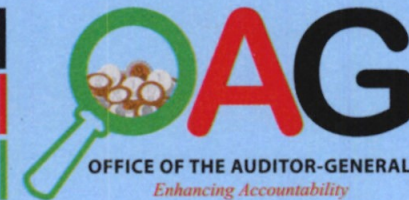


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REPORT

THE NATIONAL ASSEMBLY
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TABLED BY:	Hon. Samuel Chepkongor		
CLERK-AT:	Mado		

OF
THE AUDITOR-GENERAL

ON

**KENYA ENERGY SECTOR ENVIRONMENT
AND SOCIAL RESPONSIBILITY PROGRAMME
FUND**

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

STATE DEPARTMENT FOR ENERGY



**KENYA ENERGY SECTOR ENVIRONMENT & SOCIAL RESPONSIBILITY
PROGRAMME FUND
STATE DEPARTMENT FOR ENERGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

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

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025.**

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**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

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.

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

2. Key Fund Information and Management

(a) Background information

The Kenya Energy Sector Environment & Social Responsibility Programme Fund was formed by an Act of parliament Regulations, 2007 (L.N. No. 188 of 2007). The Fund is under the supervision of Ministry of Energy.

The fund is wholly owned by the Government of Kenya and is domiciled in Kenya.

(b) Principal Activities

The principal activity of Kenya Energy Sector Environment & Social Responsibility Programmer Fund is to finance activities relating to the production of wood fuel, power distribution poles and energy crops for production of bio-fuels; and growing of trees in order to conserve soil and preserve catchment areas for hydro-power dams, including provision of a sink for carbon dioxide generated through combustion fossil fuels.

Vision

Provision of affordable, quality energy for all Kenyans.

Mission

To facilitate provision of clean, sustainable, affordable, reliable, and secure energy services for national development while protecting the environment.

Core Values

The Fund upholds the values of integrity, transparency, accountability, professionalism, prudent utilization of resources and open to constructive suggestions.

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

3. Key Management Team

The Kenya Energy Sector Environment & Social Responsibility Programme's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Principal Secretary	Alex K. Wachira, CBS
2.	Secretary Renewable	Eng. Isaac Kiva
3.	Senior Deputy Accountant General	Francis O. Odera
4	Senior Chief Finance Officer	Everlyn O. Nyakwara
5	Senior Deputy Director, Supply Chain	Hesbon Kisero

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal Secretary	Alex K. Wachira, CBS
2.	Senior Deputy Accountant General	Francis O. Odera

(d) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

- Audit and Risk Committee
- Public Accounts committee
- Parliamentary Oversight Committees

Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Key Fund Information and Management (continued)

(e) Fund's Headquarters

Ministry of Energy,
Kawi Complex,
Off Red Cross Rd, Nairobi.
P. O. Box 30582 – 00100 Nairobi Kenya
info@energy.go.ke
Tel: +254 (0) 20 4841000
Fax: +254 (0)20 2228314
Fax: +254 (0)20 2240910

(f) Fund's Contacts

Ministry of Energy,
Kawi Complex,
Off Red Cross Rd, Nairobi.
P. O. Box 30582 – 00100 Nairobi Kenya
info@energy.go.ke
Tel: +254 (0) 20 4841000
Fax: +254 (0)20 2228314
Fax: +254 (0)20 2240910

(g) Fund Bankers

1. Kenya Commercial Bank Limited
P. O. Box 30012, 00100
Koinange Street Nairobi
Nairobi, Kenya

2. Credit Bank PLC
P.O BOX 61064, 00200
Koinange Street Branch
Nairobi, Kenya

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Key Fund Information and Management (continued)

3. Independent Auditor

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

4. Principal Legal Adviser

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

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Management Team



**Alex Kamau Wachira CBS
Principal Secretary**


The Principal Secretary joins the State Department for Energy with a wealth of experience from the private sector where he worked variously as an investment banker. His latest assignment was with Faida Investment Bank where he traded and structured Treasury bonds and Corporate bonds at the Nairobi Stock Exchange (NSE). Other assignments include working with Dyer & Blair Investment Bank and Genghis Capital limited in the same capacity.

PS Wachira has served in various leadership's positions right from his university days. He was a founding member of the Bonds Market Association as well as a member of the Steering Committee of the Kenya Association of Stock Brokers and Investment Bankers (KASIB). His contribution to the Bond's market saw him being appointed to the Central Depository Project at the Central Bank of Kenya (CBK). In 2021, the project dealt in government securities worth 900 billion, the highest turnover ever in Kenya.


A strong believer in servant leadership through community engagement and development, the PS has spearheaded local initiatives such, as free medical camps for Cancer Screening, Tree planting, Youth Mentorship Programmes, and Sports Tournaments among others. The PS is a family man who's strict upbringing is instrumental in shaping him into the person he is.

In energy sector, the PS has been a champion for Kenya's renewable energy, with an aim of accelerating geothermal exploration, wind and solar power. He is also keen on placing Kenya as an investment partner through public-private partnership in building transmission lines and mini-grids to be able to achieve 100% connectivity by 2028. The PS is also looking to advance technology and innovation as we look into the future of energy transition and efficiency in areas such as green hydrogen, electric vehicles and bio-energy.

