

REPUBLIC OF KENYA

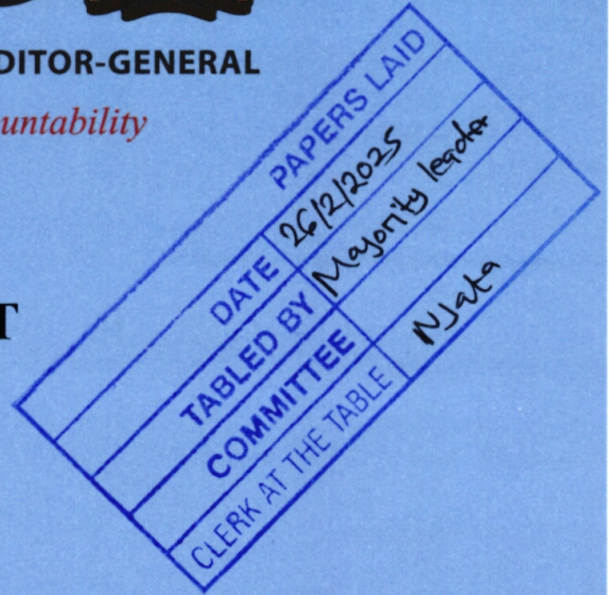


Enhancing Accountability



REPORT

OF



THE AUDITOR-GENERAL

ON

**FINANCING LOCALLY-LED CLIMATE ACTION
(FLLOCA) PROGRAM**

**FOR THE FIFTEEN (15) MONTHS PERIOD
ENDED 30 JUNE, 2024**

**COUNTY GOVERNMENT OF ELGEYO
MARAkwET**



**ELGEYO MARAKWET COUNTY CLIMATE
CHANGE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 15 MONTHS PERIOD ENDING
JUNE 30, 2024**

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

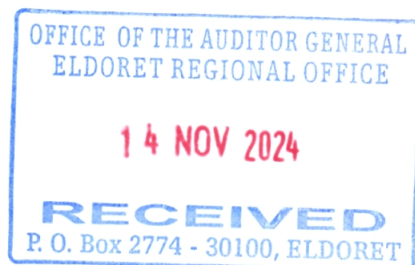


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1. Acronyms and Glossary of Terms

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 climate change committee
CCCPC	County climate change planning committee
CCIS	Climate Change Institutional Support
CCRIG	Climate Change Resilient Investment Grants

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 gives rise to financial assets

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, 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.

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.

Key Entity and Management (Continued)

b) Fund Administration Committee

S.NO	Name	Position
1	Jason Lagat	Chairperson
2	Andrew Too	Member
3	Gideon Mutai	Member
4	John Lagat	Member
5	Alphaes Tanui	Member
6	Michael Kibiwott	Members

c) 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

d) 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 Kibire
6	Member	Hon. Joseph Chebet
7	Member	Hon. Stephen Cheruiyot

e) Registered Offices

P.O. Box 220-30700

Climate change unit offices,

Iten, Kenya.

Key Entity and Management (Continued)

f) Independent Auditors

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

g) Principal legal adviser

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

h) Fund contacts

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





i) Fund Bankers

Central Bank of Kenya

Account Name: ELGEYO MARAKWET COUNTY CLIMATE CHAN-KES





Account No: 1000544287

3. Fund Administration Committee.




Ref	Name	Details of Qualifications and experience
1	 Jason Lagat	Mr. Jason Lagat is the Chairperson of the committee and is currently pursuing a second Master of Science (Msc) degree in IT-Information Systems Management & IT Security in Africa Nazarene University. He also holds both Master of Science (MSc) and a Bachelor of Science (BSc) degree in Computer Science from Tver State Technical University, Russia. Also to his belt are several professional courses in the ICT Sector. He also has the Senior Management Course from Kenya School of Government.
2	 Edwin Seronei	Mr. Edwin Seronei is the Secretary to the Committee and holds MA Project Planning and management.
3	 Alphaeus Tanui	Mr. Alphaes is CECM Finance for Economic Planning and member to the committee, holds MA in Business Management.
4	 Michael Kibiwott	Mr. Michael Kibiwot is the CECM for Health and Sanitation and a member to the committee, he holds MS Public Health

