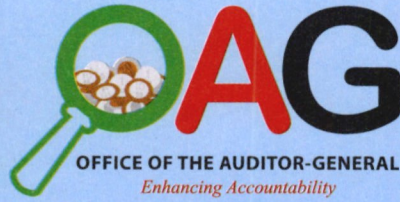


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

KERICHO COUNTY CLIMATE CHANGE FUND

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



COUNTY GOVERNMENT OF KERICHO



KERICHO COUNTY CLIMATE CHANGE FUND

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

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

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Kericho County Climate Change Fund is established by and derives its authority and accountability from The Kericho County Climate Change Act on 19th January 2021. The Fund is wholly owned by the County Government of Kericho and is domiciled in Kenya.

The fund’s objective is to deliver locally led climate resilience actions and strengthen county and national governments’ capacity to manage climate risk. FLLoCA will provide county-level performance grants that will result in a portfolio of climate resilience actions/investments addressing communities’ priorities.

The Fund’s principal activity is to create resilience at the local (and community) levels to mitigate the impact of climate change.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to deliver locally led climate resilience actions and strengthen county and national governments’ capacity to manage climate risk.

c) Key Management team

Ref	Name	Position
1	Hon. Philemon Kurgat	County Executive Committee Member-Climate Change
2	Eng Richard Mitei	Fund Chief Officer (Administrator)
3	Daudi Kitur	Fund Director

Key Entity and Management (Continued)

d) Fiduciary Oversight Arrangements

Fiduciary oversight of the Kericho County Climate Change Fund is central to ensuring that public resources are utilized efficiently, effectively, and in accordance with the law. The County Government of Kericho has instituted a robust framework for financial governance, transparency, and accountability, guided by the provisions of the Public Finance Management (PFM) Act, 2012, and applicable IPSAS standards.

1. Oversight by the County Treasury

The County Treasury and the directorate of water, environment, energy, forestry and natural resources are mandated to manage the Kericho County Climate Change in line with Section 109 of the PFM Act. Its responsibilities include:

Safeguarding the integrity of revenue collection, banking, and expenditure processes; Maintaining proper accounting records; Ensuring timely preparation and submission of financial statements; Facilitating internal controls and risk management systems.

2. Role of the Controller of Budget

All transfers to the Kericho County Climate Change Fund are subject to approval by the Controller of Budget, as required by Article 207 of the Constitution. This oversight ensures:

Funds are used strictly for purposes approved by the County Assembly.

Expenditures remain within budgeted limits and adhere to fiscal responsibility principles.

3. County Assembly Oversight

The County Assembly, through its Public Accounts and Budget & Appropriations Committees, plays a critical role in:

Approving annual budgets and supplementary estimates.

Reviewing the Auditor-General's reports and follow-up actions.

Holding accounting officers accountable for financial and non-financial performance.

4. Auditor-General Review

The Office of the Auditor-General independently audits the Kericho County Climate Change Fund financial statements annually, assessing:

Compliance with laws and regulations; Efficiency of internal control systems; Value for money in program implementation; Findings and recommendations are tabled before the County Assembly for deliberation and implementation.

5. Internal Audit Function

An internal audit unit, under the County Treasury, conducts continuous audits and reports to the Chief Officer for Finance and the Audit Committee. The internal audit provides assurance on:

Risk management; Governance processes; Control environment within departments utilizing fund allocations.

6. Audit Committee

In line with the PFM Regulations, the County has established an independent Audit Committee to:

Oversee financial reporting processes; Monitor the implementation of internal and external audit recommendations; Review risk management frameworks and internal controls.

7. Fiduciary Risk Management

The County continuously identifies and mitigates fiduciary risks through:

Capacity building for accounting officers and finance staff.

Implementation of Integrated Financial Management Information System (IFMIS).

Regular financial reporting and reconciliation.

Compliance monitoring with procurement and public finance laws.

8. Transparency and Public Participation

The County ensures transparency and public oversight through:

Publishing of quarterly and annual financial reports.

Open budget hearings and community forums during budget preparation and review.

Engagement with civil society and development partners on accountability matters.

e) Registered Offices

P.O. Box 112 20200
County Headquarters Building
Kericho - Nakuru Highway
Kericho, KENYA

f) Fund Contacts

Telephone: (254) 052 2-21100
E-mail: info@kericho.go.ke
Website: www.kericho.go.ke

g) Fund Bankers

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

h) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084

GOP 00100
Nairobi, Kenya




i) Principal Legal Adviser

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

3. Steering Committee

Name	Details of qualifications and experience
1. Hon. Philemon Kurgat	CECM, Water, Energy, Environment, Forestry, Natural Resources and Climate Change
2. Hon. Jackson Rop	CECM, Finance and Economic Planning
3. Hon. Dr. David Ekuwam	CECM, Health Services
4. Hon. Brenda Bii	CECM, Public Works, Roads and Transport
5. Hon. Joseph Korir	CECM, Lands, Housing & Physical Planning
6. Hon. Magerer Langat	CECM, Agriculture, Livestock, and cooperative Management
7. Hon. Jonathan Korir	CECM, Public Service Management
8. Hon. Beatrice Kaptich	CECM, ICT
9. Hon. John Cheruiyot	CECM, Trade, Industrialization and Tourism.
10. Hon. Judith C. Chirchir	CECM, Education, Culture, Libraries & Social Services

