

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PAPERS LAID	
DATE	28/2/2024
TABLED BY	Maj. Leader OF
COMMITTEE	Angels
CLERK AT THE TABLE	

THE AUDITOR-GENERAL

ON

**EMBU COUNTY CLIMATE
CHANGE FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**

Revised 30th June 2023



EMBU COUNTY CLIMATE CHANGE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2023.

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

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Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.

Table of Content

1.	Acronyms and Glossary of Terms	iii
2.	Key Entity Information and Management	iv
3.	Fund Administration Committee	vii
4.	Management Team	ix
5.	Fund Chairperson's Report	x
6.	Report of the Fund Administrator	xii
7.	Statement of Performance against the County Fund's Predetermined Objectives	xiv
8.	Corporate Governance Statement	xvi
9.	Management Discussion and Analysis	xviii
10.	Environmental and Sustainability Reporting	xx
11.	Report of the Trustees	xxii
12.	Statement of Management's Responsibilities	xxiii
13.	Report of the independent Auditor on the Financial Statements for Fund	xxiv
14.	Statement of Financial Performance for the Year Ended 30 th June 2023	1
15.	Statement of Financial Position as at 30 June 2023.	2
16.	Statement of Changes in Net Assets for the year ended 30 th June 2023	4
17.	Statement of Cash Flows for the Year Ended 30 June 2023	5
18.	Statement of Comparison of Budget and Actual Amounts for the Period	6
19.	Notes to the Financial Statements	7
20.	Annexes	39

Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.

1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management – The key management personnel who had financial responsibility
*(Provide a list of Acronyms and Key terms used in the financial report as per above example.
The list to be exhaustive)*

2. Key Entity Information and Management

a) Background information

Embu County Climate Fund is established by and derives its authority and accountability from Public Finance Management Act (No. 18 of 2012) COUNTY CLIMATE CHANGE FUND) REGULATIONS,2020. The Fund is wholly owned by the County Government of Embu and is domiciled in Kenya.

The fund's objective is to provide funding for climate change activities identified in the County Climate Change Action Plan and County Climate Finance Framework and for connected purposes.

The Fund's principal activity is to provide funding for climate change activities.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide funding for climate change activities identified in the County Climate Change Action Plan and County Climate Finance Framework and for connected purposes.

c) Fund Administration Committee

Ref	Name	Position
1	James G. Gathura	Chairperson
2	Nicholas Kunga	Committee Member
3	Paul Thiga	Committee Member
4	Benard Orinda	Committee Member
5	Victor M. Nyaga	Committee Member
6	Joseph Njoka	Committee Member
7	Joseph Kamau	Committee Member
8	Tarsilla Birauka	Committee Member
9	Albert Gatuta	Committee Member
10	Patrick Njeru	Committee Member
11	Sammy Mwangi Gakobo	Fund Manager/ Administrator

(This section will be applicable for Public Funds that have a Board of Trustees/Fund Administration Committee. Input names of all the members who held office during the period)

**Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.**

d) Key Management team

Ref	Name	Position
1	Sammy Mwangi Gakobo	Fund Manager/ Administrator
2	Nicholas Kunga	Chief Officer Climate Change
3	Paul Thiga	Chief Officer Finance
4	Moses Kigoro	Director Climate Change

(Include all positions regarded as top management for the Fund).

e) Fiduciary Oversight Arrangements

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

SN	Position	Name
1	Directorate Internal Audit	David Kithaka
3		

f) Registered Offices

P.O. Box 36-60100
Upper Tana House
Embu- Meru Highway
EMBU, KENYA

g) Fund Contacts

Telephone: (254) 722383884
E-mail: climatechange@embu.go.ke
Website: www.embu.go.ke

h) Fund Bankers

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

Key Entity and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser




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

k) County Attorney

P.O. Box 36-60100
Town Hall Office Block
Embu- Meru Highway
EMBU, KENYA

(list details of other County Attorneys if any.)

3. Fund Administration Committee

Name	Details of qualifications and experience
 <p>JAMES G. GATHURA- CHAIRMAN</p>	<p>JAMES G. GATHURA D.O.B 28.02.1968 PROFESSIONAL QUALIFICATIONS Bachelor of Arts (Hon), Diploma in Financial Management and Strategic Leadership. WORK EXPERIENCE C.E.O NCCC on IDPS, Director of Administration Office of the President, Deputy Secretary Devolution and Education Ministries, Under Secretary Ministry of Education.</p>
 <p>PATRICK NJERU- COMMITTEE MEMBER</p>	<p>PATRICK NJERU D.O.B. 26.8.1975 PROFESSIONAL QUALIFICATIONS Degree in Economics and Sociology, Post Graduate Diploma in Education, Diploma in Education Management and Certificate in Strategic Management WORK EXPERIENCE 26 years in teaching (1991 – 2017) Retired Secondary School Principal</p>
 <p>TARSILLA BIRAUKA COMMITTEE MEMBER</p>	<p>TARSILLA BIRAUKA D.O.B – 1977 PROFESSIONAL QUALIFICATIONS MSC- Disaster Management, BSC Finance, Certification in Disaster preparedness WORK EXPERIENCE County Director National Disaster Management Authority (Embu County).</p>