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5	 <p>John Kiplagat</p>	<p>Mr John represents People Living With Disabilities and holds a diploma in Education.</p>
6	 <p>Gideon Mutai</p>	<p>Mr.Gideon represents the Civil Society Organizations in the Committee and holds a Bachelor's degree in Business Management - Banking and Finance.</p>
7	 <p>Andrew Too</p>	<p>Mr. Andrew represents the Fund Participation Institutions and holds a Bachelor's degree in Business Management- Finance and a CPA-K holder.</p>
8	 <p>Charles Chelimo</p>	<p>The director for Climate Change and Fund Administrator. He is the Secretary to the County Planning.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>

4. Management Team

<p>1. Mr. Isaac Koech</p> 	<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>
<p>2. Charles Suter</p> 	<p>The director for Climate Change and Fund Administrator. He is the Secretary to the County Planning. 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>
 <p>3. CPA Hillary Chelal</p>	<p>Hillary has more than fifteen years experience working in public service as an accountant. He is an holder of bachelors degree in business management (Accounting option) and a certified public accountant (CPAK). Currently the fund accountant-CCU Elgeyo Marakwet County.</p>

5. Report of the Fund Chairperson

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.

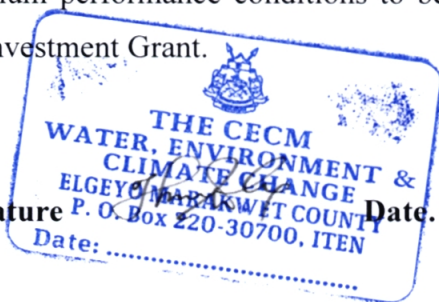
In the period under review the fund received **Kshs 22,000,000 (CCIS)** and **Kshs 104,067,328 (CCRIG)** as an unconditional FLLoCA grant from World Bank through the National Government. The fund also received a total of **Kshs 30,589,538** from the county government as matching grant.

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.

Name: Jason Lagat

Signature



Date: 25/9/2024

Fund Chairperson

6. Report of The Fund Administrator

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.156,656,866** from which **Kshs.22,000,000** was received under **CCISG** and **Kshs 104,067,328** under **CCRIG**. The fund also received a total of **Kshs 30,589,538** from the county government as 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.

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Name: Chelimo Suter
Fund Administrator


7. Statement of Performance Against the County Fund’s Predetermined Objectives

Introduction

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

The key development objectives of the 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:

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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 15 Months Period ending June 30, 2024

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

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 Administration Committee 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 shall meet at least once every quarter in each financial year or when need 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 the 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 sittings 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 15 Months Period ending June 30, 2024

- 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.

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.156,656,866** from which **Kshs.22,000,000** was received under **CCISG** and **Kshs 104,067,328** under **CCRIG**.The fund also received a total of **Kshs 30,589,538** from the county government as a matching grant.

From this disbursement **Kshs 25,686,048** was utilized for the administration cost and General Expenses and administration cost. A total of **Kshs 2,380,000** was utilized to acquire ICT equipments and Kshs 508,000 for purchase of office furniture. The fund management also purchased a motor vehicle worth **Kshs.,9,035,000** to facilitate smooth fund operations.

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

1. Sustainability strategy and profile

The goal of Climate Change Fund is to help the country to transition to low carbon resilient development pathway in line with the Paris Agreement. The Climate Change Act 2016 requires counties to mainstream Climate Change considerations in the planning, budgeting and development initiatives. Elgeyo Marakwet County through the climate change fund during the year under review helped to build resilience of the local communities to adapt and mitigate climate change impacts through landscape restoration, ecosystem restoration and water harvesting.