4. Management Team

Name	Details of qualifications and experience
	<p>Hon Kurgat, Philemon is the current CECM, for the department of water, energy, environment, Forestry and Natural Resources and climate Change and chairs the Kericho County Climate Change Steering Committee.</p> <p>Hon. Kurgat is a Licensed Hydrogeologist with over 15 years of experience in Water Engineering and building services, Geology, natural resources and water resources management and spatial based qualitative and quantitative research having extensively worked in Kenya and Tanzania</p> <p>Hon Kurgat holds a degree of Bachelor of Science in Geology and a national diploma in water engineering.</p>
	<p>Eng. Richard Mitei is the current Chief Officer for the Department of water, energy, environment, Forestry and Natural Resources, where Climate Change is domicile</p> <p>Eng Richard Mitei is a Holder of Bachelors' Degree in Agricultural Engineering.</p> <p>He has served in public sector for over 15 years.</p> <p>He also chairs the Climate Change Planning Committee and acts as a secretary to the Climate Change Steering Committee.</p>
	<p>Mr Daudi Kitur is the current Director for Environment, Kericho County. He also serves as the director Climate Change.</p> <p>Mr Kitur is a Holder of a Maste's Degree in Environmental Studies and has been in service for over 15 years.</p> <p>He heads the Climate Change Unit that is involved in the day to day running of Climate Change Related Activities.</p>

Kericho County Climate Change Fund

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

The Climate Change Unit also consists of members from various sectors at the county Government.

They Include:

- | | |
|--------------------------|---|
| 1. Betsy Ngetich | - Supply Chain Management Officer |
| 2. Millicent Cherotich | - CCU Accountant |
| 3. Dorine Chelangat | - CCU coordinator |
| 4. Eng Abigail Chepkemoi | - Water Engineer |
| 5. Patrick Kipkorir | - Agricultural Officer |
| 6. Peter Kipkemoi | - Social Worker |
| 7. Samwel Kebenei | - Ward Administrator |
| 8. Arc. Noah Cheruiyot | - Head of Housing |
| 9. Leonard Korir | - Principal Information Officer |
| 10. Doreen Chepng'etich | - Environment and Natural Resources Officer |


5. Board/Fund Chairperson's Report

In the year under review, the Fund was in its initial stages, of implementing resilient investment projects. This covered over 70% of the wards in Kericho County. Projects implemented were distributed in the 3 key sectors, Agriculture, Environment and Water.

The structure in which Financing Locally Led Climate actioned structure their projects is quite different and a great improvement from how county projects were done in the past. A notable change is in the ownership of the projects where the locals identify the projects, oversee the process of execution, and eventually takes up ownership. This is encouraging and will encourage the steering committee to replicate other county projects.

During the year, the county had engagements with the climate change champions at the national level to assess the level of preparedness. The scores attained from assessment done towards the end of the year showed that the county was doing quite well in implementation of Climate Change Resilient Investment.

In conclusion, the Kericho County Climate Change Fund continues to appreciate the support received from the World Bank, through the national treasury in enabling counties develop and implement their Climate Change Actions. We have also received a lot of support from the county treasury on timely transfer of funds to the operational account and in payment of suppliers and contractors. This will go a great mile in enabling households in the county be prepared to respond to hazards and risks due to climate change.

Name **Hon. Philemon Kurgat** Signature  Date ²⁹ 20/08/2025

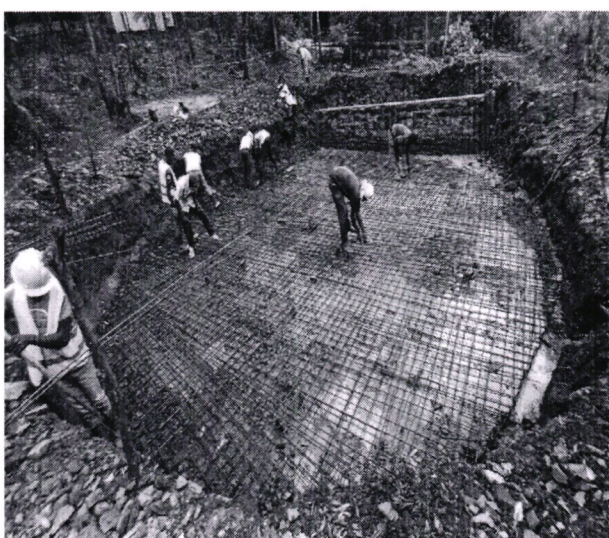
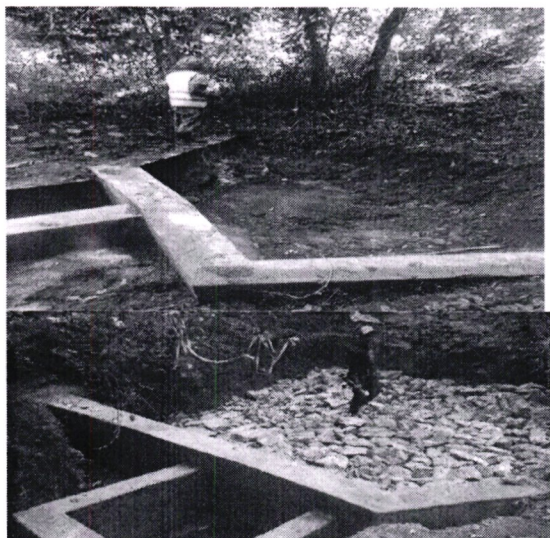
Chairperson of the Fund

