitigate its impact of climate change. The programme started in the FY 2021/2022 and will run for four fiscal years. There are two intergovernmental grants that are available namely:

1. County Climate institutional support (CCIS) grant meant to support County Government develop legal, institutional and organizational arrangement to be able to budget, plan, and implement Climate change adaptation county climate change action; and
2. The County Climate Resilience Investment (CCRI) grant, a performance-based grant to fund County climate actions.

The Fund was established specifically to finance locally led climate actions at the ward level to enhance the resilience of the Community to the adverse impact of climate change. The County Ward based climate change planning committees have been established in each ward to ensure that community participate in projects identification, prioritization, planning, implementation, monitoring, and reporting.

Through the participatory climate risk assessment, the community have been able to identify climate risks/hazards in the community and this has informed the development of county Climate change Action plan for 2023/27.

In the FY 2024/2025, the County Government of Kakamega committed a total of KES 224,025,550 as co funding towards the fund while development partners committed KES 303,132,837. Totalling to combined expected receipts of KES 527,158,387.

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

The Fund receives funding from the World Bank and German fund as well as co-funding arrangement which the County Government obeys as stipulated in memorandum of understanding. The fund has made strides especially in capacity building and ready to implement programs selected in the FY 2024/2025.

2. Environmental performance

The fund has made strides in greening the environment by planting trees in each of the 12 sub counties in the Kakamega County.

3. Employee welfare

The fund has capacity built staffs working under the department of environment and climate change. Recently staffs were inducted on green financing. The fund also is guided by international practice of ensuring safety measures are put in place while planting or cleaning the environment. The fund management also follows the rules set out by OSHA Act of 2007.

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The fund is always guided by the Public Procurement and Disposal Act when doing any purchases of services and goods.

b) Responsible Supply chain and supplier relations- The fund maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

5. Corporate Social Responsibility / Community Engagements

The fund has constituted Ward Climate Change Planning Committees and through these committees, the fund has been able to distribute bicycles to the community to necessitate propagation of information to village levels on matters climate change and distribution of tree seedlings to residents in the entire County.

11. Report of The Trustees

The administration committee members of the Fund submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

Principal activities

The Fund's principal activity is to mainstream Climate change programmes into development planning, decision making and advisory on climate change in the county; coordination and collation and dissemination of information on climate change to the public to raise awareness and preparedness; and establish financing mechanism and governance framework for climate change response and risk mitigation

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1 to 5

Steering Committee Members

The members of the Committee of fund who served during the year are shown on page iii

Auditors

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

By Order of the Administration Committee



.....
Chair of the Fund Administration Committee

Date: 29-09-2025

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by and derives authority and accountability from Kakamega County Climate Change Act of 29th December 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, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

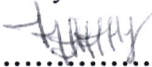
The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and derives authority and accountability from Kakamega County Climate Change Act of 29th December 2020. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2025, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 29-09- 2025 and signed on its behalf by:



.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAKAMEGA COUNTY CLIMATE CHANGE FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kakamega County Climate Change Fund set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of

Report of the Auditor-General on Kakamega County Climate Change Fund for the year ended 30 June, 2025

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kakamega County Climate Change Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kakamega County Climate Change Act, 2020 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of Statement of Changes Net Assets

The statement of changes in net assets shows accumulated surplus balance of Kshs.817,372,710. The amount includes prior year adjustments - rebanking of unspent cash balance of Kshs.1,047,498. However, journal entries, nature of adjustment and other supporting documents were not provided for audit.

In the circumstances, the accuracy and completeness of prior year adjustments - rebanking of unspent cash balance of Kshs.1,047,498 could not be confirmed.

2. Variances in Revenues from Non-Exchange Transactions

The statement of financial performance and Note 6 (a) to the financial statements reflects public contributions and donations amounting to Kshs.303,132,837. However, the amount reported in the Project Management Unit (PMU) financial statements totals Kshs.20,840,159 from International Development Association(IDA) and Kshs.22,766,070 from KfW resulting in unexplained and unreconciled variance of Kshs.259,526,608.

