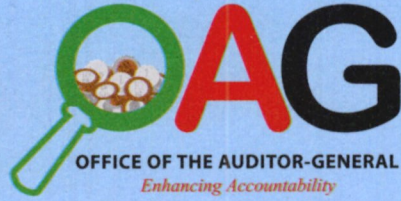


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**ELGEYO MARAKWET COUNTY
CLIMATE CHANGE FUND**

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

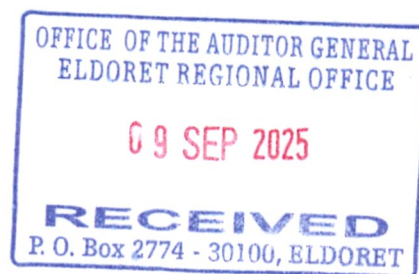
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COMMITTEE	-
CLERK AT THE TABLE	Belinda



**ELGEYO MARAKWET COUNTY CLIMATE
CHANGE FUND**

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

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



Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year ended June 30,2025

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

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Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year ended June 30, 2025

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
FY	Financial Year
EMC	Elgeyo Marakwet County Government
FLLoCA.	Financing Locally Led Climate Action
CCO	County Chief Officer
CECM	County Executive Committee Member
ICT	Information and Communication Technology
NGO	Non-Governmental Organization
UK	United Kingdom
IFC	International Finance Corporation
CPA	Certified Public Accountant
WCCPC	Ward climate change planning committee
CEC	County Environment Committee
CCCPC	County climate change planning committee

b) Glossary of Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

Related party-A party or a person that has ability to exercise control or influence over the fund.

Financial instruments-Contracts that give rise to financial assets

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the Year ended June 30, 2025

2. Key Entity Information and Management

a) Background information

Elgeyo Marakwet County Climate Change Fund was established by and derives its authority and accountability from Elgeyo Marakwet County Climate Change Fund Act, 2021 Via Elgeyo Marakwet County Gazette Supplement No.4 of 2021. The Fund is wholly owned by the County Government of Elgeyo Marakwet and is domiciled in Kenya.

The fund's objective is to.

- i) Create resilience at the local (and community) levels to mitigate the impact of climate change.
- ii) Provide funding for climate change projects identified in the County Climate Change Policy, County Climate Change Action Plan, and other climate related framework enacted within the County.
- iii) Public education, sensitization and awareness creation on climate change and its impacts.
- iv) Capacity Building of County Staff and other stakeholders to effectively respond to climate change related occurrences.
- v) Climate Change research and knowledge management in the county.
- vi) Monitoring, evaluation, reporting and learning on climate change response in the county.

b) Principal Activities

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

- i) Strengthen the role of communities, community structures and indigenous knowledge systems in the planning of climate change response interventions.
- ii) Climate resilience assessments.
- iii) Monitoring, evaluation, reporting and learning on climate change response in the county.
- iv) Invest in public goods and structures to strengthen adaptation to climate change.
- v) Capacity Building for staff of the County and other stakeholders to effectively respond to climate change related occurrences.

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the Year ended June 30, 2025

Key Entity and Management (Continued)

c) Fund Administration Committee

S.NO	Name	Position	Qualification
1	Jason Lagat	Chairperson	MSC. Computer science
2	Andrew Too	Member	BBM Finance/CPA-K
3	Gideon Mutai	Member	BBM-Banking and Finance
4	John Lagat	Member	Diploma in Education
5	Alphaeus Tanui	Member	MA Project Planning and management
6	Michael Kibiwott	Members	MS Public Health

d) Key Management team

Ref	Name	Position
1	Charle Suter	Fund Administrator
2	Isaac Koech	Chief Officer Water, environment and Climate change
3	Hillary Chelal	Fund Accountant

e) Fiduciary Oversight Arrangements

Elgeyo Marakwet County Assembly Sectoral Committee - Water, Environment and climate change

SN	Position	Name
1	Chairperson	Hon. Joshua Kipruto
2	Vice Chairperson	Hon. Jonah Tanui
3	Member	Hon. Salina Kitto
4	Member	Hon. Evalyne Kiptoo
5	Member	Hon. Lawi Kibre
6	Member	Hon. Joseph Chebet
7	Member	Hon. Stephen Cheruiyot

f) Registered Offices

P.O. Box 220-30700
Climate change unit offices,
Iten, Kenya.

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year ended June 30, 2025

Key Entity and Management (Continued)

g) Fund contacts

Telephone: **0704220220**
E-mail: infor@elgeyomarakwet.co.ke

h) Fund Bankers

Central Bank of Kenya

Account Name: ELGEYO MARAKWET COUNTY CLIMATE CHAN-KES

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,
P.O. Box 220,
Iten, Kenya

k) County Attorney

The County Attorney,
Office The Governor,
P.O Box 220,
Iten, Kenya.

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year ended June 30, 2025

3) Fund Administration Committee.