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

 <p>Eng. Isaac Kiva, HSC Secretary Renewable Energy</p>	<p>Isaac Kiva is the Secretary for Renewable Energy since 1st June, 2017. Previously, he had served as the Director of Renewable Energy from 30th August, 2013. He heads the Directorate charged with policy formulation, and promotion of development and utilization of renewable energy, energy efficiency and conservation, including facilitation of private sector investment. Eng. Kiva has wide experience in public sector management, having worked in energy and senior Government positions for over 20 years.</p> <p>He holds a Bachelor's Degree in Electrical Engineering from the University of Nairobi, and has undergone several professional courses in management, leadership, energy development and financial and economic analysis and modelling. He is a registered Professional Engineer with the Engineers Board of Kenya and a member of the Institution of Engineers of Kenya</p>
 <p>CPA Francis O. Odera Senior Deputy Accountant General</p>	<p>CPA Francis Otieno Odera is the Head of Accounts Unit in the State Department for Energy. He has over 23 years of experience in Public Sector Financial Management having worked in various Government Ministries and State Parastatals.</p> <p>He Holds Masters of Business Administration Degree (Financial Mgt option) from Catholic University of Eastern Africa(CUEA), Bachelor of (Finance option) from Catholic University of Eastern Africa. He has also undertaken various courses including but not limited to Strategic Leadership and Development Course, Corporate Governance, Donor Funded Financial Management Course among others.</p>
 <p>Evelyn Ongondi Nyakwara Senior Deputy Director Budget</p>	<p>Ms. Evelyn Ongondi is a Senior Chief Finance Officer heading the Finance Department in the State Department for Energy.</p> <p>She has served in the Civil Service in various cadres for 28 years across various Ministries, Departments and Agencies. These include Ministry of Local Government, Ministry of Roads and Public Works, Ministry of Industry and Cooperatives, Ministry of Agriculture and Livestock and Ministry of Lands, Housing and Public Works.</p> <p>Ms. Ongondi is a holder of MBA Finance from Kenyatta University and a Bachelor's degree in Commerce (Accounting and Auditing) from Shivaji University. She</p>

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

	<p>also holds a certificate in Public Sector Financial Management.</p> <p>She has acquired various courses including Strategic Leadership, Senior Management, Public Sector Financial Management and Budgetary Reforms Programme and Executive Leadership Course</p>
 <p>Mr Hesbon Kisero Senior Deputy Director- Supply Chain</p>	<p>Mr Hesbon is currently the Head of supply chain where he responsible for overseeing and managing all aspects of State Department of Energy supply chain operations. He has vast experiences where he ensures efficient and cost effective sourcing of contactors, suppliers and consultants to meet the demands and goals of the organization.</p> <p>Key functions in the role are Strategic planning, Procurement and sourcing, Inventory and warehouse management, Logistics and distribution, Team leadership, Risk management, Sustainability and compliance and Advice the accounting officer on all matters supply chain.</p> <p>Mr Hesbon has over 20 years of professional experience in supply chain management having rose in rank from supply chain officer to current Senior Deputy Director/SCM. He has worked in total 13 entities over the years.</p> <p>Mr Hesbon has Bachelor of Arts Degree (Economics) from University of Nairobi and Master of Business Administration (MBA Strategic Management) From JKUAT and a post graduate diploma in Supplies and Purchasing from Chartered Institute of Purchasing and Supplies (CIPS UK).</p> <p>He is a Member of the Chartered Institute for Purchasing and Supplies (CIPS UK) and Kenya Institute of Supplies Management (KISM).</p>

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

4. Statement of Performance against Predetermined Objectives for FY 2024/2025

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government Fund 's performance against predetermined objectives. (This guidance statement should be removed in the final set of financial statements).

Kenya Energy Sector Environment & Social Responsibility Programme has five strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024/2025-1. These strategic pillars/ themes/ issues are as follows:

1. Energy efficiency and Conservation.
2. Tree Growing for wood fuel, Commercial and environmental conservation purposes
3. Hydro Power water catchment management.
4. Capacity building.
5. Publicity awareness.

Kenya Energy Sector Environment & Social Responsibility Programme develops its annual work plans based on the above five pillars. Assessment of the Fund's performance against its annual work plan is done on a quarterly basis. The Fund achieved its performance targets set for the FY 2024/25 period for its strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Energy Efficiency and Conservation:	To enhance environmental Conservation	No of Energy Saving jikos distributed	Energy saving stoves Jikos distribute	6,000 Jikos distributed
Tree Growing for woodfuel, Commercial and environmental conservation purposes		Number of tree seedlings issued in Woodlots	Establishment of Woodlots through tree planting in farmlands	Woodlots established as per workplan
Hydro Power water catchment management		Number of tree seedlings planted	Planting of tree under Presidential directive of 15B trees	800, 000 seedlings issued and planted

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
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Capacity building			<p>1. Enhance skills and knowledge to implementors for better participation in conversation</p> <p>2. Educate through use of brochures and calenders and organize study tours</p>	
Publicity awareness			<p>Participate in energy expo, exhibition, agricultural shows and other environmental related activities</p>	<p>Attended various energy Expo within the year</p>

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

5. Management Discussion and Analysis

In the FY 2024-25 the Kenya Energy Sector Environment & Social Responsibility Programme received Kshs. 83,000,000.00 from the State Department for Energy and KENGEN to finance its Program and projects in the Fund.