NICHOLAS KUNGA- CHIEF OFFICER CLIMATE CHANGE

NICHOLAS KUNGA

D.O.B – 1975

PROFESSIONAL QUALIFICATIONS

BSC- Natural Resources and Environment, EISA expert

WORK EXPERIENCE

SIDA-Kenya, Chief Officer Embu County(Environment) 2017-2022



PAUL THIGA – CHIEF OFFICER FINANCE

PAUL NJOROGE THIGA

D.O.B 1978

PROFESSIONAL QUALIFICATIONS

Bachelor of Commerce(Finance Option),CPA(K)

WORK EXPERIENCE

Worked as Fund Manager of various Constituency Development Funds



SAMMY MWANGI- FUND ADMINISTRATOR

SAMMY MWANGI GAKOBO

D.O.B 1979

PROFESSIONAL QUALIFICATIOIS




MBA (Strategic Management), BBA-Accountings Option, CPA(K)

WORK EXPERIENCE

Served as Accountant in various stations including Garissa and Nakuru. Currently Accountant in Embu County Government.

**Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.**

4. Management Team

Name	Details of qualifications and experience
 <p>SAMMY MWANGI- FUND ADMINISTRATOR</p>	<p>SAMMY MWANGI GAKOBO D.O.B 1979</p> <p>PROFESSIONAL QUALIFICATIOIS MBA (Strategic Management), BBA-Accountings Option, CPA(K)</p> <p>WORK EXPERIENCE Served as Accountant in various stations including Garissa and Nakuru. Currently Accountant in Embu County Government.</p>
 <p>NICHOLAS KUNGA- CHIEF OFFICER CLIMATE CHANGE</p>	<p>NICHOLAS KUNGA D.O.B – 1975</p> <p>PROFESSIONAL QUALIFICATIONS BSC- Natural Resources and Environment, EISA expert</p> <p>WORK EXPERINCE SIDA-Kenya, Chief Officer Embu County(Environment) 2017-2022</p>
 <p>PAUL THIGA – CHIEF OFFICER FINANCE</p>	<p>PAUL NJOROGE THIGA D.O.B 1978</p> <p>PROFESSIONAL QUALIFICATIONS Bachelor of Commerce(Finance Option),CPA(K)</p> <p>WORK EXPERIENCE Worked as Fund Manager of various Constituency Development Funds</p>
<p>1. Manager 4</p>	
<p><i>Note: The Fund Administrator will feature under both the 'Board' and 'Management'.</i></p>	

5. Fund Chairperson's Report

Embu County Climate Fund is established by and derives its authority and accountability from Public Finance Management Act (No. 18 of 2012) COUNTY CLIMATE CHANGE FUND) REGULATIONS, 2020. The Fund is wholly owned by the County Government of Embu and is domiciled in Kenya.

The fund's objective is to provide funding for climate change activities identified in the County Climate Change Action Plan and County Climate Finance Framework and for connected purposes. The fund is headed by a steering committee which is headed by the chair and has membership of County directors in charge of Forest, National Disaster Management, Metrological Department, Nema among others. This membership brings vast of expertise from National government and with members from County departments, the steering committee boasts of rich human resource for achieving its objective.

Key Achievements


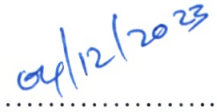
- Sectoral Working Group was formed, trained and took lead in undertaking the Participatory Climate Risks Assessment (PCRA) in all the Twenty wards in the County's. This culminated into identification of county climate risks, Climate hazards experienced by the community during climatic shocks and proposed mitigations, adaptations and resilient measures. The exercises yielded a County PCRA report and 20 ward PCRA report.
- Participatory Climate Risk Assessment (PCRA) that has been successful [with the climax being the Multistakeholder Engagement that was held and the projects suggested were validated
- Operationalized the County Climate Change Unit which is well equipped and staff trained on FLLoCA Programme
- County Assembly committee in charge Water and Environmental which is mandated with issues of environments was sensitised for two days and the larger assembly was trained for one day.
- Development and approval of the ward County Climate Change Action Plan – CCCAP was done (with optimal community/stakeholder engagement where the vulnerabilities were established and priority investments identified)

**Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.**

- Ward Climate Change Planning Committees were well trained and equipped in order to play their roles in FLLoCA activities as stipulated in the Embu Climate Change Fund.