6. Report of The Fund Administrator

The current year under review marked the very first year of CCRIG expenditure that was received towards the end on the last financial year 2023/2024. The county received a portfolio total of Ksh. 261,062,117 for the CCRIG projects. Ksh. 57,669,218.00 as county contribution, KfW Ksh. 73,909,371.00 and IDA Ksh. 129,483,528. Upto 88% of the projects were procured and completed in the year under review. The financial year came to an end with 3 projects that had contractors on site, and hence a roll over to the next financial year 2025/2026.

In the water sector, the county was able to complete these major projects among, others.

Chebululu Springs Water Project where the project entailed Construction of 2 No retaining walls around the eye springs and converge to one flow, laying of 1km gravity HDPE main, construction of a 100 m³ masonry sump. Install solar powered submersible pump and solar modules with accessories. Masonry control room, fencing off restricted areas with chain links and concrete poles to secure solar panels and storage tanks. Laying of 1.8 km HDPE rising main. Construction of a 100ms masonry tank at Tebesonik dispensary. Laying of 4.4 km distribution HDPE pipeline to 3No. communal water points. This costed Ksh. 17,650,529.58 project served over 500 hundred household and a health facility around the area.



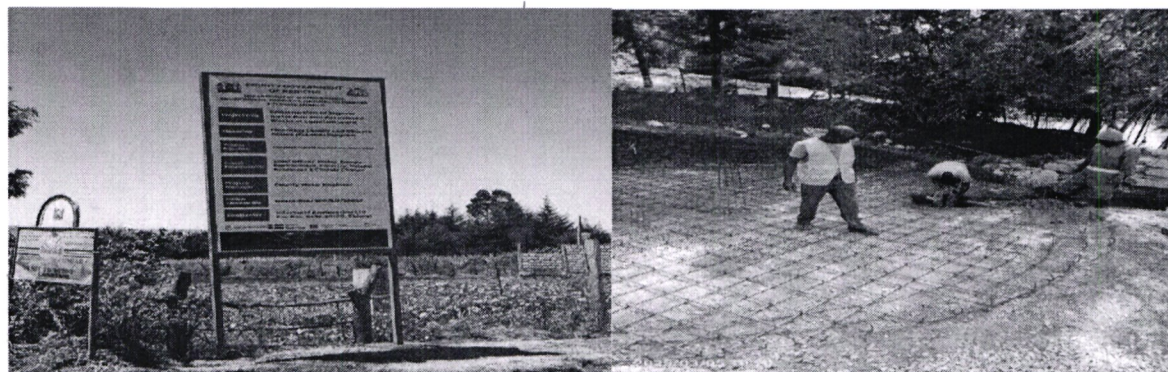


Structures that made up Chebululu Spring Water Project

Jagoror Water Project had Construction of communal water point, livestock watering trough, control room house, Installation of solar powered pumping system, installation of 10m³ elevated UPVC water tank, construction of 50m³ masonry storage tank, and laying of distribution pipeline HDPE 3Km. This project served over 400 households living around the area and costed

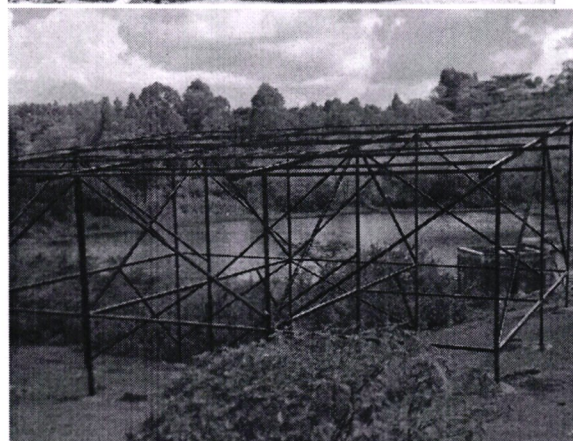
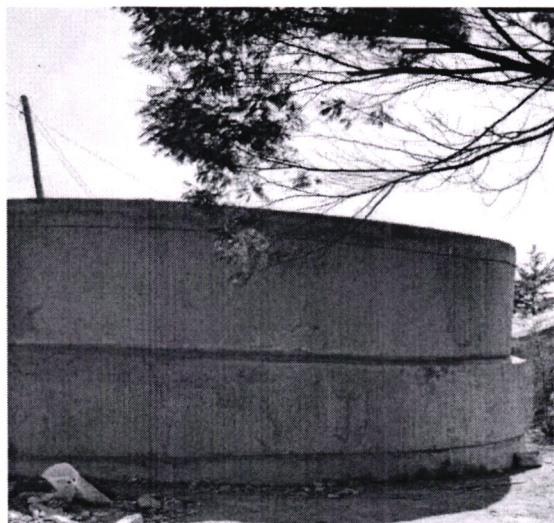


the county Ksh. 14,989,880.76.