In the circumstances, the accuracy of Revenue from non-exchange transactions of Kshs.303,132,837 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.527,158,387 and actual receipts of Kshs.266,565,689 on comparable basis resulting to under-funding of Kshs.260,592,698 or 49% of the budget. Similarly, the Fund expended Kshs.165,482,767 against an approved budget of Kshs.670,800,367 resulting to under-expenditure of Kshs.505,317,600 or 75% of the budget. Further, the budget was unbalanced and the Management did not explain how the deficit was to be financed.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the previous year audit report, several issues were raised under Report on the financial statements, Emphasis of Matter, Report on Lawfulness and Effectiveness in Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance, as detailed in **Appendix I**. However, as disclosed under the progress on follow up of auditor's recommendations section of the financial statements, the prior year audit issues remained unresolved as at 30 June, 2025. Management has not provided satisfactory reasons for the delay in resolving the issues.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Payments to Members of the County Assembly

The statement of financial performance and Note 8 to the financial statements reflect use of goods and services expenditure of Kshs.53,593,454. Included in this expenditure are payments totalling Kshs.2,157,800 for daily subsistence allowances to Members of the County Assembly of Kakamega. However, Management did not provide an explanation for the payment to the County Assembly Members who are members of an independent entity and are budgeted for separately.

This was contrary to Section 104 of the County Government Act, 2012 which states that a County Government shall plan for the County and no public funds shall be appropriated outside a planning framework developed by the County Executive Committee and approved by the County Assembly and that to promote public participation, non-state actors shall be incorporated in the planning processes by all authorities.

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

2. Failure to Disburse Co-Funding Amount by the County Executive of Kakamega

The statement of financial position and Note 11 to the financial statements show current portion of long-term receivables from exchange transactions balance of Kshs.476,418,387. The amount includes current receivables due from County Executive of Kakamega of Kshs.173,285,550 for commitments towards co-funding by County Government of Kakamega towards the Fund and development partners commitment of Kshs.303,132,837, totalling Kshs.476,418,387.

Although the development partners honored their commitment, the County Government did not pay their share of Kshs.173,285,550 within the stipulated time frames in the financing agreement.

In the circumstances, Management was in breach of the law and financing agreement.

3. Delayed Implementation of Projects

3.1 Delayed Completion of Lumino-St. Peters Box Culvert

The Management awarded a local contractor a contract for construction of Lumino-St. Peters Box Culvert at a contract sum of Kshs.6,870,776 with the project start date being 5 March, 2025 and expected completion date of 5 September, 2025. A total of Kshs.4,471,510 or 70% of the contract sum had been paid to the contractor. However, field verification carried out on 5 September, 2025 revealed that the project was 70% complete despite lapse of contract period and there was no evidence of request for contract extension by the contractor, and the contractor was not on site.

In the circumstances, value for money may not have been obtained from the project.

3.2 Delayed Completion of Munyanya Bridge

Management awarded a contract to a local contractor for the construction of Munyanya Bridge at a contract sum of Kshs.17,801,536 with project start date of 5 March, 2025 and expected completion date of 5 September, 2025. The contractor had been paid a total of Kshs.11,086,932 or 62% of the contract sum. However, review of the project implementation status and physical verification done on 5 September, 2025 revealed that the project was 75% complete with incomplete main works including backfilling and compacting, gabions installation, guard railing, approaching road works and drainage. The contract period had lapsed with no evidence of contract period extension.

In the circumstances, value for money may not have been obtained from the project.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Internal Audit Reports

The Management did not provide internal audit reports of the Fund for the year under review. This was contrary to Part 100 of the Financing Locally Led Climate Action Grant

Manual which states that at the County level, the County internal auditors will provide oversight on all County funds and as such are expected to also provide oversight on the use of County Climate Institutional Support and County Climate Resilience Investment grants.