Conclusion

The Financing Locally led Climate Action being a community-based initiative has come a long way to help the community down in the rural wards in Kenya to be able cope with the adverse climatic shocks. Embu County being made of two Ecological Zones with highlands and Semi-Arid areas of the lower parts Embu. It has been adversely affected with climate change with the community experiencing floods, landslide on the upper part, droughts, human wildlife conflicts, erratic rainfall and much more. This were well identified During the Participatory Climate Risk Assessment process undertaken in all 20 Wards in the County. With the FLLoCA program operationalized, community felt that the activities and projects proposed will help them built resilience, mitigate climate change and adapt to the climatic shocks they are experiencing.

Name: James G. Gathura. **Signature:**..........**Date:**..........

Chairperson of the Fund

6. Report of the Fund Administrator

Introduction

Kenya's economy is heavily reliant on its natural resources. As a result, our country is extremely exposed to the effects of climate change. If left unaddressed, climate change will stifle Vision 2030's aim of developing a globally competitive and successful society with a high quality of life. Kenya has signed the United Nations Framework Convention on Climate Change, the Kyoto Protocol, and the Paris Agreement. In Kenya's devolved government system, most climate change-related development activities are now carried out at the county level. In light of this, numerous assemblies have passed County Climate Change Acts, paving the way for the creation of County Climate Change Funds (CCCF). The CCCF can be funded by a variety of sources, including county development budgets, national climate funds, and bilateral and international development partners inside the country. FLLOCA is set against this backdrop.

The program's goal is to improve local resilience to the effects of climate change, natural disasters, and other shocks/stressors by increasing counties' capacity to design, implement, and assess resilience investments in collaboration with communities. It would prioritize governance, social inclusion, and citizen participation in climate and catastrophe risk management, as well as promote resilience investments selected by counties in collaboration with communities. The FLLOCA Program seeks to accomplish this by capitalizing the National Climate Change Fund and subsequent County Climate Change Funds, strengthening county-level capacity for planning and implementing local climate actions, and strengthening national-level capacity for coordination, monitoring, and reporting.

Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.

The county government of Embu is committed to the development of the climate change and adaptation action plan that is consistent with the guidelines of FLLOCA. The departments and stakeholders involved have been trained to promote capacity building among the staff as a critical step towards the success of this noble endeavour.

The FLLOCA Program Development Objective is structured to delivering locally led climate resilience actions and concurrently strengthen the county governments to manage climate risks. In its delivery, the program is clustered into two key components constituting the Program for Results (PforR), and the Investment Project Financing (IPF). The Embu County Government of 11,000 was allocated the CCIS grant amounting to 11,000,000 to offer institutional support and facilitate the process of undertaking community-based assessments on climate risks across the county.

A participatory and cross-sectorial holistic assessment of the current and likely future climate risks facing the county is conducted. This assessment examines exposure, vulnerability, adaptive capacity, and aims to identify robust thematic adaptation investment areas to address the current and future climate vulnerabilities of different vulnerable groups. Participants in this assessment are derived from different sectors, including county directors from relevant departments, NEMA (National Environmental Management Authority), KFS (Kenya Forest Service), WRA (Water Resource Authority, Kenya National Chamber of Commerce, banks, and managing directors from water service providers Civil Societies organisations that deals in matters Environment, Climate Change and Natural Resources

Development of a participatory climate risk assessment report: The outcome of the PCRA process culminates in the development of a participatory climate risk assessment report. This report outlines the broad strategic adaptation planning priorities for the county over a five-year time frame which at large developed Embu County Climate Change Action and Embu Climate Adaptation Plan



Sammy Mwangi
Fund Administrator

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

Introduction

Embu County Climate Fund is established by and derives its authority and accountability from Public Finance Management Act (No. 18 of 2012) COUNTY CLIMATE CHANGE FUND) REGULATIONS, 2020. The Fund is wholly owned by the County Government of Embu and is domiciled in Kenya.

The fund's objective is to provide funding for climate change activities identified in the County Climate Change Action Plan and County Climate Finance Framework and for connected purposes.

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

- Provide clean and quality physical drinking water in the County
- Provide clean and quality energy saving stoves to the elderly and needy in the County
- Provide funding to local community for local actions and intervention on climate change (Empowerment programs)
- To train the community on climate change actions plans and interventions needed
- Establishment of Ward planning committees
- Establishment of Steering committee

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of cooking stoves	To ensure all needy and elderly have access to cooking stoves	Number of cooking stoves successfully donated	% of beneficiaries receiving cooking stoves	During FY 2022/2023, 6000 Members of community received cooking stoves from the Fund.
Drilling of Boreholes	To ensure access to clean water to all residents of Embu County	Number of homesteads with access to clean water	Number of boreholes drilled	During the year we were unable to drill the boreholes.
Training the community on climate change action plan	To ensure the community is aware of the action plans on climate change	Number of residents trained	Change in behaviour of residents in matters regarding climate change	More community involvement in climate change interventions like tree planting

**Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.**

Funding local climate change action plans	To empower local community deal with effects of climate change	Local community that is empowered on climate related matters	Number of community based organisations funded	No community based organisation was funded
Establishment of Ward planning committees	To devolve climate action plan to ward levels	Establishment of ward committees	Number of ward planning committees established	The fund established a ward committee to all the 20wards in the County
Establishment of steering committee	To have an apex multisector committee coordinating various climate change action plan/interventions	Establishment of steering committee	Functioning committee	During the year the steering committee met and offered leadership to the fund

8. Corporate Governance Statement

The Fund constitutes two committees that run the affairs of the fund together the management of the fund headed by Fund administrator. The fund has a steering committee and 20 ward committees, one for each ward. The steering committee is headed by a chairperson elected from the membership of the steering committee members.

The Act provides for at least quarterly meeting of the steering committee and the ward committees in order to transact the business of the fund. Membership of the steering committee is by the office not individuals, that is, it is the office of the Director of Forest, Metreology, NEMA, NDMA among others that is represented in the fund not the individual office holders thus when there are changes in those offices, the changes are also effected in the steering committee of the fund.

Public Finance Management (Embu County Climate Change Fund) Regulations, 2020 and County Climate Change Action Plan are the legal framework under which the fund is managed. Roles and functions of both the Steering committee and Ward committees are well emulated in the Regulations. The process appointment and removal of committee members is outlined in the regulations establishing the fund.

The board performance is reviewed by County executive Member in charge of climate change and she becomes the link between the fund and the executive arm of the County government and also the County Assembly. After the appointment of the committee, the committee was inducted in a workshop held in Embu and the members were taken through their duties, roles and expectation of the public.

During the financial year, none of the committee member both on Steering and Ward committee level had any conflict of interest in the business transacted by the fund. The fund maintains conflict of interest register where all committee members and staff members are supposed to register any subject matter being transacted by the Fund that they may have conflicting interest. To date, no matter has been registered and thus no conflict of interest was experienced in the year.

Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.

All the members of Steering committee are public officers and their attendance in the duties of the fund is under their official capacity. The allowance paid to them are according to circular No. SRC/ADM/CIR/1/13(122) dated 16th April, 2014. Ward committee members are not public officers and ought to be paid higher rates for their attendance as per the same circular.

The fund is guided by the Constitution, PFM Act and Regulations in its operation and conduct. Members of staff and Committee members are guided by Public officers Ethics Act and are encouraged to follow the law and spirit of the Act religiously.

9. Management Discussion and Analysis

The fund's objective is to provide funding for climate change activities identified in the County Climate Change Action Plan and County Climate Finance Framework and for connected purposes. Along this mandate, the fund has made various gains as outlined below:

Strategic Attainments

- Sectoral Working Group was formed, trained and took lead in undertaking the Participatory Climate Risks Assessment (PCRA) in all the Twenty wards in the County's. This culminated into identification of county climate risks, Climate hazards experienced by the community during climatic shocks and proposed mitigations, adaptations and resilient measures. The exercises yielded a County PCRA report and 20 ward PCRA report.
- Participatory Climate Risk Assessment (PCRA) that has been successful [with the climax being the Multistakeholder Engagement that was held and the projects suggested were validated
- Operationalized the County Climate Change Unit which is well equipped and staff trained on FLLoCA Programme
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- Development and approval of the ward County Climate Change Action Plan – CCCAP was done (with optimal community/stakeholder engagement where the vulnerabilities were established and priority investments identified)
- Ward Climate Change Planning Committees were well trained and equipped in order to play their roles in FLLoCA activities as stipulated in the Embu Climate Change Fund.

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

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- Provide funding to local community for local actions and intervention on climate change (Empowerment programs)
- To train the community on climate change actions plans and interventions needed
- Establishment of Ward planning committees

Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.

➤ Establishment of Steering committee

Some of the development objectives were not realised during the financial year due to factors beyond the Fund administration. Provision of clean water was hindered by procurement hitches which delayed the procurement of drilling machine. Currently, the procurement is complete and the supplier is expected to deliver the machine within the month.

Funding of local communities on Climate change intervention plans has not been done yet. However, the community has been trained on writing proposals for funding. This is a big milestones as the community now is able to understand the financing model and arrangement thus positioning themselves at an advantaged position when funds for implementation are availed.

The training of ward committee and the community is not yet fully done. More resources are required to enable the fund train more as the impact of the trainings already done is small. The higher the number of residents that is trained, the faster the uptake of adaptation plan by the community. During this financial year, the fund anticipates to train more in relation to climate adaptations and action plan within their localities.

10. Environmental and Sustainability Reporting

Embu County Climate Change Fund ever endeavours to transform lives. It is its cardinal responsibility to the community. This is our purpose; the driving force behind everything we do. It is what propels us to deliver on our development plan(s); putting the customers / citizen first, delivering relevant goods and services, and improving operational excellence to ensure the County's sustainability.