2. Environmental performance

In order to ensure environmental sustainability efforts in the county. Elgeyo Marakwet County is guided by the following laws and policies;

The Climate Change Act 2016, The Elgeyo Marakwet Climate Change Fund Act 2021, The Elgeyo Marakwet Sustainable Tree Growing Policy 2020, The County Integrated Development Plan 2023-2027, The Participatory Climate Risk Assessment and the County Climate Change Action Plan 2023-2027. The mentioned documents can be accessed in the county website. The Climate Change Unit through the FLLoCA program has managed to grow over 92,280 Avocadoes, 44,720 Mangoes, 92,800 coffee and 102,250 assorted exotic trees thus restoring over 2,897.12 hectares of degraded land and this will enhance biodiversity conservation, increased tree cover hence increased carbon sequestration ability (carbon stock) nutrition, reduce food insecurity and increase livelihood and ultimately foster economic development. Further it intends to restore over 15Ha through ecosystem restoration and increase access to clean water in adequate quantities through water harvesting initiatives. In order to reduce the environmental impact of the organization's products the Climate Change Unit undertook Environmental Social Impact Assessment of all the earmarked projects and obtained the NEMA licenses on the same.

3. Employee welfare

The Climate Change Unit utilizes seconded staff from the program sectors; Water, Environment and Agriculture who were competitively hired by the County Public Service Board taking into

account gender rule. The County Climate Change Fund has taken into account training and capacity building of the Climate Unit Officers. To comply with statutory obligations; EMCA Amendment Act Cap 387, the county undertakes Environmental Social Impact Assessment and obtains NEMA licenses before the project implementation hence ensuring safety and compliance with the Occupational Safety and Health Act of 2007, (OSHA),

4. Market place practices

The fund utilizes the existing government procurement procedures in line with Assessment and disposal Act, the Public Finance and Management Act. The program is locally led and therefore the local communities help in restoration of degraded landscape in supplying restoration material and finally paid for the service provided by the county government.

5. Community Engagements

The fund promotes school greening initiatives as part of Corporate Social Responsibility in order inculcate the culture of good environmental practices to young responsibilities. To ensure waste management the program undertakes environmental clean ups.

11. Report of the Fund Administration Committee

The committee submit their report together with the audited financial statements for the 15 months period ending June 30, 2024 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, other climate related frameworks enacted within the County.

Results

The results of the Fund for the 15 months period ending June 30, 2024 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

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Fund Administrator

Date:

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County 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

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for the 15 Months Period ending June 30, 2024

of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 28/07 2024 and signed on its behalf by:

.....

Fund administrator


REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



Enhancing Accountability

HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON FINANCING LOCALLY-LED CLIMATE ACTION (FLLOCA) PROGRAM FOR THE FIFTEEN (15) MONTHS PERIOD ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF ELGEYO MARAKWET

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Elgeyo Marakwet Climate Change Fund set out on pages 1 to 41, which comprise of the statement of financial

Report of the Auditor-General on Financing Locally-Led Climate Action (FLLOCA) for the Fifteen (15) Months Period ended 30 June, 2024 Program – County Government of Elgeyo Marakwet

position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the period then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Elgeyo Marakwet County Climate Change at 30 June, 2024 and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis)] and comply with the donor-funded projects and Financing Agreement dated 13 May, 2022, the Elgeyo Marakwet County Climate Change Fund Act, 2021 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variance in Receipts and Main Financing Locally-Led Climate Action (FLLOCA) Program Disbursement

The statement of financial performance for the period ended 30 June, 2024 and as disclosed in Note 2 to the financial statements reflects balance of Kshs.156,656,866 in respect of transfers from the County Government which includes funds received during the period of Kshs.84,477,790 and contribution from County Government amounting to Kshs.30,589,538 resulting in a net receipt from National Treasury of Kshs.115,067,328. However, the balance differs with the balance of Kshs.162,011,093 reported as disbursement to the County FLLOCA Main Project financial statement resulting to a variance of Kshs.46,943,765 which has not been explained nor reconciled.

In the circumstances, the accuracy and completeness of the reported balance of Kshs.156,656,866 could not be confirmed.