Jagoror Water Project structures

Kiprengewe-Kipsigori Water Project, where the project entailed Installation of solar powered submersible pump, rehabilitation of intake works including minor treatment and sanction system, rehabilitation of 50m³ masonry tank, laying of 1.4km HDPE rising main, construction of an elevated pressed still tank at Kimugul Primary, laying of 4km distribution pipelines. This benefited upto 300 households and a public facility around the area and costed the county Ksh. 18,883,942.76.

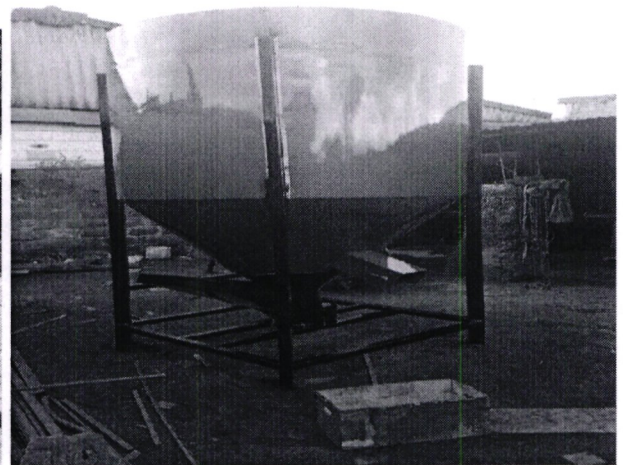
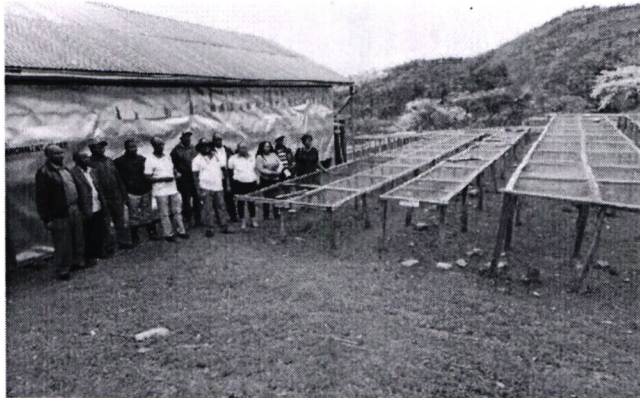


Some structures in Kiprengewe water project

In the agriculture sector, the fund was able to partner with other cooperative societies to promote agriculture services with the aim of adapting with climate change. Among other activities, Torochtany Cooperative Society Milk Cooling Plant Project was able to Construction of a cooler house and Installation of a milk cooler of 3000L capacity, 2Milk ATMS and digital weighing

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

machine that can store enough milk when the climate is favorable. Fruit trees and dairy goats were also distributed to some wards across the county.



Some projects and activities done in agriculture sector.

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

Environment sector also had several projects completed across the county. Projects done were not limited to water catchment restorations and establishment of tree nurseries to be run by communities.

Generally, the fund did extremely well and ownership of projects by communities were notable. We appreciate the bank, through the national treasury for laying down structures to ensure that this was a success.

Challenges that the fund had to face were minimal. A few highlighted below.

-Political interferences on identification of projects where ward representatives needed projects implemented in all wards. This led to execution of some small projects with low impacts to the locals in some wards to ensure that all were covered.

-The strict guidelines given on the fund, to start and complete projects within the period of 3 years, may not allow necessary projects of high value to be implemented at the county.

-As much as the county treasury has done its best to transfer the funds on time, budgeted county contribution has not been received fully as a result from challenges occasioned from revenue targets shortfall. Implementation of projects is therefore delayed.

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

Introduction

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

The key development objectives of the Fund as per the strategic plan for 3 years are to:

1. build resilience of the county, and notably its communities and individual households, to shocks and stressors, such as disasters (incl. floods, drought, plagues such as locust invasion and pandemics,) and the impact of climate change.
2. Improving Livelihoods of households in the county.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Build Climate change resilience for the county	To ensure that effects of climate change is notably reduces in the county	All wards through Participatory Climate Risk Assessment identified projects in the three sectors	Projects implemented as detailed in annex 3	Over 2000 household wer able to benefit from the projects implemented directly and indirectly through cooperative societies.

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

8. Management Discussion and Analysis

This is the 3rd year since the fund has been undertaking activities geared towards adapting and mitigating to climate change effects in the county.

Since inception, the fund has received a total of Ksh. 384,301,024.00 as detailed in the table below.