1. Sustainability strategy and profile

Sustainability has three main pillars which the County Government strive to achieve. These are economic pillar, environmental pillar and social welfare. In other words what is popularly referred to as people, plant and profits.

The Executive officials ensure that economic and political matters do not affect sustainable priorities. They provide the best practices that are followed and identify critical failures and achievements.

2. Environment performance

The department of land has the management policies relating to water and sewerage services and wastewater treatment and disposal. Environment, Solid Waste Management, issuance of Noise License and Demolition permits, Licenses for refuse transportation, Environmental protection, and awareness campaigns, and to county forestry and other natural resources.

It is further mandated to undertake conservation, control, and protection of water catchment areas, water quality and pollution control, flood control and land reclamation, restoration of wetlands, preservation and protection and provision of county forestry services, safety and regulation of marine ecosystems, meteorological services and training, county environment management, restoration of strategic county water towers and coordination of climate change enabling activities. In summary, environmental conservation, investments in renewable energies, saving water and supporting sustainable mobility contribute to achieving this environmental sustainability on several fronts.

3. Employee welfare

The county government of Embu public service board has the mandate of hiring of County employees. They follow the hiring policy in that they ensure the gender rule and regional balance. They also uphold integrity throughout the hiring process. They select the best employee's matching the skills needed for a specific job. They motivate employees through career progression, training and workshops.

4. Market place practices

The county ensures that there is fair competition in the market. All investors are allowed in the market freely, provided they pay tax, and adhere to rules. There is no corruption in the market, and there is no political involvement.

Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.

The county ensures that tenders are advertised to all, and there are no inner interests whatsoever. When goods are supplied, they guarantee they pay in time to provide good customer interrelations.

There are free-market advertisements, and it's fair. Customer rights and privileges are observed. When customers complain, their issues are looked into and solved in good time.

5. Community engagements

The community is involved in decision making. The public get platforms to give their views like during public participation as enshrined in the Constitution. The county government ensures that everyone has an opportunity. The youth are motivated to engage in sports to nurture their talents. They also engage in youth groups.

They promote health by ensuring all hospital facilities are available and increasing the number of health centres. They also provide clean water and sensitize the public on importance of maintain a clean environment through a conducive and reliable waste management system.

As a responsible organization, Embu County respect the interests of our stakeholders – customers, suppliers and the wider community and we actively seek opportunities both to improve the environment and to contribute to the well-being of the residents.

During the financial year 2022/2023, Embu County carried out its corporate social responsibility activities which included collaborating with the citizens in tree planting exercises in primary schools, along our streets, roads and river banks in Embu County. Residents were also encouraged to participate in cleaning exercise, unclogging our drainage systems to prevent flooding and disease outbreak.

11. Report of the Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund is to provide funding for climate change activities. The fund's objective is to provide funding for climate change activities identified in the County Climate Change Action Plan and County Climate Finance Framework and for connected purposes.

Results

The results of the Fund for the year ended June 30, 2023 are set out on pages 1 to 6 of this Financial statements

Trustees

The members of the Board of Trustees who served during the year are shown on page iv. There were on changes in the Board during the financial year.

Auditors

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

By Order of the Board



.....

Fund Administration Committee

Date:

15/12/2023

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Public Finance Management Act (No. 18 of 2012) COUNTY CLIMATE CHANGE FUND) REGULATIONS, 2020 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

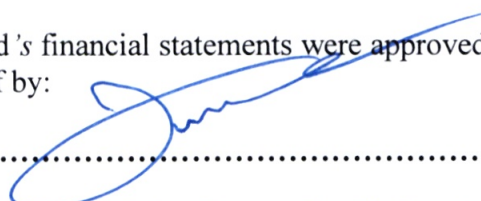
The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *(quote the applicable legislation establishing the County Public Fund)*. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2023, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 1st September 2023 and signed on its behalf by:

.....


Administrator of the County Public Fund

REPUBLIC OF KENYA

Phone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON EMBU COUNTY CLIMATE CHANGE FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Embu County Climate Change Fund set out on pages 1 to 39, which comprise of the statement of financial position as

Report of the Auditor-General on Embu County Climate Change Fund for the year ended 30 June, 2023

at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Embu County Climate Change Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Public Finance Management (Embu County Climate Change Fund) Regulations, 2020.

Basis for Qualified Opinion

Inaccuracies in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects a final income and expenditure budgets of Kshs.53,000,000 each. Review of the Embu County Supplementary Appropriation (No.2) Act, 2023 revealed that the County Assembly of Embu appropriated Kshs.11,000,000 for recurrent expenditure, being general administration and field administration services. Further, Kshs.53,000,000 was appropriated for purchase of cook stoves/solar equipment, climate change empowerment programmes and water borehole drilling equipment. Thus, total budget as per the Appropriation Act was Kshs.64,000,000. The statement of comparison of budget and actual amounts is therefore understated by Kshs.11,000,000.