In the circumstances, the effectiveness of the Fund's internal controls could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or cease its operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 October, 2025

Appendix I


Unresolved Prior Year Audit Issues


Reference No. on the Auditor- General's Report	Observation
	Report on the Financial Statements
1	Unsupported Expenditure
2	Unconfirmed Trade and Other Payables
	Emphasis of Matter
	Budgetary Control and Performance
	Report on Lawfulness and Effectiveness in the Use of Public Resources
1	Delay in Transfer of FLLoCA Conditional Grants from County Revenue Fund Account (CRF) to Special Purpose Account (SPA)
2	Irregular Transfer of Funds to the County Executive Account
3	Failure to Disburse Co-Funding Amount by Kakamega County Executive
	Report on the Effectiveness of Internal Controls, Risk Management and Governance
	Lack of Internal Audit Reports

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14. Statement of Financial Performance for the Year Ended 30th June 2025

Description	Note	Period ended June 2025	FY 2023/2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public contributions and donations	6(a)	303,132,837	303,132,837
Transfers From the County Government	7(a)	224,025,550	109,260,000
		527,158,387	412,392,837
Revenue From Exchange Transactions			
Total Revenue		527,158,387	412,392,837
Expenses			
Use of goods and services	8(a)	53,593,454	101,491,783
Depreciation	9	3,021,575	
Total Expenses		56,615,029	101,491,783
Other Gains/Losses			
Gain /Loss on fair value of investments		-	0
Surplus/(Deficit)For the Period		470,543,358	310,901,054


.....
Name: Mr. Anthony Munanga
Administrator of the Fund


.....
Name: CPA Antony M. Angote
Fund Accountant
ICPAK Member Number: 28996

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15. Statement of Financial Position As at 30 June 2025

Description	Note	Period ended June 2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	10	294,724,902	192,594,482
Receivables from Non-Exchange Transactions	11	476,418,387	215,825,689
Total current assets		771,143,289	408,420,171
Non-Current Assets			
Property, Plant and Equipment	12	46,229,421	0
Total non- current assets		-	0
Total Assets (A)		817,372,710	408,420,171
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	13	0	62,638,317
Total current liabilities		0	62,638,317
Non-Current Liabilities			
Non-Current provisions		0	0
Total Liabilities (B)		0	62,638,317
Net Assets (A-B)		817,372,710	345,781,854
Represented By:			
Revolving Fund		-	0
Reserves		-	0
accumulated Surplus		817,372,710	345,781,854
Net Assets		817,372,710	345,781,854

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29-09-2025 and signed by:

.....
Name: Mr. Anthony Munanga
Administrator of the Fund

.....
Name: CPA Antony M. Angote
Fund Accountant
ICPAK Member Number: 28996

16. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	Accumulated surplus	Total
	Kshs	Kshs
Balance as at the beginning of FY 2023/24	45,880,800	45,880,800
Surplus/(Deficit) For the Period	310,901,054	310,901,054
Funds received During the Period	(11,000,000)	(11,000,000)
Balance as at the end of FY 2023/2024	345,781,854	345,781,854
Balance as at the beginning of FY 2024/2025	345,781,854	345,781,854
Surplus/(Deficit)for the Period	470,543,358	470,543,358
Prior year adjustments – Rebanking of unspent cash	1,047,498	1,047,498
Balance as at the end of FY 2024/2025	817,372,710	817,372,710

NB: Kshs. 1,042,500 was cash at hand at the end of the financial year ended 30th June 2024 that was not included in the cash and cash equivalents for the said period. This resulted in an understatement of the cash and cash equivalents necessitating the adjustment in the statement of changes in net assets as a prior year adjustment. Also Kshs. 4,998 was reported as part of payables in the previous year ended 30th June 2024 as part of the total payables of Kshs. 62,638,317 this amount however remained unrepresented in the bank necessitating for the amount to be written back in the cashbook after 6 months in January 2025 thus necessitating for the prior year adjustment under the statement of changes in net assets.