The following committee members have been constituted to oversee the management of the fund:

S/NO	Name	Details of qualifications and experience
1.	Jason Lagat	MSC. Computer science
2.	Andrew Too	BBM Finance/CPA-K
3.	Gideon Mutai	BBM-Banking and Finance
4.	John Lagat	Diploma in Education
5.	Alphaeus Tanui	MA Project Planning and management
6.	Michael Kibiwott	MS Public Health

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the Year ended June 30, 2025

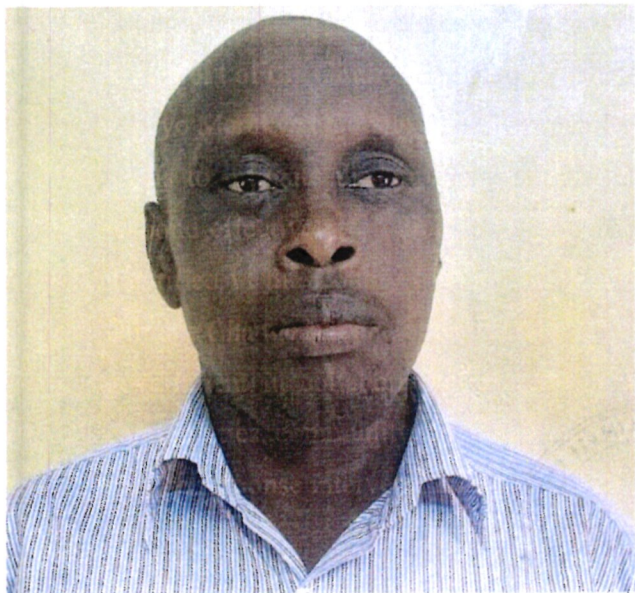
4) Management Team

1. Mr. Isaac Koech	<p>He is the Chief Officer. Isaac holds a bachelor's degree in environmental studies (Community Development) from Kenyatta University and currently a master's student at University of Eldoret undertaking Environmental Planning and Management. He has over Eleven (11) years extensive knowledge and experience in areas of Public Administration, conflict management and resolution, Community engagements, humanitarian response and Private Sector. He formerly worked for Equity Bank as a Relationship Officer Credit and Metropol corporation CRB as a Regional Business Development Officer (North Rift). He is currently a Board member at Anin girls High School and formerly a board chair at Siroch mixed day secondary school, the position he held for two terms.</p>
	
2. Charles Suter	<p>The director for Climate Change and Fund Administrator. He is the Secretary to the County Planning and Steering Committee. Chelimo is PhD Climate change candidate (University of Eldoret) and holds a Master of Science degree in Environmental human Ecology (university of Eldoret), BSC Forestry (Moi university) Registered and Licensed Environmental Expert(NEMA), Member of Environment institute of Kenya (EIK), Environment and social Risk Management (ESRM) specialist(KSG).</p>
	

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the Year ended June 30, 2025

3.CPA Hillary Chelal



Hillary has more than fifteen years' experience working in public service as an accountant. He is an holder of bachelor's degree in business management (Accounting option) and a certified public accountant (CPAK). Currently the fund accountant-CCU Elgeyo Marakwet County.

5) Report of the Chairperson Fund

Elgeyo Marakwet County Climate Change Fund's core mandate is to create resilience at the local levels to mitigate the impact of climate change, mainstream all development projects and to respond effectively to climate change through provision of funding for climate change projects identified in the County Climate Change Policy, County Climate Change Action Plan, County Climate Change Act and other climate related frameworks enacted within the County. The national government in collaboration with the county governments aims at strengthening the role of communities, community structures and indigenous knowledge systems in the planning of climate change response interventions.

In the period under review the fund received **Kshs11,000,000 (CCISG)** and **CCRIG** of **Kshs46,943,765**. The fund also received matching grant from the county Government of **Kshs 48,588,900**.

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year ended June 30, 2025

The FLLoCA grant's objective is to deliver locally led climate resilience actions and strengthen county and national government's capacity to manage climate risk. It's envisioned that the grant will strengthen County Government's capacity to plan, budget, implement and monitor climate mitigation and adaptation actions, with a focus on sub-county (ward and community) levels.

The fund management will provide all the necessary support to the fund board and the steering committee in order to enable real-time implementation of the identified ward projects for the county to achieve the minimum performance conditions to be able to access the much larger, County Climate Resilience Investment Grant.

Name.....*J. S. M. Lagat*..... Signature.....*[Signature]*..... Date.....*09/09/2025*.....

Fund Chairperson



Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year ended June 30, 2025

6) Report of The Administrator Fund

Elgeyo Marakwet County Climate Change Fund's core mandate is to create resilience at the local levels to mitigate the impact of climate change through provision of funding for climate change projects identified in the County Climate Change Policy, County Climate Change Action Plan, other climate related frameworks enacted within the County. This fund is co-funded by national government through FLLoCA conditionally grant and county government. FLLoCA will provide county level performance grants that will result in a portfolio of climate resilience actions/investments addressing communities' priorities.

The FLLoCA grant's objective is to deliver locally led climate resilience actions and strengthen county and national government's capacity to *manage* climate risk. It's envisioned that the grant will strengthen County Government's capacity to plan, budget, implement and monitor climate mitigation and adaptation actions, with a focus on sub-county (ward and community) levels.