In addition, review of the Fund's bank statements revealed that the Fund received a total of Kshs.63,373,800 during the financial year ended 30 June, 2023.

In the circumstances, the accuracy and completeness of the statement comparison of budget and actual amounts could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.53,000,000 and Kshs.9,097,100 respectively resulting to under-expenditure of Kshs.43,902,900 or 83% of the budget. Further, the statement reflects actual receipts and expenditure of Kshs.53,000,000 and 9,097,100 respectively resulting to underperformance of Kshs.43,902,900.

The under-performance affected the implementation of the planned activities and programs and may have impacted negatively on service delivery to the public.

My opinion is however, not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delayed Implementation of the Projects

During the year under review, the Fund approved development budget was Kshs.53,000,000. Included in the budget was Kshs.17,000,000 for the purchase of cook stoves/solar equipment for several wards within the county, Kshs.32,000,000 for procurement of water borehole drilling equipment and Kshs.4,000,000 for climate change empowerment programmes. However, at the time of audit in the month of November, 2023, Management had not procured the water borehole drilling equipment. Further, only Kshs.9,546,006 was utilized for the purchase of cook stoves. Thus implementation of the projects was delayed. Further, project implementation status report for each ward within the county was not provided contrary to provision of the schedule form C of the Public Finance Management (Embu County Climate Change Fund) Regulations, 2020.

The Steering Committee minutes approving the budget for the financial year ending 30 June, 2023 were not provided contrary to Regulation 19(b)(c) of the Public Finance Management (Embu County Climate Change Fund) Regulations, 2020 which states that the Steering Committee approve estimates of revenue and expenditure of the Fund for each financial year and approves the annual budget.

There was also no evidence that the budget process was conducted at the ward level as stipulated in Regulation 13(g) of the Public Finance Management (Embu County Climate Change Fund) Regulations, 2020. The regulation requires the Ward Planning Committee to prepare the budget at the ward level.

In the circumstances, Management was in breach of law.

2. Failure to Open and Operate Bank Accounts for Ward Planning Committees

The Management did not open bank accounts for Ward Planning Committees contrary to Regulation 33(1) of the Public Finance Management (Embu County Climate Change Fund) Regulations, 2020 which states that each Ward Planning Committee shall open two bank accounts, one for operating expenses and the other for project funds.

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

3. Failure to Establish Steering and Ward Committees

The Management did not provide evidence to confirm establishment of the Fund's steering committee as stipulated in Regulation 8(1) of the Public Finance Management (Embu County Climate Change Fund) Regulations, 2020. The missing evidence includes appointment letters, signed attendance registers and committee minutes. Further, the Management did not provide Ward Planning Committee appointment letters as envisaged in Regulation 12(1) of the Public Finance Management (Embu County Climate Change Fund) Regulations, 2020.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 complies, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis of 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report.

However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 January, 2024

Embu County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2023.

14. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	FY 2022/2023
		Kshs
Revenue From Non-Exchange Transactions		
Public Contributions and Donations	1	0
Transfers From the County Government	2	53,000,000
Fines, Penalties and Other Levies	3	0
		53,000,000
Revenue From Exchange Transactions		
Interest Income	4	0
Other Income	5	0
		0
Total Revenue		53,000,000
Expenses		
Employee Costs	6	0
Use of goods and services	7	9,093,480
Depreciation and Amortization Expense	8	0
Finance Costs	9	3,620
Total Expenses		9,097,100
Other Gains/Losses		
Gain/Loss on Disposal of Assets	10	0
Gain /Loss on fair value of investments	11	0
Surplus/(Deficit) for the Period		43,902,900

(The notes set out on pages 19 to 33 form an integral part of these Financial Statements)

.....
Name: **Sammy M. Gakobo**
Administrator of the Fund

.....
Name: **John Kariuki Ireri**
Fund Accountant
ICPAK Member Number: 18766

13. Report of the Independent Auditor on the Financial Statements for Fund


Embu County Climate Change Fund**Annual Report and Financial Statements for the year ended June 30, 2023.****15. Statement of Financial Position as at 30 June 2023.**

Description	Note	FY 2022/2023
		Kshs
Assets		
Current Assets		
Cash and Cash Equivalents	12	43,902,900
Current Portion of Long- Term Receivables From Exchange Transactions	13	0
Prepayments	14	0
Inventories	15	0
Investments in financial assets	16	0
Total current assets		43,902,900
Non-Current Assets		
Property, Plant and Equipment	17	0
Intangible Assets	18	0
Long Term Receivables from Exchange Transactions	13	0
Investment Property	19	0
Total non- current assets		0
Total Assets		43,902,900
Liabilities		
Current Liabilities		
Trade and Other Payables from Exchange Transactions	20	0
Current Portion of Borrowings	21	0
Employee Benefit Obligations	22	0
Social benefit liabilities	23	0
Total current liabilities		0
Non-Current Liabilities		
Long Term Portion of Borrowings	21	0
Non-Current Employee Benefit Obligation	22	0
Social benefit liabilities	23	0
Total Liabilities		0

Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.