17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	Period ended	FY
		June 2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	6(b)	106,565,689	196,567,148
Transfers from the county government	7(b)	160,000,000	0
Total receipts		266,565,689	196,567,148
Payments			
Use of Goods and services	8(b)	116,231,771	40,972,666
Total payments		116,231,771	40,972,666
Net cash flows from operating activities	14	150,333,918	155,594,482
Prior year adjustments		0	(11,000,00)
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(49,250,996)	0
Net cash flows used in investing activities		(49,250,996)	0
Cash flows from financing activities			
Proceeds from rebanking of unspent cash		1,047,498	0
Net cash flows used in financing activities		1,047,498	0
Net increase/(decrease)in cash Equivalents		102,130,420	144,594,482
Cash and cash equivalents at the beginning of the period		192,594,482	48,000,000
Cash and cash equivalents at the end of the period		294,724,902	192,594,482

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

Kakamega County Climate Change Fund
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18. Statement of Comparison of Budget and Actual Amounts For the Period

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	B	c=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from the county government	174,025,550	50,000,000	224,025,550	160,000,000	64,025,550	71%
Public contributions and donations	303,132,837	-	303,132,837	106,565,689	196,567,148	35%
Total Income	477,158,387	50,000,000	527,158,387	266,565,689	260,592,698	51%
Expenses						
Use of goods and service	621,549,371	-	621,549,371	116,231,771	505,317,600	19%
Capital expenditure	49,250,996	-	49,250,996	49,250,996	0	0%
Finance Cost	0	-	0	0	0	0%
Total Expenditure	670,800,367	-	670,800,367	165,482,767	505,317,600	25%
Surplus for the Period	0	-	0	101,082,922	0	0

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Budget notes

1. The underperformance of the county own contribution is due to delays in exchequer releases towards the county to facilitate transfers to the fund.
2. The underperformance on public contributions and donations was occasioned by the delay in transfer of funds from donors.
3. The underutilization of the budget was occasioned by delays in receiving funds from donors and delayed exchequer releases resulting in delayed transfers of county own contributions.

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kakamega Climate change Fund is established by and derives its authority and accountability from Kakamega County Climate Change Act. The entity is wholly owned by the Kakamega County Government and is domiciled in Kenya.

The Fund’s principal activity is to mainstream Climate change programmes into development planning, decision making and advisory on climate change in the county; coordination and collation and dissemination of information on climate change to the public to raise awareness and preparedness; and establish financing mechanism and governance framework for climate change response and risk mitigation.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>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.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

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<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>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.</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p>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.</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p>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.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p>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</p>

**Kakamega County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

	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.

(i) Early adoption of standards

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

20. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 26th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 50,000,000 on the FY 2024/2025 budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 page 6 of these financial statements.

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. 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.

**Kakamega County Climate Change Fund
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Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

**Kakamega County Climate Change Fund
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Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

**Kakamega County Climate Change Fund
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Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions 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.

However there were no provisions for the Financial Year Ended 30th June 2025.

6. Notes To The Financial Statements Continued

6. (a) Public Contributions and donations

Description	Period ended June 2025	FY 2023/2024
	Kshs	Kshs
Donation From World Bank	202,131,378	202,131,378
Donations from KfW	101,001,459	101,001,459
Total	303,132,837	303,132,837

6 (b) Public contributions and donations(Cash) received

Description	Period ended June 2025	FY 2023/2024
	Kshs	Kshs
Donation From World Bank	106,565,689	95,565,689
Donations from KfW	0	101,001,459
Total	106,565,689	196,567,148

7. (a) Transfers from the County Government

Description	Period ended June 2025	FY 2023/2024
	Kshs	Kshs
Transfers From County Govt. – Operations	224,025,550	109,260,000
Total	224,025,550	109,260,000

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7 (b) Transfers from the County Government(Cash received)

Description	Period ended June 2025	FY 2023/2024
	Kshs	Kshs
Transfers From County Govt. – Operations	160,000,000	0
Total	160,000,000	0