In the period under review the fund received a total of **Kshs.106,532,665. Kshs.11,000,000** under **CCISG and Kshs46,943,765. The** fund also received a total of **Kshs48,588,900** from the county government as a matching grant.

The CCISG was utilized to enact relevant policies and legislation to enable climate finance flows, establish a dedicated county climate change fund and a climate change unit. It's also supposed to establish mechanisms to engage communities in climate risk assessments and budgeting, mainstream climate action and resilience building in county planning and budgeting while increasing county investment budgets that promote social resilience outcomes.

CCRIG funds will be utilized to implement the various ward level identified projects that are geared towards cushioning the community against adverse effects of climate change

All the necessary support will be accorded to the fund management committees to enable timely implementation of the identified ward projects for the county to achieve the minimum performance conditions to be able to access the much larger, County Climate Resilience Investment Grant.

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the Year ended June 30, 2025



Name: Chelimo Suter
Fund Administrator

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year ended June 30, 2025

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 Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Elgeyo Marakwet County Climate Change fund are:

- i) Create resilience at the local (and community) levels to mitigate the impact of climate change.
- ii) Provide funding for climate change projects identified in the County Climate Change Policy, County Climate Change Action Plan, other climate related framework.
- iii) Public education, sensitization and awareness creation on climate change and its impacts.
- iv) Capacity Building of County Staff and other stakeholders to effectively respond to climate change related occurrences.
- v) Climate Change research and knowledge management in the county.
- vi) Monitoring, evaluation, reporting and learning on climate change response in the county.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Climate Change Adaptation	Create Resilience at local levels to mitigate the impact of climate change	Climate change mitigation projects implemented.	Number of projects and or activities implemented that mitigate the impact of climate change.	Yet to implement CCRI grants to implement the projects.

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the Year ended June 30, 2025

Climate Change Adaptation	Climate Change research and knowledge management in the county.	A database and research conducted.	A database established.	
Climate Change Adaptation	Public education, sensitization and awareness creation on climate change and its impacts.	Locals sensitized and aware of climate change impacts.	No. of people sensitized	20 Ward climate change committees formed and sensitized.
Climate Change Adaptation	Monitoring, evaluation, reporting and learning on climate change response in the county.	Monitoring and evaluation reports conducted	No. of monitoring and evaluation reports done.	Not yet undertaken

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year ended June 30, 2025

8) Corporate Governance Statement

The fund is established by an act of the Elgeyo Marakwet County Assembly. The fund shall be a financing mechanism for climate change actions and interventions in the County. The fund encompasses three committees, namely, the Steering, Planning and ward planning committees.

The County Climate Change Fund Management Board chairperson is appointed by the governor and approved by the County Assembly. If appointed the board shall consist of not more than 8 members who are public and private officers.

The board meet at least once every quarter in each financial year or when needs be. The quorum for meetings of the board shall be two-thirds of the membership. A resolution of the board shall require an affirmative vote of more than one-half of the members present at a meeting, excluding the chairperson's vote which shall be a casting vote. In the absence of the chairperson, the vice-chairperson shall chair meetings of the board, and in the absence of both, members in attendance shall elect one of them to chair the meeting.

The functions of the board shall include.

- i. To compile the projects approved by the Steering Committee.
- ii. Allocate resources for various climate related projects, in line with the legal and constitutional requirements of equity.
- iii. Mainstream climate change projects, programmes and activities in county planning and budgeting, and ensure their approval and inclusion in the County Integrated Development Plan.
- iv. Manage the administrative costs of the fund including the cost of meetings and seats of the County Planning and the Ward Planning Committees.
- v. Monitor disbursement and oversee the execution of the fund.
- vi. Provide essential links between the Steering Committee, the County Treasury and County Assembly with regard to management of the fund.
- vii. Coordinate research for climate change finance as well as development of climate finance research priority needs list for the County.
- viii. Be responsible for financing cross ward and cross county climate change programmes.

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the Year ended June 30, 2025

- ix. Assist the Steering Committee in developing the Climate Finance Framework; and
- x. Mobilize funds for climate change finance.

The County Executive Member for the time being responsible for finance shall issue guidelines on banking arrangements of the fund under the provisions of the PFM Act,2012. There shall only be one designated bank account for the fund, which shall be hosted by the County Treasury. The designated bank account shall be managed by the fund administrator in consultation with the County Executive Member. The bank account of the fund shall be subject to auditing under the provisions of the Public Finance Management Act,2012.

The fund administrator shall cause to be kept proper books and records of accounts, income, expenditure and assets of the Fund.

The funds shall be financed through money appropriated by the County Assembly, which shall not be less than two percent of the County annual appropriated development budget of the County.

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year ended June 30, 2025

9) Management Discussion and Analysis

The national government in collaboration with the county governments aims at strengthening the role of communities, community structures and indigenous knowledge systems in the planning of climate change response interventions.

In the period under review the fund received a total of **Kshs.106,532,665. Kshs.11,000,000** under **CCISG and Kshs46,943,765. The** fund also received a total of **Kshs48,588,900** from the county government as a matching grant.