Description	Note	FY 2022/2023
		Kshs
Net Assets		
Revolving Fund		0
Reserves		43,902,900
Accumulated Surplus		0
Total Net Assets and Liabilities		43,902,900

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 1st September 2023 and signed by:



.....
Name: Sammy M. Gakobo
Administrator of the Fund



.....
Name: John Kariuki Ileri
Fund Accountant
ICPAK Member Number: 18766

Embu County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2023.

16. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	-	-	-	-
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	-	-	-	-
Balance As At 1 July 2022	-	-	-	0
Surplus/(Deficit) For the Period	-	-	43,902,900	43,902,900
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	-	-	43,902,900	43,902,900

(Provide details on the nature and purpose of reserves)

Embu County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2023.

17. Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	FY 2022/2023
		Kshs
Cash flows from operating activities		
Receipts		
Public contributions and donations		0
Transfers from the county government		53,000,000
Interest received		0
Receipts from other operating activities		0
Total receipts		53,000,000
Payments		
Use of goods and services		9,093,480
General expenses		0
Finance cost		3,620
Total payments		9,097,100
Net cash flows from operating activities		43,902,900
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets		0
Proceeds from sale of property, plant & equipment		0
Proceeds from loan principal repayments		0
Loan disbursements paid out		0
Net cash flows used in investing activities		0
Cash flows from financing activities		
Proceeds from revolving fund receipts		0
Additional borrowings		0
Repayment of borrowings		0
Net cash flows used in financing activities		0
Net increase/(decrease) in cash & cash equivalents		43,902,900
Cash and cash equivalents at 1 July		0
Cash and cash equivalents at 30 June		43,902,900

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

**Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.**

18. Statement of Comparison of Budget and Actual Amounts for the Period

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	B	C=(a+b)	D	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.	53,000,000	-	53,000,000	53,000,000	-	
Interest Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
Total Income	53,000,000		53,000,000	53,000,000	-	
Expenses						
Use of goods and services	52,990,000	-	52,990,000	9,093,480	43,896,520	17%
General Expenses	0	-	0	0	-	
Finance Cost	10,000	-	10,000	3,620	6,380	36%
Total Expenditure	53,000,000		53,000,000	9,097,100	43,902,900	17%
Surplus For the Period	0	-	0	43,902,900	-	
Capital expenditure	-	-	-	-	-	

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

19. Notes to the Financial Statements

1. General Information

Embu County Climate Fund is established by and derives its authority and accountability from Public Finance Management Act (No. 18 of 2012) COUNTY CLIMATE CHANGE FUND) REGULATIONS, 2020. The Fund is wholly owned by the County Government of Embu and is domiciled in Kenya.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

**Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

**Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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

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

Standard	Effective date and impact
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

**Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

(iii) Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 20xx was approved by the County Assembly on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of xxxxx on the FY 20xx budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

d) 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.

e) Investment property

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

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

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

i) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

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

Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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.

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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

**Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6. Notes to the Financial Statements

1. Public contributions and donations

Description	FY 2022/2023
	Kshs
Donation From Development Partners	0
Contributions From The Public	0
Total	0

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	FY 2022/2023
	Kshs
Transfers From County Govt. –Operations	53,000,000
Payments By County On Behalf Of The Entity	0
Unconditional Development grants	0
Total	53,000,000

3. Fines, penalties and other levies

Description	FY 2022/2023
	Kshs
Late Payment Penalties	0
Fines	0
Total	0

(Provide brief explanation for this revenue)

4. Interest income

Description	FY 2022/2023
	Kshs
Interest Income from Mortgage Loans	0
Interest Income From Car Loans	0
Interest Income From Investments in financial assets	0
Interest Income On Bank Deposits	0
Total Interest Income	0

(Provide brief explanation for this revenue)

Embu County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

5. Other income

Description	FY 2022/2023
	Kshs
Insurance Recoveries	0
Income from Sale of Tender Documents	0
Bad debts recovered	0
Miscellaneous Income	0
Total Other Income	0

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).