The Kenya Energy -Sector Environment and social responsibility program was an initiative by the Minister for Energy following the Presidential Directive on the need for the Government and its Parastatals to conserve the environment during his speech to the nation on 12th December, 2006. The program was officially launched in June 2008. The first Phase of this program ran from 2008 to 2018 and achieved the following: rehabilitation of 1000ha of degraded water catchment areas, establishment of tree nurseries in various parts of the country, tree planting on farms and schools, job creation for the local communities. The fund was also instrumental in supporting the Kinangop Wind farm during the first phase The Ministry is therefore proposing that a second phase of ten years be started to build on the successes of the first phase.

KEEP is Anchored on five pillars;

- Energy efficiency and Conservation.
- Tree Growing for wood fuel, Commercial and Environmental Conservation purposes
- Hydro power water catchment management.
- Capacity building.
- Publicity and Awareness.

The implementation of the programs under this fund faced the following challenges;

- Inadequate funding and delayed release of budget.
- Delays in Procurement processes.
- Delays in approval of regulations.
- Inadequate staffing in the energy sector
- Low levels of awareness of the relevant regulations and requirement in the sector leading to non- compliance.

Mitigation Measures and way-forward

Public education; engaging national and county government and other public bodies; and undertaking due diligence on the projects to minimize right of way challenges. Conflict resolution mechanisms should be enhanced. Lobbying National Treasury and National Parliament and Development Partners for more budgetary allocations are required.

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

To enhance capacity there is need to fast track completion of National Centres of Excellence and also relook on capacity building programmes such as benchmarking and partnerships
Engaging the relevant parliamentary committees and expediting the review of prioritized Regulations.
The sector continues to sensitize and engage the public through awareness fora. Several engagements were conducted during the period under review.

Recommendation

There is need to review Public Financial Management (PFM) Act, 2012 and the regulations to increase efficiency in disbursements. Continuous sensitization of the public on the relevant regulations and requirements in the sector through awareness fora, mainstream media and social media.
Fast racking of the approval of the developed draft policies/regulations to streamline the sector.

Kenya Energy Sector Environment & Social Responsibility Programme Fund
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6. Environmental and Sustainability Reporting

i) *Sustainability strategy and profile*

The State Department for Energy exists to transform lives. This is our purpose; the driving force behind everything we do by putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence.

ii) *Environmental performance*

All the projects implemented by the State Department and the entire energy sector meet the stringent donor (financier) environmental social safeguards.

The State Department implements the following projects as a contribution towards environmental conservation; Re-forestation of Hydropower Dams Water catchment areas that has seen 840,000 tree seedlings planted within the year; Maintenance of Hectares of afforested hydro dam's water catchment areas; Establishment of Woodlots in the hydro dam catchment area.

The State Department implemented a clean cooking CSR initiative that distributed over 10,000 improved cook stoves to vulnerable communities across Machakos, Kajiado, Laikipia, Tana River and Kiambu Counties. Further, for institutional and 300 household domestic Biogas systems were constructed.

The State Department has developed and is implementing the Bio Energy Strategy of 2020 and the Kenya National Energy Efficiency and Conservation Strategy that have focused on environmental conservation in the implementation of programs and projects in the sector.

iii) *Employee welfare*

The Human Resource Policy and Procedures Manual May,2016 Section B5 gives direction on the recruitment process and application of affirmative action through Merit, Regional balancing, Gender balancing consideration of Persons living with Disability Youth and the Minorities. Advertisement of vacant positions is done to give equal opportunity to all and the due process followed as stipulated in the Manual. There was no recruitment done by the State Department directly this financial year. NO trainings on governance were conducted during the period under review due to government austerity measures and the moratorium issued.

The State Department has developed the work place policy guidelines, whose implementation is in progress.

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
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Towards improving skills and managing careers appraisals and reward system, the ministry through approved group training programmes has trained officers with the aim of equipping officers with skills to improve the performance and also aligned to their careers with the aim of facilitating their career progression within their cadres. The Public Service Commission Performance Management Regulations, 2021 guide the officers' appraisal and application of reward and sanctions rewarding exemplary performance while sanctioning officers who did not meet the threshold of the set scores.

The Human Resource Policies and procedures Manual for the Public Service May, 2016 section F 1. Provides clear directions on how health and safety at the workplace is managed the accounting officer appoints the Health and Safety Committee to ensure compliance with Act and any other directives issued from time to time.