2. Unsupported Fuel and Oil Costs

The statement of financial performance for the period ended 30 June, 2024 and as disclosed in Note 7 to the financial statements reflects balance of Kshs.25,686,048 in respect of use of goods and services which includes Kshs.500,000 in respect of fuel and oil costs. However, the project did not own a vehicle during the period under review and the expenditure was not supported with the work tickets for the vehicles which were fueled, fuel register, detail orders and fuel statements from service providers indicating the type of vehicle fueled, period and quantity consumed.

In the circumstances, the propriety, accuracy and completeness of fuel and oil costs of Kshs.500,000 could not be confirmed.

3. Unsupported Motor Vehicle Maintenance Costs

The statement of financial performance for the period ended 30 June, 2024 and as disclosed in Note7 to the financial statements reflects balance of Kshs.25,686,048 in respect of use of goods and services which includes Kshs.450,038 in respect of fuel and oil costs. However, the project did not own a vehicle during the period under review and the expenditure was not supported motor vehicle logbooks, work tickets, user requisitions, motor vehicle service pre-inspection and post inspection certificates.

In the circumstances, the propriety, accuracy and completeness of fuel and oil costs of Kshs.450,038 could not be confirmed.

4. Property, Plant and Equipment

Property, plant and equipment of Kshs.11,066,167 include motor vehicle additions of Kshs.9,088,000 which was paid for on 18 June, 2024. The motor vehicle was delivered on 30 August, 2024 however, inspection and acceptance notes were not provided for review.

In the circumstances, completeness and value for money could not be confirmed.

Basis for Conclusion

The audit was conducted in accordance with International Standards for 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.

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 matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the other information set out on page i to xxi which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Report of the Fund Chairman, 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 Fund Administrator Committee, Statement of Managements' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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(s) of the matter(s) 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

Lack of Climate Finance Framework

Management of the Elgeyo Marakwet County Climate Change Fund did not avail for verification the Climate Finance Framework.

In the circumstances, it was not possible to confirm adherence to Section 43(1) of the Elgeyo Marakwet County Climate Change Fund Act 2021.

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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

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

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

The Fund's Administration Committee is 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 for 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 December, 2024

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the 15 Months Period ending June 30, 2024

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

Description	Note	15 Months
		Kshs
Revenue From Non-Exchange Transactions		
Public Contributions and Donations	1	-
Transfers From the County Government	2	156,656,866
Fines, Penalties and Other Levies	3	-
Total Revenue from Non-Exchange Transactions		156,656,866
Revenue From Exchange Transactions		
Interest Income	4	-
Other Income	5	-
Total Revenue from Exchange Transactions		-
Total Revenue		156,656,866
Expenses		
Employee Costs	6	-
Use of goods and services	7	25,686,048
Depreciation and Amortization Expense	8	856,833
Finance Costs	9	-
Total Expenses		26,542,881
Other Gains/Losses		
Gain/Loss on Disposal of Assets	10	-
Gain /Loss on fair value of investments	11	-
Surplus for the Period		130,113,985

The notes set out on pages 7 to 41 form an integral part of these Financial Statements

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



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

15. Statement of Financial Position As at 30 June 2024

Description	Note	15 Months
		Kshs
Assets		
Current Assets		
Cash and Cash Equivalents	12	119,047,818
Current Portion of Long- Term Receivables From Exchange Transactions	13	-
Receivables from Non-Exchange Transactions	13	-
Prepayments	14	-
Inventories	15	-
Investments in financial assets	16	-
Total current assets		119,047,818
Non-Current Assets		
Property, Plant and Equipment	17	11,066,167
Intangible Assets	18	-
Long Term Receivables from Exchange Transactions	13	-
Investment Property	19	-
Total non- current assets		-
Total Assets		130,113,985
Liabilities		
Current Liabilities		
Trade and Other Payables from Exchange Transactions	20	-
Current Portion of Borrowings	22	-
Employee Benefit Obligations	23	-
Social benefit liabilities	24	-
Total current liabilities		-
Non-Current Liabilities		
Long Term Portion of Borrowings	22	-
Non-Current Employee Benefit Obligation	23	-
Social benefit liabilities	24	-
Total Liabilities		-

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the 15 Months Period ending June 30, 2024