	2022/2023	2023/2024	2024/2025	Total
County Contribution	42,000,000.00	57,669,218.00	48,238,907.00	147,908,125.00
KfW		73,909,371.00		73,909,371.00
IDA CCIS	11,000,000.00	11,000,000.00	11,000,000.00	33,000,000.00
IDA CCRIG		129,483,528.00		129,483,528.00
Total	53,000,000.00	272,062,117.00	59,238,907.00	384,301,024.00

The year 2024/2025 made a huge stride in implementation of resilient projects, as funding was received towards the end of the previous year. As detailed by the Fund Administrator, projects were cutting three sectors, Agriculture, Water and Environment.

In the first two years of our operation, the County Government was able to achieve the below, among others, to meet the minimum access condition to:

1. County Government (CG) signed a FLLoCA Participation Agreement
2. The CG opened a Special Purpose Account (SPA) for the CCIS and CCRI grant
3. The Governor appointed a CEC Member in charge of climate change
4. County Cabinet approved work plan and budget for use of the CCIS grant

The county also, through its own county allocation was able to undertake some climate related investments and in the year 2022/2023, 6 projects were completed.

9. Report of The Trustees

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

Principal activities

The principal activity of the Fund is to deliver locally led climate resilience actions and strengthen county and national governments' capacity to manage climate risk.

Results

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

Trustees

The members of the Steering Committee who served during the year are shown on page vii.

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 carries out the audit of the Kericho County Climate Change Fund for the year/period ended June 30, 2025, in accordance to section 23 of the Public Audit Act, 2015.

By Order of the Steering Committee


.....

Chair of the Board- Hon. Philemon Kurgat

Date: 29/8/2025

10. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by The Kericho County Climate Change Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

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

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 29/08/2025 2025 and signed on its behalf by:


.....

Eng. Richard Mitei
Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kericho County Climate Change Fund set out on pages 1 to 28, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kericho County Climate Change Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kericho County Climate Change Fund Act, 2021 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Failure to Charge Depreciation on Fixed Assets

The statement of financial position reflects a balance of Kshs.150,763,380 in respect of property plant and equipment. However, management did not charge depreciation on the fixed assets during the year under review. Note10 does not include depreciation charge for the year. Thus, the statement of financial performance and the statement of financial position omitted depreciation change/provision.

In the circumstances, the statement of financial performance and the statement of financial position are misstated by the omission of the depreciation change for the year.

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

Emphasis of Matter

Budgetary Control and Performance

The project expended Kshs.205,581,660 against total receipts Kshs.298,439,328, resulting in under-absorption of Kshs.92,857,669 or 31% of budget.

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

My Opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Prior Year Matters

In the audit report of the previous year, several matters were raised under the Report of Lawfulness and Effectiveness in Use of Public Resources. However, Management has indicated that the issues were resolved but no evidence of the resolutions was provided for audit review. This is contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to resolve any issues resulting from an audit that remain outstanding.

Other Information

Management is responsible for the Other Information set out on page iii to xix which comprise of Key Fund Information and Management, Steering Committee, Management Team, Board/Fund Chairman's Report, Report of the Fund Administrator Statement of Performance Against County Fund's Predetermined Objectives, Management Discussion and Analysis, Report of Trustees, Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Expenditure

The statement of financial performance reflects use of goods and services amount of Kshs.111,677,803, which includes Kshs.14,769,600 on committee and other allowances as disclosed in Note 7 to the financial statements. Further, the amount includes expenditure of Kshs.1,062,600 on staff for evaluation of the tenders in Bomet. This is contrary to presidential directive, Circular No. OP/CAB.9/1A dated 11 March, 2020 which states: "All Board business (including committee meetings) shall be transacted at the principal or registered office of the Corporation (not branch offices). Board retreats are to be approved by the respective Cabinet Secretary and the approval was not provided for audit review.

Management has not explained why tender evaluation was not done in the Kericho office.

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

2. Non-Compliance with Fund Administration Expense Threshold

The statement of comparison of budget and actual amounts reflects final approved income budget of Kshs.278,721,805 and Fund administration expenses budget of Kshs.14,724,800. This represents 5% of the total approved budget, which is above the allowable limit 3% prescribed by Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations 2015.

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

3. Inadequate Funding by County Government

The statement of financial performance reflects total revenue from non-exchange transactions of Kshs.74,011,424 which includes Kshs.39,178,407 transferred from the County Government. Review of the final budget revealed that Kericho County Government had committed Kshs.278,721,805 in its budget as counterpart funding to finance the Fund's projects. Thus, there was under-funding of Kshs.239,543,398.

This is contrary to regulation 83(1)(b) of the Public Finance Management (County governments) Regulations, 2015 which stipulate that the County Treasury should ensure payments, including transfers to other levels of government and county-government entities are made when due for efficient, effective and economical programmes delivery. The Fund was therefore, unable to undertake the planned activities in line with the approved work plan.

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

4. Non-Adherence to Cut-Off Period

Note 10 to the financial statements reflects Kshs.147,793,285 in respect to additions to property plant and equipment. However, review of the invoices and the ledger revealed that the contracts for Kapsoit last mile connectivity, Ainamoi Last Mile connectivity,

Londiani water supply intake dam project, Ndonyomare borehole, Chemermeru Water Project, Jagoror Water Project valued at Kshs.3,200,022, Kshs.4,090,972, Kshs.4,902,972, Kshs.4,989,070, Kshs.7,983,120 and Kshs.13,621,715 respectively, were delivered in the month of July, 2025, being financial year 2025/2026.