Kenya Energy Sector Environment & Social Responsibility Programme Fund
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iv) *Market place practices-*

Towards good business practices, the State Department conducts all its procurement activities on the government approved procurement system, the IFMIS where all required goods, works or services are sourced competitively using the procurement procedures as provided for in the PPADA 2015 and standard bidding documents as published by PPRA depending on the procurement value thresholds. All the various stages of procurement are undertaken by different organs/committees as required for segregation of duties in the procurement process.

Additionally, all tender awards and tender results are promptly communicated to both successful and unsuccessful bidders and contracts only signed upon the effluxion of the required stand still/appeal window period. All awards are also published on the public government portal, the Public Procurement Information Portal (PPIP) and all the required statutory reports transmitted to National Treasury, PPRA, National Council for persons with disabilities and the state Department for Industrialization for the Local Content Procurement Report.

Towards responsible treatment of suppliers, the State Department has maintained good supplier relations in honoring the terms and conditions of the bidding documents as well as any executed contracts. The State Department ensures that the suppliers are promptly informed of the tender results upon the conclusion of the evaluation exercise and that any suppliers that might feel aggrieved are given ample time to present their grievances. For the avoidance of doubt, the ministry has not had any significant dispute with any of its tender applicants and suppliers. Upon the satisfactory delivery of goods, works or services, payments are also processed within reasonable time, and for the record, the ministry did not have any pending bill or claim due to its suppliers by the closure of the FY 2024/2025 as at 30th June 2025.

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

v) ***Corporate Social Responsibility / Community Engagements***

The Public participation activities conducted by the State Department for Energy were guided by the Guidelines for the public participation in policy formulation of 21st January 2015, prepared by the Public Service Commission.

The State Department participates in a number of activities that target to better the livelihood of communities. During the period under review the ministry undertook the following activities towards this initiative; follow up on the performance of and provision of online technical support towards the running of previously installed Solar Water Pumping Systems and distribution of solar lanterns to vulnerable communities in the 14 underserved counties through the KOSAP project.

Besides, various activities were actualised through the Kenya Energy Sector Environment (KEEP) Social responsibility programme fund that supports the growing of indigenous trees, soil conservation and preservation of water catchment areas. In the period under review the state department collaborated with the KFS to rehabilitate close to 744.4ha of forest land in various parts of the country, issued seedlings to farmers living along river lines, issued seedlings to communities to establish woodlots in their farms, supported communities through buying seedlings from community nurseries, among others.

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

7. Report of the Fund Administration Committee

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

i) Principal activities

The principal activities of the Fund continue to be supporting production of bio fuels and growing of trees in order to conserve oil.

ii) Results

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

iii) 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.



.....
Alex K. Wachira, CBS
Fund Administrator

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

8. Statement of Fund Administrator Responsibilities

Section 81 of the Public Finance Management Act, 2012 require the Fund Administrator to prepare financial statements in respect of that Kenya Energy Sector Environment & Social Responsibility Fund, which give a true and fair view of the state of affairs of the Kenya Energy Sector Environment & Social Responsibility Fund at the end of the financial year/period and the operating results of the Kenya Energy Sector Environment & Social Responsibility Fund for that year/period. The Fund Administrator are also required to ensure that the Kenya Energy Sector Environment & Social Responsibility Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Kenya Energy Sector Environment & Social Responsibility Fund. The Fund Administrator are also responsible for safeguarding the assets of the Kenya Energy Sector Environment & Social Responsibility Fund.

The Fund Administrator is responsible for the preparation and presentation of the Kenya Energy Sector Environment & Social Responsibility Fund's financial statements, which give a true and fair view of the state of affairs of the Kenya Energy Sector Environment & Social Responsibility Fund for and as at the end of the financial year (period) 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 Kenya Energy Sector Environment & Social Responsibility Fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Fund Administrator accept responsibility for the Kenya Energy Sector Environment & Social Responsibility 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. The Fund Administrator are of the opinion that the Kenya Energy Sector Environment & Social Responsibility Fund's financial statements give a true and fair view of the state of Kenya Energy Sector Environment & Social Responsibility Fund's transactions during the financial year ended June 30, 2025, and of the Kenya Energy Sector Environment & Social Responsibility Fund's financial position

**Kenya Energy Sector Environment & Social Responsibility Programme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

as at that date. The Fund administrator further confirms the completeness of the accounting records maintained for the Kenya Energy Sector Environment & Social Responsibility Fund, which have been relied upon in the preparation of the Kenya Energy Sector Environment & Social Responsibility Fund's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Fund Administrator to indicate that the Kenya Energy Sector Environment & Social Responsibility 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 Kenya Energy Sector Environment & Social Responsibility Fund's financial statements were approved by the Board on 25-11 2025 and signed on its behalf by:



.....
Alex K. Wachira, CBS
Fund Administrator



.....
Francis O. Odera
Fund Accountant

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ENERGY SECTOR ENVIRONMENT AND SOCIAL RESPONSIBILITY PROGRAMME FUND FOR THE YEAR ENDED 30 JUNE, 2025 - STATE DEPARTMENT FOR ENERGY

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 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

Opinion

I have audited the accompanying transitional International Public Sector Accounting Standards (IPSAS) financial statements of Kenya Energy Sector Environment and Social

Responsibility Programme 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 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, the transitional International Public Sector Accounting Standards (IPSAS) financial statements present fairly, in all material respects, the financial position of Kenya Energy Environment and Social Responsibility Programme 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) including the transitional provisions permitted under IPSAS 33 and comply with the Act of Parliament Regulations, 2007 (L.N. No.188 of 2007), Public Finance Management Act, 2012 and The National Treasury and Economic Planning No.3 of 14 April, 2025.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the prior years' audit report, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit revealed that the following matters remained unresolved, although Management stated they were resolved.