The FLLoCA grant's objective is to deliver locally led climate resilience actions and strengthen County and National Government's capacity to manage climate risk. It's envisioned that the grant will strengthen County Government's capacity to plan, budget, implement and monitor climate mitigation and adaptation actions, with a focus on sub-county (ward and community) levels.

The fund management will provide all the necessary support to the fund board and the steering committee in order to enable real-time implementation of the identified ward projects for the county to achieve the minimum performance conditions to be able to access the much larger, County Climate Resilience Investment Grant.

10) Environmental and Sustainability Reporting

i) Sustainability Strategy and Profile

The urgency of climate change continues to shape global political and macroeconomic priorities. Rising global temperatures, erratic weather patterns, and biodiversity loss have placed sustainability at the center of international development. Geopolitical dynamics such as climate finance negotiations, carbon markets, and green investment policies are reshaping how countries and counties prioritize development. Economic shocks from global crises, including fluctuating fuel prices and food insecurity, further highlight the need for climate-resilient systems at the local level.

The Climate Change Unit (CCU) aligns its operations with global and national sustainability frameworks with particular focus on SDG 13 (Climate Action), SDG 6 (Clean Water and Sanitation), SDG 7 (Clean Energy), SDG 15 (Life on Land) and SDG 5 (Gender Equality) and the following frameworks;

- Paris Agreement (2015): Commitment to mitigation, adaptation, and climate financing.
- Sendai Framework for Disaster Risk Reduction (2015–2030).
- National Climate Change Act (2016) and the Elgeyo Marakwet County Climate Change Policy (2020).

During the reporting period the Climate Change Unit achieved the following;

- Restored over **7 hectares of Wetlands, Springs and riparian areas** protected through afforestation.
- Established **1,000 hectares of farm forestry** to enhance tree cover and promote climate-smart agriculture.
- **6 community-based tree nurseries** established and linked to local livelihood programs.
- **50 schools supported with school greening programs**, fostering environmental stewardship among learners.
- Growing of **2,000,000 assorted fruit tree seedlings** to boost nutrition, agroforestry, and household incomes.

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the Year ended June 30, 2025

- Growing of **4,000,000 assorted tree seedlings** for reforestation and catchment rehabilitation.
- Drilled **4 solar-powered boreholes and solarized 3 water projects** to promote renewable energy.

Challenges and Mitigation:

- Inadequate funding: Mitigated through partnerships (Donor agencies, and private sector).
- Extreme weather events (droughts and floods): Addressed via early warning systems and resilience-building programs.
- Limited technical capacity: Mitigated through continuous training and partnerships with research institutions.

Service Delivery Charter & Contracts Management:

The Unit commits to transparency, inclusivity, and timely service delivery. Procurement practices prioritize local participation in line with the Public Procurement and Asset Disposal Act (2015):

60% of contracts awarded to local suppliers and contractors.

20% allocated to youth, 15% to women, and 5% to PWDs.

ii) Environmental Performance

The unit is guided by the Elgeyo Marakwet County Sustainable Tree Growing and Management Policy (2020), which emphasizes sustainable resource use, biodiversity conservation, renewable energy adoption and climate resilience.

iii) Employee Welfare

Capacity Building: Continuous staff training in climate science, environmental governance, and project management. Career progression is supported through appraisals, mentorship, and recognition of excellence.

iv) Marketplace Practices

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the Year ended June 30, 2025

a) Responsible competition practice

The Unit upholds open and transparent procurement through competitive tendering, strict anti-corruption measures, and adherence to county and national procurement laws Public Procurement and Asset Disposal Act (2015).

b) Responsible Supply chain and supplier relations

Contracts are honoured on time, with fair treatment of suppliers, respect for payment timelines, and promotion of competitive procurement to ensure value for money.

c) Responsible marketing and advertisement or Responsible engagement with the citizens

Outreach and citizen engagement are conducted through consultative forums, media updates, public participation in planning, and climate awareness campaigns. False or exaggerated promises are avoided, and diversity is respected in all messaging.

d) Product stewardship or Awareness creation

- Providing information on access to climate funds and resilience programs.
- Ensuring community representation in project selection and implementation.
- Maintaining citizen data confidentiality in program management systems.

e) Corporate Social Responsibility / Community Engagements

The Unit's CSR activities align with its mandate of climate resilience and environmental management:

- Tree Planting and Catchment Conservation: Over 500,000 seedlings distributed to schools and indigenous trees grown in catchment areas
- Community Water Projects: Construction of boreholes and spring protection benefiting over 10,000 households.
- Awareness Creation: Climate change sensitization forums held across all wards.
- Youth Empowerment: Training and funding for green enterprises including tree nurseries.
- Public Participation: Before the comment of projects every financial year the community is consulted on development projects in their areas.

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year ended June 30, 2025

11) Report of The Management Committee

The committee 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 principal activity of the Fund is to create resilience at the local levels to mitigate the impact of climate change through provision of funding for climate change projects identified in the County Climate Change Policy, County Climate Change Action Plan, and other climate related frameworks enacted within the County.