This is contrary to Regulation 97(1) of the Public Finance Management (County Government) Regulations, 2015 which provides that only transactions which take place during a financial year running from the 1 July to the 30 June should be included.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Audit Committee and Internal Audit Unit.

Review of the Fund's functions and records revealed that the Fund has not established an internal audit function and was relying on the internal audit services from the County Government. This is contrary to section 155(1) of Public Finance Management Act, 2012 which states that a county government entity should have appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board and shall establish an internal audit committee.

In the circumstances, the Fund Management lack oversight role and the operations, financial processes and other activities may not be appraised as required.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 manner.

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

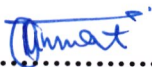
Nairobi

06 November, 2025

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

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	6	74,011,424.00	272,062,117.00
Fines, Penalties and Other Levies		-	
		74,011,424.00	272,062,117.00
Revenue From Exchange Transactions			
			-
Total Revenue		74,011,424.00	272,062,117.00
Expenses			
Employee Costs		-	-
Use of goods and services	7	111,677,803.10	33,437,490.00
Total Expenses		111,677,803.10	33,437,490.00
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		(37,666,379.10)	238,624,627.00



.....
Name: Eng. Richard Mitei
Administrator of the Fund



.....
Name: Millicent Cherotich
Fund Accountant
ICPAK Member Number: 18561

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


13. Statement of Financial Position As at 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	8	92,857,668.35	259,260,921.00
Current Portion of Long- Term Receivables from Non Exchange Transactions	9	45,833,017.00	
Prepayments		-	-
Inventories		-	-
Investments in financial assets		-	-
Total current assets		138,690,685.35	259,260,921.00
Non-Current Assets			
Property, Plant and Equipment	10	150,763,380.00	2,970,095.00
Intangible Assets		-	-
Total non- current assets		150,763,380.00	2,970,095.00
Total Assets (A)		289,454,065.35	262,231,016.00
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	11	62,466,027.30	8,576,600.00
Current Provisions		-	-
Total current liabilities		62,466,027.30	8,576,600.00
Non-Current Liabilities			
Non-Current Provisions		-	-
Long Term Portion of Borrowings		-	-
Non-Current Employee Benefit		-	-

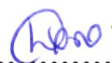
Kericho County Climate Change Fund
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Obligation			-
Social benefit liabilities		-	-
		-	
Total Liabilities (B)		62,466,027.30	8,576,600.00
Net Assets (A-B)		<u>226,988,038.05</u>	<u>253,654,416.00</u>
Represented By:			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		226,988,036.90	253,654,416.00
Net Assets		<u>226,988,036.90</u>	<u>253,654,416.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29/1/2025 2025 and signed by:



Name: Eng Richard Mitei
Administrator of the Fund



Name: Millicent Cherotich
Fund Accountant
ICPAK Member Number: 18561

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

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July (2023)	-	-	-	0
Surplus/(Deficit) For the Period	-	-	-	0
Funds Received During the Year	-	-		0
Transfers	-		-	0
Revaluation Gain	-	-	-	0
Balance As At 30 June (2024)	-	-	-	0
Balance As At 1 July (2024)			253,654,416.00	253,654,416.00
Receivables not recognised in 2023/24			11,000,000.00	
Surplus/(Deficit) For the Period		-	(37,666,379.10)	(37,666,379.10)
Funds Received During the Year	0	-	-	-
Transfers	0		0	-
Revaluation Gain	-	0	-	-
Balance As At 30 June (2025)	0	0	226,988,036.90	226,988,036.90

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

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations			-
Transfers from the county government		39,178,407.00	272,062,117.00
Interest received			-
Receipts from other operating activities			-
Total receipts		39,178,407.00	272,062,117.00
Payments			
Fund administration expenses		0	-
General expenses		0	-
Use of Goods		96,576,246.70	24,860,890.00
Other payments		0	24,860,890.00
Net cash flows from operating activities		(57,397,839.70)	247,201,227.00
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(109,005,413.00)	(2,970,095.00)
Proceeds from sale of property, plant & equipment		0	-
Proceeds from loan principal repayments		0	-
Loan disbursements paid out		0	-
Net cash flows used in investing activities		(109,005,413.00)	(2,970,095.00)
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	-
Additional borrowings		0	-
Repayment of borrowings		0	-

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			-
Net cash flows used in financing activities		0	-
Net increase/(decrease) in cash & cash Equivalents		(166,403,252.70)	244,231,132.00
Cash and cash equivalents at 1 July	8	259,260,921.00	15,029,789.00
Cash and cash equivalents at 30 June	8	92,857,668.35	259,260,921.00

16. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	259,260,921.05	0	259,260,921.05	259,260,921.05	-	100.0
Receipts					-	
Public Contributions and Donations	0	0	0	0	-	
Transfers From County Govt.	231,571,305.00	47,150,500.00	278,721,805.00	39,178,407.00	239,543,398.00	14.1
Interest Income	0	0	0	0	-	
Other Income	0	0	0	0	-	
Total Income	490,832,226.05	47,150,500.00	537,982,726.05	298,439,328.05	239,543,398.00	55.5
Expenses					-	
Fund Administration Expenses	11,600,900.00	0	11,600,900.00	14,769,600.00	(3,168,700.00)	127.3
General Expenses	50,000,000.00	60,246,229.00	110,246,229.00	81,806,646.70	28,439,582.30	74.2
Total Expenditure	61,600,900.00	60,246,229.00	121,847,129.00	96,576,246.70	25,270,882.30	79.3
Capital expenditure	169,970,405.00	(13,095,729.00)	156,874,676.00	109,005,413.00	47,869,263.00	69.5
Surplus For the Period		0		92,857,668.35	0	

Budget notes

The programme allows for upto 5% project management fee on the total climate change fund

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	92,857,668.35
1	Reason for differences	0
	Closing Cash and Cash Equivalent as per the statement of Cash flows	92,857,668.35

17. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kericho County Climate Change Fund is established by and derives its authority and accountability from Kericho County Climate Act 2021. The entity is wholly owned by the Kericho County Government and is domiciled in Kenya. The entity's principal activity is deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risk.

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

(When an IPSAS becomes effective on 1st January 20xx, it is applicable in Kenya from 1st July 20xx)

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<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 recognize, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

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

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

	revenue and cash flow arising from revenue transactions. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <i>State the expected impact of the standard to the Entity if relevant</i>

(i) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2025 was approved by the County Assembly on 27th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 47,150,500 on the FY 2025 budget following the governing body's approval.

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

Kericho County Climate Change Fund
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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 cash flows has been presented.

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

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

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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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

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

Kericho County Climate Change Fund
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Notes To the Financial Statements Continued

6. Transfers from County Government

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers From County Govt. –Operations	48,328,907.00	68,669,218
Payments By County On Behalf Of The Entity	0	-
Conditional Development grants	25,682,517.00	203,392,899
Total	74,011,424.00	272,062,117

7. Use of Goods and Services

Description	2024/2025	2023/2024
		FY
	Kshs.	Kshs.
General Office Expenses	94,908,203.00	18,287,900.00
Committee and other Allowances	14,769,600.00	15,149,590.00
Fuel And Oil Costs	2,000,000.00	1,000,000.00
Total	111,677,803.00	34,437,490.00

8. Cash and cash equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
Cash book Balances	-	-
Current Account	92,857,668.35	259,260,921.00
Others (<i>Specify</i>)	-	-
Total Cash and Cash Equivalentts	92,857,668.35	259,260,921.00

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

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		0	0

Kericho County Climate Change Fund

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Equity Bank, Etc.		0	0
Sub- Total		0	0
b) On - Call Deposits			
Kenya Commercial Bank		0	0
Equity Bank - Etc.		0	0
Sub- Total		0	0
c) Current Account			
Central Bank of Kenya- Cashbook Balances		92,857,668.35	259,260,921.00
Bank B		0	0
Sub- Total		92,857,668.35	259,260,921
d) Others(Specify)			
Cash In Transit		0	0
Cash In Hand		0	0
Sub- Total		0	0
Grand Total		92,857,668.35	259,260,921.00

9. Receivables from exchange transactions

Description	2024/2025	2023/2024
	FY	FY
	Kshs	Kshs
Current Receivables		
Current Receivables- County Contribution	20,150,500	-
Current Receivables- IDA	11,939,762	-
Current Receivables- KFW	13,742,755	-
Total Current Receivables	45,833,017.00	
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	0	0
Total Receivables From Exchange Transactions	45,833,017.00	0

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10. Property, plant, and equipment

	Land	Infrastructure	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Rate		-%	-%	-%	-%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 st July (2023)	-	-	-	-	-	-
Additions	-	-	-	639,730.00	2,330,365.00	2,970,095.00
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
At 30 th June (2024)	-	-	-	639,730.00	2,330,365	2,970,095.00
At 1 st July (2024)	-	-	-	639,730.00	2,330,365	2,970,095.00
Additions	-	144,797,585.00	-	-	2,995,700.00	147,793,285.00
Disposals	-	-	-	-	0	-
Transfer/Adjustments	-	-	-	-	0	-
Revaluation Adjustments	-	-	-	-	-	-

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At 30 th June (2025)	-	144,797,585.00	-	-	2,995,700.00	147,793,285.00
Depreciation And Impairment						-
At 1 st July (2023)	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 30 th June (2024)	-	-	-	-	-	-
At 1 st July (2025)						-
Depreciation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-
At 30 th June (2025)	-	-	-	-	-	-
Net Book Values						-
At 30 th June (2024)	-	144,797,585.00	-	639,730.00	2,330,365	147,767,680.00
At 30 th June (2025)	-	144,797,585.00	-	639,730.00	5,326,065.00	150,763,380.00

Kericho County Climate Change Fund
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11. Trade and other payables from exchange transactions