No	Audit Issue
1	Low Contribution to the Fund
2	Irregular Funding of the Program
3	Unaccounted for Energy Saving Jikos
4	Unsupported Reimbursement of Rehabilitation Works
5	Irregular Procurement of Seedlings in Gakanga Beat Forest (Nyeri County) and Maragoli Hills Forest (Vihiga County)

Other Information

Management is responsible for the Other Information set out on page iv to xxi which comprise of Key Fund Information and Management, Management Team, Statement of Performance Against Predetermined Objectives, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Fund Administration Committee and Statement of Fund administrator 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 and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion Section, I confirm that Other Information is not materially inconsistent with the financial statements.

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(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

1. Low Contribution to the Fund

As previously reported, review of the projected contributions towards the fund based on the 2019/2029 action plan revealed that out of the expected contribution of Kshs.824,000,000 only, Kshs.314,000,000 or 38% was realized from four (4) agencies

while four (4) agencies had not made any contributions over the last six (6) years up to 2024/2025 as detailed below:

Organization	Contribution Allocation for the Last 6 Years (Kshs)	Total Contribution Received (Kshs)	Outstanding Balance (Kshs)
Ministry of Energy (MOE)	263,600,000	302,000,000	(38,400,000)
Kenya Electricity Transmission Company (KETRACO)	2,500,000		2,500,000
Geothermal Development Company (GDC)	27,000,000		27,000,000
Nuclear Power and Energy Agency (NuPEA)	6,000,000		6,000,000
Kenya Power and Lighting Company Limited (KPLC)	5,000,000	4,000,000	1,000,000
Energy and Petroleum Regulatory Authority (EPRA)	10,000,000	6,000,000	4,000,000
Kenya Electricity Generating Company PLC (KenGen),	5,000,000	2,000,000	3,000,000
Rural Electrification & Renewable Energy Corporation (REREC)	27,000,000		27,000,000
Total	346,100,000	314,000,000	32,100,000

Management attributed the non-contribution to the Fund to the Presidential directive to all Ministries, Departments and Agencies (MDAs) and Semi-Autonomous Government Agencies (SAGAs) to grow fifteen billion trees by 2030. The target for the Cabinet Secretary, therefore, was cascaded to the SAGAs as an indirect contribution towards the energy and environment programme.

In the circumstances, the non-contribution to the Fund is a violation of the terms of the agreement and may negatively impact the operations of the fund and its ability to achieve the intended goals and objectives.

2. Irregular Funding of the Program

The statement of financial performance reflects transfers from other Government entities amounting to Kshs.83,000,000 as disclosed in Note 6 to the financial statements. Included in the amount is Kshs.80,000,000 transferred from Petroleum Development Levy Fund Account in two tranches of Kshs.40,000,000 each on 24 October, 2024 and 25 March, 2025, respectively. However, the Fund has no responsibility in the oil and petroleum industry. The transfer was contrary to Section 4(4) of the Petroleum Development Fund Act No.4 of 1991 (Revised 2012) which provides that there shall be

paid out of the Fund such moneys as are necessary to supplement distribution and retail outlets in areas inadequately served by the current oil marketing companies and for such matters relating to the development of the petroleum industry as may be determined by the Minister with the approval of the Minister for the time being responsible for finance.

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

3. Unsupported Afforestation Expenses

The statement of financial performance reflects an amount of Kshs.101,077,681 in respect of the use of goods and services and as disclosed in Note 8 to the financial statements. Included in the amount is Kshs.54,543,910 in respect of afforestation expenses. The amount further includes an expenditure of Kshs.13,077,400 paid as daily subsistence allowances for Community Forest Association Administrative Officers, the Kenya Forest Service staff and casual labour. However, appointment letters of casual workers, original muster rolls showing record of days worked by the casual labourers, attendance registers to support meetings, and reports of the quarterly meetings were not provided for review.

In the circumstances, value for money in the use of public funds could not be ascertained.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 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 Management and Fund Administration Committee

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 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 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

05 December, 2025

**Kenya Energy Sector Environment & Social Responsibility Fund
Annual Report and Financial Statements for the year ended June 30, 2025.**

10. Statement of Financial Performance for the year ended 30 June 2025

	Notes	FY 2024-25	FY 2023-24
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	83,000,000	101,000,000
		83,000,000	101,000,000
Revenue from exchange transactions			
Interest Income	7	251,567	4,626,607
Total revenue		83,251,567	105,626,607
Expenses			
Use of goods and services	8	101,077,681	224,950,508
Depreciation and amortization expense	10	2,389,497	1,803,901
Total expenses		103,467,178	226,754,409
Surplus/(deficit) for the period/year		(20,215,611)	(121,127,802)

(The opening balance is a combination of Kshs. 120,915,556 and 104,034,952 of property plant and equipment and use of goods a change caused by new reporting format)


The notes set out on pages 6 to 27 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed by:



.....