Results

The results of the Fund for the year ended June 30, 2025, are set out on pages 1.

Auditors

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

By Order of the Board



Fund Administrator.

Date:

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year ended June 30, 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 climate change Fund established by the Constitution, an Act of Parliament or County Legislation, 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 climate change 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 period ended June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Elgeyo Marakwet County Climate Change Fund Act, 2021. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the period ended June 30, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON ELGEYO MARAKWET 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 aim to address the Auditor-General's statutory roles and responsibilities 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 Elgeyo Marakwet County Climate Change Fund set out on pages 1 to 47, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

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

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position Elgeyo Marakwet 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 Public Finance Management Act, 2012 and Elgeyo Marakwet Climate Change Act, 2021.

Basis for Qualified Opinion

Inaccuracies in Transfers from County Government Entities

Statement of financial performance reflects under revenue from non-exchange transaction, transfers from County Government entities of Kshs.106,532,665 as disclosed at Note 7 to the financial statements which is in agreements with the financial statements of County Revenue Fund for Elgeyo Marakwet. However, the financial statements of the National Treasury disclose Kshs.19,235,888 that is made up of Kshs.8,942,278 from IDA and Kshs.10,293,610 from KfW resulting to a variance of Kshs.87,296,777 that has not been explained.

In the circumstances, the accuracy and completeness of transfer from County Government entities of Kshs.106,532,655 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Elgeyo Marakwet 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 revenue budget and actual on comparable basis of Kshs.230,189,531 and Kshs.106,532,665 respectively resulting into under-realization of Kshs.123,656,866 or 54 % of the budget. Similarly, the Fund incurred total expenditure of Kshs.184,780,138 against actual receipts of Kshs.106,532,665 thereby resulting into an under-expenditure of Kshs.78,247,473 or 73 % of the actual receipts.

The under-realization and under-utilization 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 effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under report on Financial Statements and the Report on Lawfulness and Effectiveness in the Use of Public Resources as detailed in **Appendix I**. However, no recommendations from the oversight committee were provided by the Management to determine whether the issues were resolved or not.

Other Information

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

In connection with my audit on the Funds 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 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. Over -Expenditure of Administration Costs

Statement of financial performance reflects use of goods and services of Kshs.184,780,138 as disclosed at Note 12 to the financial statements. Included in this amount is administrative cost of the Kshs.27,444,730 which has been over spent by Kshs.16,791,665 contrary Second schedule 1(a) Fund Sharing Criteria of the Elgeyo Marakwet County Climate Change Fund Act, 2021 that states the funds available for the Fund will be shared according to the following criteria — ten percent (10%) of the moneys available in the Fund shall be allocated for administrative costs. The ceiling of administrative cost ought to have been 10% of total receipt of the Fund of Kshs.106,532,655 resulting to Kshs.10,653,265.

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

2. Over Payment of Allowances

Statement of financial performance reflects use of goods and services of Kshs.184,780,138 as disclosed at Note 12 to the financial statements. Included in this amount is administrative cost of the Kshs.27,444,730 that has been analyzed as allowances. However, the allowances were paid to staff who were not employees of the Fund as the Fund does not have employees of its own.

In addition, some of the staff were paid allowances for more than one hundred and nine (109) to four hundred and eighty four (484) days in a year as analyzed below:

No.	Payee	Total Allowances paid (Kshs)	Per Diem (Kshs)	Number of Days Paid
1	20100005829	6,771,000	14,000	484
2	20150001184	4,621,130	14,000	330
3	20140117228	2,871,500	14,000	205
4	20220302848	2,283,200	14,000	200
5	20230190269	1,750,000	14,000	125
6	2012006409	1,530,200	14,000	109

In the circumstances, there was no value for money and prudence in the use of public resources.

3. Delayed Completion of Drilling and Equipping Project

The Fund entered into a contract for drilling and equipping of a borehole distribution at Emsea Primary School in Soy North Ward at a contract sum of Kshs.2,000,000. The contract was signed on 19 July, 2024 for ninety (90) days. However, an audit inspection carried out in the month of August, 2025 revealed that the project had not been implemented 10 months past the completion date of 20 October, 2024.

In the circumstances, there was no value for money for Kshs.2,000,000 already utilized in the project.

4. Presentation and Disclosure in the Financial Statements

Review of the financial statements revealed that the chairman's report was not included in the table of contents but it was included in the financial statements as a continuation to the Management team report.

In the circumstances, the financial statements were not presented in accordance with the prescribed reporting standards.

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 discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of this 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 an Audit Committee

During audit, it was observed that the Fund did not have an audit committee to oversee the governance mechanism and promote transparency and accountability in the management of resources of the project. This was contrary to Section 73(5) of the Public Finance Management Act, 2012 which states that every national government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations.