Description	2024/2025		2023/2024	
	Kshs		FY	
Trade Payables	62,466,027.30		8,576,600.00	
Refundable Deposits	0		0	
Accrued Expenses	0		0	
Other Payables	0		0	
Total Trade and Other Payables	62,466,027.30		8,576,600.00	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	62,205,027.30	99.58	8,576,600.00	100%
1-2 years	261,000.00	0.42%	0	%
2-3 years	-	%	0	%
Over 3 years	-	%	0	%
Total (tie to above total)	62,466,027.30		8,576,600.00	

18. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Failed To Publicize Allocated Funds for Each Ward on the County’s Official Website	Management acknowledged the observation and the necessary and crucial documents have now been published in the county website. (Kericho County - https://kericho.go.ke/ - programmes). We continue to appreciate your inputs to the programme for it to achieve its intended objective and serve the people of Kericho County.	Resolved	
2	Failure to Develop and Operationalized Regulations	The Management has noted the observations. The County management has been keen to follow up on regulations provided in the Program Operations Manual (POM), provided by the Project Implementation Unit at the national treasury. The county has initiated the process of reviewing the Kericho County Climate Change Act to match the Programme Operations Manual, as evident in our workplan for the year 2023/2024. (Annex2 Workplan). This will provide a legal framework to develop regulations for management and opalization of the fund. As the programme is in its initial years of implementation, management will be keen to input all the necessary regulations to enable to programme run smoothly		2024/2025

Guidance Notes:

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

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

Date.....29/8/2025.....

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

*Climate Change Fund Account
112-20200 Kericho*

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

Confirmation of amounts received by [Kericho County Climate Change Fund] as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by Kericho County Climate Change Fund (Kshs) as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT24242Y1LFS	29-Aug-24		11,000,000.00		11,000,000.00	11,000,000.00	
FT25069ZCTXH	10-Mar-25		28,178,407.00		28,178,407.00	28,178,407.00	
FT25189GZXBR	8-Jul-25		20,150,500.00		20,150,500.00	20,150,500.00	
Total			<u>59,328,907.00</u>		<u>59,328,907.00</u>	<u>59,328,907.00</u>	

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

Head of Accountants department of beneficiary Fund:

Name Vincent Chaniyo Sign [Signature] Date 29/8/2025

Kericho County
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Annex III: 10% Retention

	Payee	Date	Amount	Retention	Status of payment as at 30th June 2025
1	IBM Pro Construction Limited	4-Dec-24	1,241,204	124,120	Paid
2	Chebema Construction and Supplies Limited	4-Dec-24	2,622,296	262,230	Paid
3	Diju Enterprises Limited	23-Dec-24	4,851,173	485,117	Paid
4	Tandugu Ltd	23-Dec-24	4,894,864	489,486	Paid
5	Keymajon Ventures Limited	23-Dec-24	4,980,965	498,097	Paid
6	Betriz Company Limited	22-Jan-25	4,972,398	497,240	
7	Sonvick Enterprises Limited	4-Feb-25	3,949,947	394,995	Paid
8	Afriscap Limited	11-Mar-25	4,699,300	469,930	
9	Ditex Packaging and Marketing Solutions Limited	8-Apr-25	2,320,700	232,070	
10	Dicols Holding Limited	9-Apr-25	6,715,240	671,524	
11	Afriscap Limited	29-Apr-25	14,920,910	1,492,091	
12	Robwoods General Suppliers Limited	6-May-25	2,533,338	253,334	
13	Gravel Works Agencies Ltd	13-May-25	8,816,522	881,652	
14	Nesvil Enterprises Limited	4-Jun-25	3,095,000	309,500	
15	Lenrock Logistics Limited	4-Jun-25	5,340,470	534,047	
16	Lavia Enterprises Limited	5-Jun-25	1,820,689	182,069	
17	Marsland Construction And	10-Jun-25	7,431,884	743,188	
18	Smekdan Investment Limited	11-Jun-25	6,732,640	673,264	
19	Weriman Limited	11-Jun-25	2,162,002	216,200	

*Kericho County
Climate Change Fund*

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20	Wil Square Co. Ltd	26-Jun-25	16,807,201	1,680,720	
21	Counternine Holdings Limited	26-Jun-25	18,615,269	1,861,527	
22	Errot Investments Limited	27-Jun-25	4,359,580	435,958	
23	Mahab International Ltd	2-Jul-25	3,200,022	320,002	
24	Fairzone Ltd	2-Jul-25	4,090,972	409,097	
25	Bettal Investment Limited	2-Jul-25	4,902,972	490,297	
26	Rihisa Enterprises Limited.	2-Jul-25	4,989,070	498,907	
27	Homros Holdings Limited	2-Jul-25	7,983,120	798,312	
28	Interbuild Engineering Limited	2-Jul-25	13,621,715	1,362,172	
29	Kguru Multiworks Limited	2-Jul-25	2,012,550	201,255	
30	Bilzack Company Limited	2-Jul-25	4,919,900	491,990	
31	Sheilish Agencies Limited	2-Jul-25	5,017,626	501,763	
	Total			18,462,154	