Alex K. Wachira, CBS
Accounting Officer

Date 25-11-2025



.....

Francis O. Odera
Head of Accounting Unit
ICPAK M/No: 5398

Date 25-11-2025

**Kenya Energy Sector Environment & Social Responsibility Fund
Annual Report and Financial Statements for the year ended June 30, 2025.**

11. Statement of Financial Position as at 30 June 2025

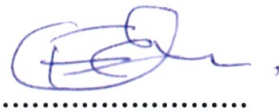
	Notes	FY 2024-25	FY 2023-24
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	12	6,693,799	27,003,013
Prior year adjustment (overstated Bank balance)	11	(1,320)	
Total Current Assets		6,692,479	27,003,013
Non-Current Assets			
Property, Plant and Equipment	13	6,347,552	6,253,949
Total Non- Current Assets		6,347,552	6,253,949
Total Assets (A)		13,040,031	33,256,962
Net Assets (A-B)		13,040,031	33,256,962
Represented by:			
Accumulated Surplus		13,040,031	33,256,962
Net Assets		13,040,031	33,256,962

The financial statements set out on page 1 to 5 were signed by:



.....
Alex K. Wachira, CBS
Accounting Officer

Date: 25-11-2025



.....
Francis O. Odera
Head of Accounting Unit

ICPAK M/No: 5398

Date: 25-11-2025

Kenya Energy Sector Environment & Social Responsibility Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

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

Description	Total
	Kshs
As at July 1, 2023	154,384,764
Deficit for the year	(121,127,802)
As at June 30, 2024	33,256,962
Adjustment (Overstated bank balance)	(1,320)
As at July 1, 2024	33,255,642
(deficit) for the year	(20,215,611)
As at June 30, 2025	13,040,031

Kenya Energy Sector Environment & Social Responsibility Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

13. Statement of Cash Flows for the year ended 30 June 2025

	Notes	FY 2024-25	FY 2023-24
		Kshs	Kshs
Cashflows from operating activities			
Receipts			
Transfers from other governments entities	6	83,000,000	101,000,000
Interest income	7	251,567	4,626,607
Total receipts		83,251,567	105,626,607
Payments			
Use of goods and services	8	101,077,681	120,915,556
Acquisition of Assets	9	2,483,100	104,034,952
Total payments		103,560,781	224,950,508
Net cashflows from/(used in) operating activities		(20,309,214)	(119,323,901)
Cashflows from investing activities			
Purchase of PPE		(2,483,100)	-
Net cashflows from/(used in) operating activities		(2,483,100)	-
Net increase/(decrease) in cash & Cash equivalents		(20,309,214)	(119,323,901)
Prior year adjustment	11	(1,320)	
Cash and cash equivalents at 1 July 2024		27,003,013	146,326,914
Cash and cash equivalents at 30 June 2025	12	6,692,479	27,003,013

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

Kenya Energy Sector Environment & Social Responsibility Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

14. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Originalbudget	Adjustments	Finalbudget	Actualon comparable basis	Performance difference	% of utilizat ion
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c* 100
Budget carryovers from the previous year*	100,000,000	0	100,000,000	224,950,508	(124,950,508)	224%
Receipts						
Transfers from Other Governments entities	80,000,000	(30,000,000)	50,000,000	83,000,000	(33,000,000)	166%
Interest Income	0	0	0	251,567	(251,567)	0%
Total Receipts	80,000,000	(30,000,00)	50,000,000	83,251,567	(33,251,567)	167%
payments						
Use of Goods and Services	80,000,000	(30,000,000)	50,000,000	101,077,681	(53,562,102)	207%
Total Payments	80,000,000	(30,000,000)	50,000,000	101,077,681	(53,562,102)	207%
Deficit				(20,309,214)		

Budget notes

Transfers from Other Governments entities 166%; This was due to supplementary 3 budget cut of Kshs 30,000,000.

Interest Income 0%; This is interest earned on deposits in the Fund

Use of Goods and Services 207%; This is due to Supplementary 3 budget cut of Kshs 30,000,000 and cash balance brought forward.

The fund had a supplementary budget cut of Kshs 30,000,000

Kenya Energy Sector Environment & Social Responsibility Fund
Annual Reports and Financial Statements for the year ended June 30, 2025.