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

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

14) Statement of Financial Performance for the Period Ended June 30Th 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	6	-	-
Transfers From the County Government	7	106,532,665	156,656,866
Fines, Penalties and Other Levies	8	-	-
Total Revenue from Non-Exchange Transactions		106,532,665	156,656,866
Revenue From Exchange Transactions			
Interest Income	9	-	-
Other Income	10	-	-
Total Revenue from Exchange Transactions		-	-
Total Revenue		106,532,665	156,656,866
Expenses			
Employee Costs	11	-	-
Use of goods and services	12	184,780,138	25,686,048
Depreciation and Amortization Expense	13	2,269,542	856,833
Finance Costs	14	-	-
Total Expenses		187,049,680	26,542,881
Other Gains/Losses			
Gain/Loss on Disposal of Assets	15	-	-
Gain /Loss on fair value of investments	16	-	-
Deficit for the Period		(80,517,015)	130,113,985

(The notes set out on pages 7 to 39 form an integral part of these Financial Statements)

.....
Name: Charles Suter
Administrator of the Fund

.....
Name: Hillary Chelal
Fund Accountant
ICPAK No:8156

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year ended June 30, 2025

15) Statement of Financial Position As at 30 June 2025

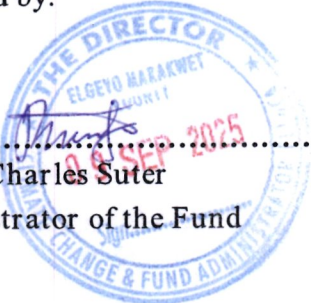
Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	17	39,950,345	119,047,818
Current Portion of Long- Term Receivables From Exchange Transactions	18	-	-
Receivables from Non-Exchange Transactions	18	-	-
Prepayments	19	-	-
Inventories	20	-	-
Investments in financial assets	21	-	-
Total current assets		39,950,345	119,047,818
Non-Current Assets			
Property, Plant and Equipment	22	9,646,625	11,066,167
Intangible Assets	23	-	-
Long Term Receivables from Exchange Transactions	18	-	-
Investment Property	24	-	-
Total non- current assets		-	-
Total Assets		49,596,970	130,113,985
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	25	-	-
Current Portion of Borrowings	27	-	-
Employee Benefit Obligations	28	-	-
Social benefit liabilities	29	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Long Term Portion of Borrowings	27	-	-
Non-Current Employee Benefit Obligation	28	-	-
Social benefit liabilities	29	-	-
Total Liabilities		-	-

Elgeyo Marakwet County Climate Change Fund
 Annual Report and Financial Statements for the Year ended June 30, 2025

Description	Note	2024-2025	2023-2024
		K.shs	K.shs
Net Assets		49,596,970	130,113,985
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		49,596,970	130,113,985
Total Net Assets and Liabilities		49,596,970	130,113,985

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 9/09 2025 and signed by:

.....
 Name: Charles Suter
 Administrator of the Fund



.....
 Name: Hillary Chelal
 Fund Accountant
 ICPAK No.:8156

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2025

16) Statement Of Changes in Net Assets for the Period ended 30th June 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	-	-	-	
Surplus/(Deficit) For the Period	-	-	130,113,985	130,113,985
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	-	-	130,113,985	130,113,985
Balance As At 1 July 2024	-	-	130,113,985	130,113,985
Deficit For the Period	-	-	(80,517,015)	(80,517,015)
	-	-	-	-
Transfers	-	-		-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2025	-	-	49,596,970	49,596,970

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year ended June 30, 2025

17) Statement of Cash Flows for The period ended 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	6	-	-
Transfers from the county government	7	106,532,665	156,656,866
Interest received	9	-	-
Receipts from other operating activities	10	-	-
Total Receipts		106,532,665	156,656,866
Payments			
Fund administration expenses	12	-	-
General expenses	12	(184,780,138)	(25,686,048)
Finance cost	14	-	-
Other payments		-	-
Total Payments		(184,780,138)	(25,686,048)
Net cash flows from operating activities	30	(78,247,473)	130,970,818
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets	22	(850,000)	(11,923,000)
Proceeds from sale of property, plant & equipment	22	-	-
Proceeds from loan principal repayments	18	-	-
Receivables From Non Exchange Transactions	18	-	-
Loan disbursements paid out	18	-	-
Net cash flows used in investing activities		(850,000)	(11,923,000)
Cash flows from financing activities			
Proceeds from revolving fund receipts	18	-	-
Additional borrowings	27	-	-
Repayment of borrowings	27	-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(79,097,473)	119,047,818
Cash and cash equivalents at 1 July		119,047,818	-
Cash and cash equivalents at 30 June		39,950,345	119,047,818

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

18) Statement Of Comparison Of Budget And Actual Amounts For The Period 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.	230,189,531	-	230,189,531	106,532,665	123,656,866	46%
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Income	230,189,531	-	230,189,531	106,532,665	123,656,866	46%
Expenses						
Fund Administration Expenses	-	-	-	-	-	-
General Expenses	-	-	-	184,780,138	-	%
Finance Cost	-	-	-	-	-	-
Total Expenditure	229,189,531	-	229,189,531	184,780,138	44,409,393	80%
Deficit For the Period	-	-	-	(78,247,473)	-	
Capital expenditure	1,000,000	-	1,000,000	850,000	150,000	85%