8. (a) Use of goods and services

Description	Period ended June 2025	FY 2023/2024
	Kshs.	Kshs.
Professional services	18,693,815	17,491,043
Advertisement, publishing and printing	3,961,509	982,759
Catering	50,517	2,157,179
Conference	592,500	244,670
DSA	8,543,300	538,800
Travel and accommodation	-	9,627,741
Feasibility study	50,525	363,000
GOS	22,623	1,324,276
Public Participation	3,766,400	5,476,800
Training	-	2,186,365
Uniforms	-	2,822,613
Fencing	-	0
Solarisation	-	
Capacity Building	8,718,943	0
Rehabilitation works	-	0
Routine maintenance-other assets	-	58,276,537
Greening programme	9,193,322	
Acquisition of non-current assets	-	0
Energy saving cook stoves	-	0
CRI projects	-	0
Total	53,593,454	101,491,783

**Kakamega County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

8 (b) Use of goods and services

Description	Period ended June 2025	FY 2023/2024
	Kshs.	Kshs.
Professional services	18,693,815	17,491,043
Advertisement, publishing and printing	5,258,389	982,759
Catering	325,517	2,157,179
Conference	592,500	244,670
DSA	8,543,300	538,800
Travel and accommodation	-	9,627,741
Feasibility study	50,525	363,000
GOS	312,523	1,324,276
Public Participation	3,766,400	5,476,800
Training	-	2,186,365
Uniforms	-	2,822,613
Fencing	22,736,563	0
Solarisation	19,616,708	
Capacity Building	11,218,943	0
Rehabilitation works	15,923,267	0
Routine maintenance-other assets	-	58,276,537
Greening programme	9,193,322	
Acquisition of non-current assets	-	0
Energy saving cook stoves	-	0
CRI projects	-	0
Total	116,231,771	101,491,783

9. Depreciation and Amortization Expense

Description	Period ended June 2025	FY 2023/2024
	Kshs.	Kshs.
Property Plant and Equipment	3,021,575	0
Total	3,021,575	0

Kakamega County Climate Change Fund
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10. Cash and cash equivalents

Description	Period ended June 2025	FY 2023/2024
	Kshs	Kshs
Kakamega climate change fund	294,724,902	192,594,482
Total Cash and Cash Equivalents	294,724,902	192,594,482

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

Financial Institution	Account number	Period ended June 2025	FY 2023/2024
		Kshs	Kshs
a) Development Account			
CBK	1000537515	294,724,902	192,594,482
Grand Total		294,724,902	192,594,482

11. Receivables from non-exchange transactions

Description	Period ended June 2025	FY 2023/2024
	Kshs	Kshs
Current Receivables		
From CGK	173,285,550	109,260,000
From Development partners	303,132,837	106,565,689
Total	476,418,387	215,825,689

Kakamega County Climate Change Fund
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12. Property, plant and equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Plant and Equip	Work in progress	Service concession assets	Total
Depreciation Rate		2%	25%	10%	12.50%	33.30%	15%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024	0	0	-	0	0	0	0	-	-	0
Additions	0	0	6,800,000	0	0	0	8,810,500	33,640,496	-	49,250,996
Disposals	-	-	-	-	-	-	-	-	-	0
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	0
As At 30th June 2025	0	0	6,800,000	0	0	0	8,810,500	33,640,496	0	49,250,996
Depreciation And Impairment										0
Depreciation for the period	-	-	1,700,000	-	-	-	1,321,575	-	-	3,021,575
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-
As At 30th June 2025	-	-	1,700,000	-	-	-	1,321,575	-	-	3,021,575
Net Book Values										-
Opening Bal as at 1 st July 2024	0	0	-	0	0	0	0	0	-	-
As At 30th June 2025	0	0	5,100,000	0	0	0	7,488,925	33,640,496	0	46,229,421

13. Trade payables from exchange transactions

Description	Period ended June	FY 2023/2024
	2025	
	Kshs	Kshs
Trade Payables	0	62,638,317
Total Trade and Other Payables	0	62,638,317

14. Cash generated from operations.

Description	Period ended June	FY 2023/2024
	2025	
	Kshs	Kshs
Surplus/ (Deficit) For the period Before Tax	470,543,358	310,901,054
Adjusted For:		
Depreciation	3,021,575	0
Working Capital Adjustments		
Increase In Receivables	-260,592,698	-215,825,689
Increase In Payables	-62,638,317	60,519,117
Net Cash Flow from Operating Activities	150,333,918	155,594,482

Notes To The Financial Statements (Continued)

15. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transfers From Related Parties'	50,740,000	412,392,837

c) Due from related parties

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Due From Donors	303,132,837	106,565,689
Due From County Government	173,285,550	109,260,000
Total	476,418,387	215,825,689

Notes To The Financial Statements (Continued)

16. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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Notes To The Financial Statements (Continued)

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

The entity has significant concentration of credit risk on amounts due.