15. Notes to the Financial Statements

1. General Information

The Kenya Energy Sector Environment & Social Responsibility Fund is established by and derives its authority and accountability from by an Act of parliament Regulations, 2007 (L.N. No. 188 of 2007). The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Kenya Energy Sector Environment & Social Responsibility Fund principal activity is to finance activities relating to the production of wood fuel, power distribution poles and energy crops for production of bio-fuels; and growing of trees in order to conserve soil and preserve catchment areas for hydro-power dams, including provision of a sink for carbon dioxide generated through combustion fossil fuels

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the fund's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Kenya Energy Sector Environment & Social Responsibility Fund
Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue 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	<i>Applicable 1st January 2025</i> 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 the Fund. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<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.
IPSAS 45: Property Plant and Equipment	<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.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:

**Kenya Energy Sector Environment & Social Responsibility Fund
Annual Reports and Financial Statements for the year ended June 30, 2025.**

	<p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>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 Fund shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>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.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>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.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <p>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</p> <p>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.</p> <p>iii. Disclosures that identify and explain the amounts in the Fund '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.</p>

Kenya Energy Sector Environment & Social Responsibility Fund
Annual Reports and Financial Statements for the year ended June 30, 2025.

iii. Early adoption of standards

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

Kenya Energy Sector Environment & Social Responsibility Fund
Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Taxes, Levies and fines

The Fund recognizes revenues from taxes, levies, and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Fund and the fair value of the asset can be measured reliably.

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 Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Fund recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Kenya Energy Sector Environment & Social Responsibility Fund
Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

b) Budget information

The original budget for the Current FY 2024-25 was approved by the National Assembly on June 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. A reduction appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded reduced appropriations of Kshs 30,000,000 on the 2025 budget following the governing body's approval.

The Fund's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under section xxx of these financial statements.

Kenya Energy Sector Environment & Social Responsibility Fund
Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 Fund 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.

d) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Fund*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Fund also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Fund will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Fund. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Biological Assets

The Fund recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the Fund, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

g) Research and development costs

The Fund expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Fund can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

h) 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. A financial instrument is any contract that gives rise to a financial asset of one Fund and a financial liability or equity instrument of another Fund. At initial recognition, the Fund 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.

a) Financial assets

Classification of financial assets

The Fund 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 Fund '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 a Fund has made irrevocable election at initial recognition for particular investments in equity instruments.

Kenya Energy Sector Environment & Social Responsibility Fund
Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 Fund 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.

b) Financial liabilities

Classification

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

i) 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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 *Fund*.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

j) Provisions

Provisions are recognized when the *Fund* 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 *Fund 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.

k) 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 Fund 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 Fund will incur in fulfilling the present obligations represented by the liability.

l) Contingent liabilities

The Fund 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.

m) Contingent assets

The Fund 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 Fund 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

p) Related parties

The Fund regards a related party as a person or a Fund with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise Principal Secretary and Heads of Departments.

q) 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.

r) Comparative figures

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

s) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Fund'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:

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 Fund 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 Fund. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Fund.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset.

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 40. 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.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	FY 2024-25	FY 2023-24
	KShs	KShs
Unconditional Grants		
Ministry of Energy	83,000,000	101,000,000
Total Government Grants And Subsidies	83,000,000	101,000,000

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Fund Sending The Grant	Total transfers 2024-25	FY 2023-24
	KShs	KShs
Ministry of Energy	81,000,000	100,000,000
KENGEN	2,000,000	1,000,000
Total	83,000,000	101,000,000

7. Interest Income

Description	FY 2024-25	FY 2023-24
	Kshs	Kshs
Interest income	251,567	4,626,607
Total Interest income	251,567	4,626,607

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Notes to the Financial Statements (Continued)

8. Use of Goods and Services

Description	FY 2024-25	FY 2023-24
	Kshs	Kshs
Afforestation	54,543,910	0
Travel, Subsistence & Other Allowances	46,397,478	119,853,864
Bank charges	136,293	1,061,692
Total	101,077,681	120,915,556

9. Acquisition of Assets

Description	FY 2024-25	FY 2023-24
	Kshs	Kshs
Purchase of PPE	2,483,100	6,253,949
Total	2,483,100	6,253,949

10. Depreciation and Amortization Expense

Description	FY 2024-25	FY 2023-24
	Kshs	Kshs
Property, plant and equipment	2,389,497	1,803,901
Total depreciation and amortization	2,389,497	1,803,901

11. Prior Year adjustment

Description	FY 2024-25	FY 2023-24
	Kshs	Kshs
Amended overstated bank balances	1,320	0
Total	1,320	0

12. Cash and Cash Equivalent

Description	FY 2024-25	FY 2023-24
	Kshs	Kshs
Current Account	6,692,479	27,003,013
Total Cash and Cash Equivalent	6,692,479	27,003,013

(The amount indicated has a variation of Kshs. 1,320 as indicated in the table 11 being an overstated bank balance for KCB bank for the year 23-24 in the financial statement)

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Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	FY	Insert
		Kshs	Comparative FY Kshs
a) Current Account			
Kenya Commercial Bank	1104175894	3,043,461	2,682,351
Credit Bank.	0021007000786	3,649,018	24,320,662
Total		6,692,479	27,003,013

Kenya Energy Sector Environment & Social Responsibility Fund
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13. Property, Plant and Equipment

Cost	Furniture and fittings	Computers & ICT Equipment	Total
Depreciation Rate	Kshs 12.50%	Kshs 30%	Kshs
Bal as 30th June 2024	1,473,937	4,780,012	6,253,949
Additions	-	2,483,100	2,483,100
As At st July 2025	1,473,937	7,263,112	8,737,049
Depreciation And Impairment			-
Depreciation	210,563	2,178,934	2,389,497
Disposals	-	-	-
As At 30th June 2025	210,563	2,178,934	2,389,497
Net Book Values			-
Opening Bal as at 1st July 2024	1,473,937	4,780,012	6,253,949
As At 30th June, 2025	1,263,374	5,084,178	6,347,552

Note:

Depreciation is calculated on straight line method.