Budget notes

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year Ended June 30, 2025

19) Notes to the Financial Statements

1. General Information

Elgeyo Marakwet County Climate Change Fund was established by and derives its authority and accountability from Elgeyo Marakwet County Climate Change Fund Act, 2021 Via Elgeyo Marakwet County Gazette Supplement No.4 of 2021. The Fund is wholly owned by the County Government of Elgeyo Marakwet and is domiciled in Kenya.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

**Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year Ended June 30, 2025**

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The fund does not possess any financial instruments.</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows. <p><i>There is no impact to the fund.</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the Year Ended June 30, 2025

Standard	Effective date and impact
	<p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>There is no impact to the fund.</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>There is no impact to the fund.</i></p>

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p><i>There is no impact to the fund.</i></p>

Elgeyo Marakwet County Climate Change Fund
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Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>There is no impact to the fund.</i></p>

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2024/2025.

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the Year Ended June 30, 2025

1. 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 27th June, 2023. 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 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.

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year Ended June 30, 2025

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 14 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.

Depreciation of property, plant and equipment is computed on straight line basis. The rates applied per class of asset are as follows:

Motor vehicle	12.5% (8 yeas)
Furniture	12.5% (8 years)
Computers and printers	33.3% (3 years)
Building	2.5% (40 years)
Civil works	10% (10 years)

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-

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the Year Ended June 30, 2025

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.

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. 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.

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.

e) Social Benefits

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

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 neither creates nor maintains any reserves in terms of specific requirements.

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 does not provide 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.

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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.

i) 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 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 imprest and advances to authorized 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 material adjustment to the carrying amount of the asset or liability affected in future periods.

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 assets

c) Provisions

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

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

Elgeyo Marakwet County Climate Change Fund
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Notes to the Financial Statements Continued

10. Other income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

11. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other	-	-
Total	-	-

12. Use of Goods and Services

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
General Office Expenses	30,000	50,000
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	27,444,730	23,735,888
Committee Allowances	-	-
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	1,400,000	750,000
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	400,000	700,160

Elgeyo Marakwet County Climate Change Fund

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Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Motor vehicle maintenance	-	450,000
Others (Supply of seedlings and pipes)	155,505,408	-
Total	184,780,138	25,686,048

13. Depreciation and Amortization Expense

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Property Plant and Equipment	2,269,542	856,833
Intangible Assets	-	-
Total	2,269,542	856,833

14. Finance costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans from Banks	-	-
Total	-	-

15. Gain/loss) on disposal of assets

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

16. Gain/ (loss) on Fair Value Investments

Elgeyo Marakwet County Climate Change Fund

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Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Investments at Fair Value- Equity investments		
Fair value – Investment property		
Fair value- other financial assets (specify)		
Total Gain		

17. Cash and cash equivalents

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Elgeyo Marakwet County Climate Change Fund account	39,950,345	119,047,818
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
Total Cash and Cash Equivalents	39,950,345	119,047,818

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year Ended June 30, 2025

Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
National Bank of Kenya		-	-
Bank B		-	-
Sub- Total		-	-
d) Current Account			
Central Bank of Kenya	1000544287	39,950,345	119,047,818
Sub-Total		39,950,345	119,047,818
e) Others			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		39,950,345	119,047,818

18. Receivables from exchange transactions

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	-	-
Non-Current Receivables		

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Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables from Exchange Transactions	-	-

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

Receivables from Non-Exchange transaction

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfer from County Executive	-	-
Transfer from Fund	-	-
Total receivables from non-exchange transactions	-	-

19. Prepayments

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments	-	-
Total	-	-

Elgeyo Marakwet County Climate Change Fund

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20. Inventories

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts and Meters	-	-
Catering	-	-
Other Inventories	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Notes to the Financial Statements Continued

21. Investments in financial assets

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK		
Sub- total		
b. Investment with Financial Institutions/ Banks		
Bank		
Bank		
Sub- total		
c. Equity investments (specify)		
Equity/ shares		
Sub- total		
Grand total		

Movement of Equity Investments

Impairment allowance/ provision	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
At the beginning of the year		
Purchase of investments in the year		
Sale of investments during the year		
Gain/(loss) in fair value of investments through surplus or deficit		
At the end of the year		

Elgeyo Marakwet County Climate Change Fund

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e) Shareholding in other entities

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

**Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the Year Ended June 30, 2025**

Notes To The Financial Statements (Continued)

22. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers/laptops/phones	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 st July 2023	-	-	508,000	2,380,000	2,888,000
Additions	-	9,035,000	-	-	9,035,000
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30 th June 2024	-	9,035,000	508,000	2,380,000	11,923,000
At 1 st July 2024	-	9,035,000	508,000	2,380,000	11,923,000
Additions	-	-	-	850,000	850,000
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30 th June 2025	-	9,035,000	508,000	3,230,000	12,773,000
Depreciation And Impairment					
At 1 st July 2023	-	-	-	-	-
Depreciation	-	-	63,500	793,333	856,833
Impairment	-	-	-	-	-
At 30 th June 2024	-	-	63,500	793,333	856,833
At 1 st July 2024	-	-	63,500	793,333	856,833
Depreciation	-	1,129,375	63,500	1,076,667	2,269,542
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30 th June 2025	-	1,129,375	127,000	1,870,000	3,126,375
Net Book Values					
At 30 th June 2024	-	9,035,000	444,500	2,881,167	11,916,167
At 30 th June 2025	-	7,905,625	381,000	1,360,000	9,646,625

Note: The motor vehicle was acquired at the end of financial year 2023/2024 and therefore depreciation was not charged for the year.