Description	Note	15 Months
		Kshs
Net Assets		130,113,985
Revolving Fund		-
Reserves		-
Accumulated Surplus		130,113,985
Total Net Assets and Liabilities		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 25/09 2024 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 15 Months Period ending June 30, 2024

16. Statement Of Changes in Net Assets for the Period ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	-	-	-	-
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	-	-	-	-
Balance As At 1 July 2023	-	-	-	-
Surplus 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

17. Statement of Cash Flows for the period ended 30 June 2024

Description	Note	15 Months
		Kshs
Cash flows from operating activities		
Receipts		
Public contributions and donations	1	-
Transfers from the county government	2	156,656,866
Interest received	4	-
Receipts from other operating activities	5	-
Total Receipts		156,656,866
Payments		
Fund administration expenses	7	-
General expenses	7	(25,686,048)
Finance cost	9	-
Other payments		-
Total Payments		(25,686,048)
Net cash flows from operating activities	25	130,970,818
Cash flows from investing activities		
Purchase of property, plant, equipment and Intangible assets	17	(11,923,000)
Proceeds from sale of property, plant & equipment	10	-
Proceeds from loan principal repayments	13	-
Receivables From Non Exchange Transactions	13	-
Loan disbursements paid out	13	-
Net cash flows used in investing activities		119,047,818
Cash flows from financing activities		
Proceeds from revolving fund receipts	13	-
Additional borrowings	22	-
Repayment of borrowings	22	-
Net cash flows used in financing activities		-
Net increase/(decrease) in cash & cash Equivalents		119,047,818
Cash and cash equivalents at 1 July		-
Cash and cash equivalents at 30 June		119,047,818

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for the 15 Months Period ending June 30, 2024

18. Statement Of Comparison of Budget and Actual Amounts For The Period

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.	181,600,631	-	181,600,631	156,656,866	24,943,765	87%
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Income	181,600,631	-	181,600,631	156,656,866	24,943,765	87%
Expenses						
Fund Administration Expenses	-	-	-	-	-	-
General Expenses	161,600,631	-	161,600,631	25,686,048	135,914,583	84%
Finance Cost	-	-	-	-	-	-
Total Expenditure	161,600,631	-	161,600,631	25,686,048	135,914,583	84%
Surplus For the Period	-	-	-	130,970,818	-	
Capital expenditure	20,000,000	-	20,000,000	11,923,000	8,077,000	40%

Budget notes

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for 15 Months Period ending June 30, 2024

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;

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 15 Months Period ending June 30, 2024

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><i>Applicable 1st January 2023</i></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><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>There is no impact to the fund.</i></p>

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for 15 Months Period ending June 30, 2024

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, 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 2022/2023.

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 2023/2024 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 2023/2024 budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 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)

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.

d) 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 15 Months Period ending June 30, 2024

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)

e) 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.

f) 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.

g) 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.

h) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

i) 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.

j) Nature and purpose of reserves

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

k) 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.

l) 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.

Summary of Significant Accounting Policies (Continued)

m) 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.

n) Borrowing costs

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

o) 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.

p) Cash and cash equivalents

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

q) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

6. Notes to the Financial Statements

1. Public contributions and donations

Description	15 Months
	Kshs
Donation From Development Partners	-
Contributions From the Public	-
Total	-

2. Transfers from County Government

Description	15 Months
	Kshs
Transfers From County Govt. (Matching grants)	30,589,538
Unconditional Development grants-CCIS	22,000,000
CCRIG	104,067,328
Total	156,656,866

3. Fines, penalties and other levies

Description	15 Months
	Kshs
Late Payment Penalties	-
Fines	-
Total	-

4. Interest income

Description	15 Months	FY 2022-2023
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-

Elgeyo Marakwet County Climate Change Fund

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Total Interest Income	-	-
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Notes to the Financial Statements Continued

5. Other income

Description	15 Months	FY 2022-2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	15 Months	FY 2022-2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other	-	-
Total	-	-

7. Use of Goods and Services

Description	15 Months
	Kshs.
General Office Expenses	50,000
Loan Processing Costs	-
Professional Services Costs	-
Administration Fees	23,985,850
Committee Allowances	-
Bank Charges	-
Electricity And Water Expenses	-
Fuel And Oil Costs	500,000