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

b) Liquidity risk management

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

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

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

**Kakamega County Climate Change Fund
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Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

**Kakamega County Climate Change Fund
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Notes To The Financial Statements (Continued)

d) Capital risk management.

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. Events after the reporting period
There were no material adjusting and non- adjusting events after the reporting period.

17. Ultimate and Holding Entity

The entity is a County Public Fund established by the Kakamega county climate change Act under the department of Water, environment, natural resources and climate change. Its ultimate parent is the County Government of Kakamega.

18. Currency

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

Kakamega County Climate Change Fund
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20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Unsupported Expenditure</p> <p>The statement of financial performance and Note 3 to the financial statements reflect use of goods and services expenditure amounting to Kshs.101,491,783, out of which an amount of Kshs.4,259,309 relates to procurement of goods and services whose procurement documents including tender opening minutes and evaluation minutes, notification of award and regret letters, acceptance letters, quotations, local service orders (LSOs), local purchase orders (LPOs), contract agreements, and professional opinions were not provided for audit review. Further, general ledgers</p>	<p>Management has noted the Auditors observations. Procurement documentation and records have been provided for your review.</p>	<p>Waiting for senate resolution</p>	<p>30th June 2026</p>

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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)
	<p>provided for audit indicate that expenses were incurred in the month of October, 2024, which relates to the financial year 2024/2025.</p> <p>In the circumstances, accuracy and completeness of the expenditure on use of goods and services amounting to Kshs.101, 491,783 could not be confirmed.</p>			
2.	<p>Unconfirmed Trade and Other Payables Balance</p> <p>The statement of financial position and Note 7 to the financial statements reflects a balance of Kshs.62, 638,317 for trade and other payables from exchange transactions. However, the supporting customer invoices, procurement records, records and budget of procured items were not</p>	<p>Management has noted the above Auditors observations. The relevant supporting documentation inclusive of customer invoices, procurement records and budget of procured items for the payables totalling Ksh. 62,638,317 have been attached for review.</p>	<p>Waiting for senate resolution</p>	<p>30th June 2026</p>

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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)
	<p>provided for audit review.</p> <p>In the circumstances, accuracy and completeness of the trade and other payables balance of Kshs.62, 638,317 could not be confirmed.</p> <p>The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kakamega 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</p>			

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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)
	appropriate to provide a basis for my qualified opinion.			
3.	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.412, 392,837 resulting in one hundred percent 100% utilization of the budget. Similarly, the Fund expended Kshs.101, 491,783 against an approved budget of Kshs.412, 392,837 resulting to under-performance of Kshs.310, 901,054 or 75% of the budget. The under-performance affected the planned activities and may have impacted negatively on service delivery to the public. My opinion is not modified in respect of this matter.</p>	<p>Management has noted the Auditors observation and states that the underperformance was as a result of World Bank disbursements being received on 17th May 2024, 25th May 2024 and 11th July 2024 which was toward the end of the financial year. Planning and procurement processes were underway and this affected the performance.</p>	<p>Waiting for senate resolution</p>	<p>30th June 2026</p>