Kenya Energy Sector Environment & Social Responsibility Fund
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Notes to the Financial Statements (Continued)

13 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Computers And Related Equipment	7,263,112	2,178,934	5,084,178
Office Equipment, Furniture, And Fittings	1,473,937	210,563	1,263,374
Total	8,737,049	2,389,497	6,347,552

Property plant and Equipment:

Description	Cost or valuation	Normal annual depreciation charge
Computers and Related Equipment	7,263,112	2,178,934
Office Equipment, Furniture and Fittings	1,473,937	210,563
Total	8,737,049	2,389,497

14. Cash Generated from Operations

Description	FY 2024-25	FY 2023-24
	Kshs	Kshs
Deficit for the year before tax	(20,215,611)	(121,127,802)
Adjusted for:		
Depreciation	2,389,497	1,803,901
Net cash flow from operating activities	(17,826,114)	(119,323,901)

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Notes to the Financial Statements (Continued)

15. 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:

i) 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 Fund Administrator. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing
	Kshs	Kshs
As at 30th June 2025		
Bank balances	6,692,479	6,692,479
Total	6,692,479	6,692,479
As at 30 June 2024		
Bank balances	27,003,013	27,003,013
Total	27,003,013	27,003,013

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(NB: The totals column should tie to the individual elements of credit risk disclosed in the Fund's statement of financial position).

Notes to the Financial Statements (Continued)

Financial Risk Management

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 Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due from xxx. The board of Fund Administrator sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

Financial Risk Management

ii) Market risk

The Fund has put in place an internal audit function to assist it in assessing the risk faced by the Fund 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 Fund'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 Fund's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The *Fund* 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 *Fund* manages foreign exchange risk from future commercial transactions and recognised assets and

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liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes to the Financial Statements (Continued)

Financial Risk Management

Management of interest rate risk

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

Financial Risk Management

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 increase of Kshs (22,114,435) (2024: Kshs (119,323,901). A rate increase/decrease of 5% would result in a increase in profit before tax of Kshs (23,220,435) (2024– Kshs 125,290,096)

16. Events after the Reporting Period

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

17. Ultimate and Holding Fund

The Fund is Government Agency under the Ministry of Energy. Its ultimate parent is the Government of Kenya.

18. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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16. Appendices

Appendix 1: Implementation Status of Auditor-General’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)
	Un-resolved Prior Years	The Management has submitted the responses to Parliament for discussion	Resolved	
	Low contribution of the Fund	Following the directive to grow 15 billion trees by all MDAs and SAGAs, the targets for Cabinet Secretary was cascaded to the SAGAs as an indirect contribution towards the Fund.	Resolved	
	Excess Withholding Tax charged on Interest Income	The Management has resolved the issue as the amounts were refunded to the Fund Account	Resolved	
	Irregular Funding of the Program	The funds were approved by the National Assembly as Trees planted under KEEP Fund helps in sequestering carbon dioxide from the air that is emitted from fossil fuels.	Resolved	
	Unaccounted for Energy Saving Jikos.	The Management provided a detailed report of how the jikos were distributed to only targeted group by use of barazas organized by the area chiefs and some office of Women representative.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Unsupported Reimbursement of Rehabilitation Works.	The management submitted to the Office of the Auditor General all the relevant documents to support the reimbursement of Rehabilitation Works.	Resolved	
	Irregular Procurement of seedling in Gakanga Beat Forest, Nyeri County.	The Trees planted at Gakanga site were indigenous and only endemic to this area These are not stocked by commercial nurseries because they only grow in this forest area. The CFA used have to registered with KFS, they also obtain certified seeds from KFS thus that it is preferred tree seedlings from the registered associations	Resolved	
	Irregular Procurement of seedling in Maragoli Hills Forest.	The Management Kenya Forest Services procurement processes. Further, the choice of procurement is guided by the climatic conditions where some trees do well in certain areas and others don't. In effort to promote local residence, the fund through KFS procures trees from local suppliers as well as taking to account the trees that do well in that area.	Resolved	



Accounting Officer

Date: 25-11-2025

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Total Transfers during the Year
Ministry of Energy	25/10/2024	Fund	40,000,000	40,000,000
Ministry of Energy	25/02/2025	Fund	40,000,000	40,000,000
Ministry of Energy	06/09/2024	Fund	1,000,000	1,000,000
KENGEN	19/07/2024	Fund	1,000,000	1,000,000
KENGEN	14/03/2025	Fund	1,000,000	1,000,000
Total			83,000,000	83,000,000