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Description	15 Months
	Kshs.
Insurance Costs	-
Postage And Courier	-
Printing And Stationery	700,160
Rental Costs	-
Security Costs	-
Telephone And Communication Expenses	-
Audit Fees	-
Provision For Doubtful Debts	-
Other(Motor vehicle maintenance)	450,038
Social benefit expenses*	-
Total	25,686,048

8. Depreciation and Amortization Expense

Description	15 Months
	Kshs.
Property Plant and Equipment	856,833
Intangible Assets	-
Total	856,833

9. Finance costs

Description	15 Months
	Kshs
Interest On Bank Overdrafts	-
Interest On Loans From Banks	-
Total	-

10. Gain/(loss) on disposal of assets

Description	15 Months
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
Total	-

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for 15 Months Period ending June 30, 2024

11. Gain/ (loss) on Fair Value Investments

Description	15 Months
	Kshs
Investments at Fair Value- Equity investments	-
Fair value – Investment property	-
Fair value- other financial assets (specify)	-
Total Gain	-

12. Cash and cash equivalents

Description	15 Months
	Kshs
Elgeyo Marakwet County Climate Change Fund account	119,047,818
County Mortgage Account	-
Fixed Deposits Account	-
On – Call Deposits	-
Current Account	-
Others	-
Total Cash and Cash Equivalents	119,047,818

Elgeyo Marakwet County Climate Change Fund

Annual Report and Financial Statements for 15 Months Period ending June 30, 2024

Notes to the Financial Statements Continued

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

Financial Institution	Account number	15 Months
		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	119,047,818
Sub-Total		119,047,818
e) Others		
Cash In Transit		-
Cash In Hand		-
Sub- Total		-
Grand Total		119,047,818

13. Receivables from exchange transactions

Description	15 Months
	Kshs
Current Receivables	
Interest Receivable	-
Current Loan Repayments Due	-
Other Exchange Debtors	-
Less: Impairment Allowance	-
Total Current Receivables	-
Non-Current Receivables	

Elgeyo Marakwet County Climate Change Fund

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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	15 Months
	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	-

13b. Receivables from Non-Exchange transaction

Description	15 Months
	KShs
Transfer from County Executive	-
Transfer from Fund	-
Total receivables from non-exchange transactions	-

14. Prepayments

Description	15 Months
	Kshs
Prepaid Rent	-
Prepaid Insurance	-
Prepaid Electricity Costs	-
Other Prepayments	-
Total	-

Elgeyo Marakwet County Climate Change Fund

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15. Inventories

Description	15 Months
	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

16. Investments in financial assets

Description	15 Months
	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	15 Months
	Kshs
At the beginning of the year	-
Purchase of investments in the year	-
Sale of investments during the year	-
Gain/(loss) in fair value of investments through surplus or deficit	-
At the end of the year	-

e) Shareholding in other entities

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

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	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Elgeyo Marakwet County Climate Change Fund

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Notes to The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers/laptops/phones	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2022	-	-	-	-	-
Additions	-	-	508,000	2,380,000	2,888,000
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2023	-	-	508,000	2,380,000	2,888,000
At 1st July 2023					
Additions	-	9,035,000			9,035,000
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2024	-	9,035,000	508,000	2,380,000	11,923,000
Depreciation And Impairment					
At 1 st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
At 1st July 2023					
Depreciation	-	-	63,500	793,333	856,833
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2024	-	-	63,500	793,333	856,833
Net Book Values					
At 30th June 2023	-	-	-	-	-
At 30th June 2024	-	9,035,000	444,500	1,586,667	11,066,167

Elgeyo Marawet County Climate Change Fund

Annual Report and Financial Statements for 15 Months period ending June 30, 2024

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	15 Months
	Kshs
Cost	
At Beginning of The Year	-
Additions	-
At End of The Year	-
Amortization And Impairment	
At Beginning of The Year	-
Amortization	
At End of The Year	-
Impairment Loss	
At End of The Year	-
NBV	-