Elgeyo Marakwet County Climate Change Fund
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Notes To The Financial Statements (Continued)

23. Intangible assets

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization		
At End of The Year	-	-
Impairment Loss		
At End of The Year	-	-
NBV	-	-

24. Investment Property

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
At beginning of the year		
Additions		
Disposal during the year		
Depreciation		
Impairment		
Gain/(loss) in fair value (if fair value is elected)		
At end of the year		

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Notes To The Financial Statements (Continued)

25. Trade and other payables from exchange transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	FY 2022-2023	% of the Total	FY 2021-2022	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	-	-	-	-

26. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilized	-	-	-	-
Change Due To Discount and Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At the End of The Year	-	-	-	-

Elgeyo Marakwet County Climate Change Fund
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Notes To The Financial Statements (Continued)

27. Borrowings

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From Organization'	-	-
Sterling Pound Denominated Loan From Organization'	-	-
Euro Denominated Loan from Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Elgeyo Marakwet County Climate Change Fund
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Notes To The Financial Statements (Continued)

28. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	FY 2023-2024	FY 2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

29. Social Benefit Liabilities

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total	-	-

Elgeyo Marakwet County Climate Change Fund
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Notes To The Financial Statements (Continued)

30. Cash generated from operations

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Surplus/Deficit For the Year Before Tax	(80,517,015)	130,113,985
Adjusted For:	-	-
Depreciation	2,269,542	856,833
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	(78,247,473)	130,970,818

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for Year Ended June 30, 2025

Notes To The Financial Statements (Continued)

31. 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'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for Year Ended June 30,2025

d) Due from related parties

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	=	-

Elgeyo Marakwet County Climate Change Fund

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Other Disclosures Continued

e) Due to related parties

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

32. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Elgeyo Marakwet County Climate Change Fund
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Notes To The Financial Statements (Continued)

33.Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	156,656,860	-	-	-
Bank Balances	119,047,818	-	-	-
Total	275,704,678	-	-	-
At 30 June 2025	-	-	-	-

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Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	106,532,665	-	-	-
Bank Balances	39,950,345	-	-	--
Total	146,483,010	-	-	-

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

The entity has no significant concentration of credit risk.

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

b) Liquidity risk management

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

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

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

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Total	-	-	-	-
At 30 June 2025				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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

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

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

i. Foreign currency risk

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-

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Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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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.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

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Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2023: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2023 – KShs 0)

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	(80,517,015)	130,113,985
Total funds	(80,517,015)	130,113,985

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Total borrowings	-	-
Less: cash and bank balances		-
Net debt/(excess cash and cash equivalents)	0	-
Gearing	0%	-

34.Events after the reporting period

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

35.Ultimate and Holding Entity

The entity is a County Public Fund established by Elgeyo Marakwet County Climate Change Fund Act, 2021 under the Ministry of Water, Environment and Climate Change. Its ultimate parent is the County Government of Elgeyo Marakwet.

36.Currency

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

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20. Annexes

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

1. Variance in receipts and main FLLoCA disbursements.

The variance occurred due to an amount of Kshs **46,943,765** which had not been transferred to SPA at the time of audit. This variance was reconciled to the satisfaction of of the auditor.

2. Unsupported fuel and oil costs

Unsupported fuel cost of Kshs 500,000 has been supported with work tickets, fuel register, detail orders and fuel statements.

3. Unsupported motor vehicle maintenance costs

The amount of Kshs 450,038 queried by the auditor has unsupported has been fully supported with relevant documentation.

4. Property, Plant and Equipment.

Inspection and acceptance notes for the motor vehicle purchased has been availed for audit review.

Fund Administrator

Elgeyo Marakwet County Climate Change Fund

Date.....



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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Training and capacity bulding	Training of county assembly members	To improve the knowledge of county assembly members on matters climate change	Training of county assembly members	993,000				CCISG	
Training and capacity bulding	Training of climate change steering committee	To Enlighten climate change steering committee on climate financing	Training of climate change steering committee	1,000,000				CCISG	
Training and capacity bulding	Training of county climate change committee	Knowledgeable county climate change committee	Training of county climate change committee		900,000			CCISG	
Training and capacity bulding	Training of county climate change committee(CCCU)	Knowledgeable members of CCCU	Training of county climate change committee(CCCU)		1,400,000			CCISG	

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Training and capacity bulding	Training of climate change planning committee	Trained planning committee on climate change	Training of climate change planning committee		900,000			CCISG	
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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
None						