**Kakamega County Climate Change Fund
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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)
4	<p>Unresolved Prior Year Matters</p> <p>As disclosed under the progress on follow up of auditor's recommendations section of the financial statements, the prior year audit issues remained unresolved as at 30 June, 2024. Management has not provided satisfactory reasons for the delay in resolving the issues.</p>	<p>Management has noted the Auditors observations. Management has since implemented the audit recommendations from the prior year and is awaiting for Auditor's resolution on the matters.</p>	Waiting for senate resolution	30 th June 2026
5	<p>Delay in Transfer of FLLoCA Conditional Grants from County Revenue Fund Account (CRF) to Special Purpose Account (SPA)</p> <p>The statement of financial performance and Note 1 to the financial statements reflect public contributions and donations amounting to Kshs.303, 132,837. However, review of the CRF and SPA bank statements</p>	<p>We are in agreement that transfer of County Climate Institutional Support into SPA delayed in all the disbursements for some reasons as follows:</p> <p>a) There was delay in transferring of the first disbursement because of difficulty in mapping the SPA account with IFMIS. The problem was not resolved until October of 2023 and no payments were effected.</p> <p>b) The second disbursement delayed because of a requirement of Circular from</p>	Waiting for senate resolution	30 th June 2026

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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)
	<p>revealed a delay in transfer of Kshs.11, 000,000 which was received on 4 July, 2023 in CRF bank account, while actual transmission to SPA was done seven (7) months later on 4 March, 2024. contrary to the National Treasury circular ref: FLLoCA/CWR/2023/01(02) Paragraph 12 which states that FLLoCA program funds are disbursed from the National Treasury to the County Revenue Fund (CRF) account then to be transferred to the Special Purpose Account (SPA) within 15 days upon receipt.</p> <p>In the circumstances, Management breached the law.</p>	<p>controller of budget No 14/2023 requiring each requisition for withdrawal to be accompanied by signed inter-governmental agreement signed by the NT and respective county governments and approved by the County Assembly within set timelines-annex 5.1. The last disbursement was received during the end of the financial year and IFMIS closed before the transfer was effected</p> <p>c) The County Treasury has taken note of this, and in future, transfers will be done promptly. We are in agreement with the Audit observations and hence fourth this good practice will be adopted</p>		
6	<p>Failure to Disburse Co-Funding Amount by Kakamega County Executive</p> <p>The statement of financial position reflects total assets</p>	<p>Management has noted the Auditors observation and says that the delay in disbursement of the county own contribution was occasioned by late disbursement of exchequer from the</p>	<p>Waiting for senate resolution</p>	<p>30th June 2026</p>

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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)
	balance of Kshs.408,420,171. The financial statements and Note 5 to the financial statements show that the County Government of Kakamega committed a total of Kshs.109,260,000 as co-funding towards the Fund and development partners committed Kshs.303,132,837, totaling to Kshs.412,392,837. Although the development partners honored their commitment, the County Government did not make any payment to the Fund account within the stipulated time frames in the financing agreement. In the circumstances, Management breached the law and financing agreement.	National Treasury which also affected disbursement from County treasury to the climate change Special purpose account. However disbursements of the Ksh. 109,260,000 has been fully disbursed in the current financial year.		
7	Lack of Internal Audit Reports The Management did not provide internal audit reports of the	Management has noted the Auditors observations. Subsequent Internal audit has been undertaken on the climate change fund in	Waiting for senate resolution	30 th June 2026

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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)
	<p>Fund for the year under review. This was contrary to Part 100 of the Financing Locally Led Climate Action Grant Manual which states that at the County level, the county internal auditors will provide oversight on all County funds and as such are expected to also provide oversight on the use of County Climate Institutional Support and County Climate Resilience Investment grants. In the circumstances, the effectiveness of the Fund's internal controls could not be confirmed.</p>	<p>order to promote and strengthen internal controls and an internal audit report for the financial years 2022/2023 and 2023/2024 availed for review.</p>		

Fund Administrator: 

Date: 29-09-2025

**Kakamega County Climate Change Fund
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**Annex II: Inter-Fund Confirmation Letter
[Insert your Letterhead]**

Kakamega County Climate change fund
36 Kakamega

The Kakamega County Climate change fund wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name Anthony Munanga Sign [Signature] Date 29-09-2025

Kakamega County Climate Change Fund
 Annual Report and Financial Statements for the year ended June 30, 2025

Annex III: Reporting of Climate Relevant Expenditures

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

**Kakamega County Climate Change Fund
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Annex IV: Reporting on Disaster Management Expenditure

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