19. Investment Property

Description	15 Months
	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	-

Elgeyo Marawet County Climate Change Fund

Annual Report and Financial Statements for 15 Months period ending June 30, 2024

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	15 Months	
	Kshs	
Trade Payables	-	
Refundable Deposits	-	
Accrued Expenses	-	
Other Payables	-	
Total Trade and Other Payables	-	
Ageing analysis (Trade and other payables)	15 Months	% of the Total
Under one year	-	-
1-2 years	-	-
2-3 years	-	-
Over 3 years	-	-
Total (tie to above total)	-	-

21. Provisions

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

Notes To The Financial Statements (Continued)

22. Borrowings

Description	15 Months
	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	15 Months
	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	15 Months
	Kshs
Short Term Borrowings (Current Portion)	-
Long Term Borrowings	-
Total	-

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

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	15 Months
	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-
Total	-	-	-	-

24. Social Benefit Liabilities

Description	15 Months
	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 Marawet County Climate Change Fund
Annual Report and Financial Statements for 15 Months period ending June 30, 2024

Notes To The Financial Statements (Continued)

25. Cash generated from operations

Description	15 Months
	Kshs
Surplus For the Year Before Tax	130,113,985
Adjusted For:	
Depreciation	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	130,970,818

Elgeyo Marawet County Climate Change Fund

Annual Report and Financial Statements for 15 Months period ending June 30, 2024

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	15 Months
	Kshs
Transfers From Related Parties'	-
Transfers To Related Parties	-

c) Key management remuneration

Description	15 Months
	Kshs
Board Of Trustees	-
Key Management Compensation	-
Total	-

d) Due from related parties

Description	15 Months
	Kshs
Due From Parent Ministry	-
Due From County Government	-
Total	=

Elgeyo Marawet County Climate Change Fund

Annual Report and Financial Statements for 15 Months period ending June 30, 2024

Other Disclosures Continued

e) Due to related parties

Description	15 Months
	Kshs
Due To Parent Ministry	-
Due To County Government	-
Due To Key Management Personnel	-
Total	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	15 Months
	Kshs
Court Case Against the Fund	-
Bank Guarantees	-
Total	-

Elgeyo Marawet County Climate Change Fund

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Notes To The Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022	-	-	-	-
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	--
Total	-	-	-	-

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Notes o The Financial Statements (Continued)

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

The entity has 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	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Elgeyo Marawet County Climate Change Fund
Annual Report and Financial Statements for 15 Months period ending June 30, 2024
Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

Elgeyo Marawet County Climate Change Fund
Annual Report and Financial Statements for 15 Months period ending June 30, 2024
Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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

d) Capital risk management.

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

Description	15 Months
	Kshs
Revaluation reserve	-
Revolving fund	-
Accumulated surplus	130,113,985
Total funds	130,113,985
Total borrowings	-
Less: cash and bank balances	
Net debt/(excess cash and cash equivalents)	0
Gearing	0%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by 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.

31. Currency

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

Elgeyo Marakwet County Climate Change Fund
Annual Report and Financial Statements for 15 Months period ending June 30, 2024

20. Annexes

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

The fund was operationalized in April,2023 therefore there are no prior year auditor general report.



Fund Administrator

Elgeyo Marakwet County Climate Change Fund

Date.....*25/9/2024*.....

Elgeyo Marawet County Climate Change Fund

Annual Report and Financial Statements for 15 Months period ending June 30, 2024

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 building	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 building	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 building	Training of county climate change committee	Knowledgeable county climate change committee	Training of county climate change committee		900,000			CCISG	
Training and capacity building	Training of county climate change committee(cccu)	Knowledgeable members of CCCU	Training of county climate change committee (CCCU)		1,400,000			CCISG	
Training and capacity building	Training of climate change	Trained planning committee on	Training of climate change		900,000			CCISG	

Elgeyo Marawet County Climate Change Fund

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ity buldi ng	planning committee	climate change	planning committee						
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Elgeyo Marawet County Climate Change Fund

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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Ksh s.)	Comments
None						