6. Employee Costs

Description	FY 2022/2023
	Kshs
Salaries And Wages	0
Staff Gratuity	0
Staff Training Expenses	0
Social Security Contribution	0
Other <i>(Specify)</i>	0
Total	0

7. Use of Goods and Services

Description	FY 2022/2023
	Kshs.
General Office Expenses	179,000
Loan Processing Costs	0
Professional Services Costs	0
Administration Fees	8,532,180
Committee Allowances	327,700
Bank Charges	0
Electricity And Water Expenses	0
Fuel And Oil Costs	0
Insurance Costs	0
Postage And Courier	0

Embu County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Description	FY 2022/2023
	Kshs.
Printing And Stationery	54,600
Rental Costs	0
Security Costs	0
Telephone And Communication Expenses	0
Bank Charges	0
Audit Fees	0
Provision For Doubtful Debts	0
Other (<i>Specify</i>)	0
Social benefit expenses*	0
Total	9,093,480

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

8. Depreciation and Amortization Expense

Description	FY 2022/2023
	Kshs.
Property Plant and Equipment	0
Intangible Assets	0
Total	0

9. Finance costs

Description	FY 2022/2023
	Kshs
Bank charges	2,420
Cheque book	1,200
Total	3,620

10. Gain/(loss) on disposal of assets

Description	FY 2022/2023
	Kshs
Property, Plant and Equipment	0
Intangible Assets	0
Total	0

Embu County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

11. Gain/ (loss) on Fair Value Investments

Description	FY 2022/2023
	Kshs
Investments at Fair Value- Equity investments	0
Fair value – Investment property	0
Fair value- other financial assets (specify)	0
Total Gain	0

12. Cash and cash equivalents

Description	FY 2022/2023
	Kshs
Car Loan Account	0
County Mortgage Account	0
Fixed Deposits Account	0
On – Call Deposits	0
Current Account	43,902,900
Others (<i>Specify</i>)	0
Total Cash And Cash Equivalentents	43,902,900

Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY 2022/2023
		Kshs
a) Fixed Deposits Account		
Sub- Total		
b) On - Call Deposits		
Sub- Total		
c) Current Account		
Family Bank	07500051996	43,902,900
Bank B		0
Sub- Total		43,902,900
d) Others(Specify)		0
Cash In Transit		0
Cash In Hand		0
Sub- Total		0
Grand Total		43,902,900

13. Receivables from exchange transactions

Description	FY 2022/2023
	Kshs
Current Receivables	
Interest Receivable	0
Current Loan Repayments Due	0
Other Exchange Debtors	0
Less: Impairment Allowance	0
Total Current Receivables	
Non-Current Receivables	
Long Term Loan Repayments Due	0
Total Non- Current Receivables	0
Total Receivables From Exchange Transactions	0

Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY 2022/2023
	Kshs
Interest Receivable	
Interest receivable from current portion of long-term loans of previous years	0
Accrued interest receivable from of long-term loans of previous years	0
Interest receivable from current portion of long-term loans issued in the current year	0
Current loan repayments due	
Current portion of long-term loans from previous years	0
Accrued principal from long-terms loans from previous periods	0
Current portion of long-term loans issued in the current year	0

14. Prepayments

Description	FY 2022/2023
	Kshs
Prepaid Rent	0
Prepaid Insurance	0
Prepaid Electricity Costs	0
Other Prepayments (<i>Specify</i>)	0
Total	0

15. Inventories

Description	FY 2022/2023
	Kshs
Consumable Stores	0
Spare Parts And Meters	0
Catering	0
Other Inventories (<i>Specify</i>)	0
Total Inventories at The Lower of Cost and Net Realizable Value	0

Embu County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	FY 2022/2023
	Kshs
a. Investment in Treasury bills and bonds	
Financial institution	
CBK	0
CBK	0
Sub- total	0
b. Investment with Financial Institutions/ Banks	
Bank	0
Bank	0
Sub- total	0
c. Equity investments (specify)	
Equity/ shares in Entity	0
Sub- total	0
Grand total	0

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Movement of Equity Investments

Impairment allowance/ provision	FY 2022/2023
	Kshs
At the beginning of the year	0
Purchase of investments in the year	0
Sale of investments during the year	0
Gain/(loss) in fair value of investments through surplus or deficit	0
At the end of the year	0

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Current year	Prior year
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
	0	0	0	0	0	0

Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
Net Book Values					
At 30th June 2022	-	-	-	-	-
At 30th June 2023	-	-	-	-	-

Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

18. Intangible assets

Description	FY 2022/2023
	Kshs
Cost	
At Beginning of The Year	0
Additions	0
At End of The Year	0
Amortization And Impairment	
At Beginning of The Year	0
Amortization	0
At End of The Year	0
Impairment Loss	0
At End of The Year	0
NBV	0

19. Investment Property

Description	FY 2022/2023
	Kshs
At beginning of the year	0
Additions	0
Disposal during the year	0
Depreciation	0
Impairment	0
Gain/(loss) in fair value (if fair value is elected)	0
At end of the year	0

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Notes to the Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	FY 2022/2023	
	Kshs	
Trade Payables	0	
Refundable Deposits	0	
Accrued Expenses	0	
Other Payables	0	
Total Trade and Other Payables	0	
Ageing analysis (Trade and other payables)		
	FY 2022/2023	% of the Total
Under one year	0	%
1-2 years	0	%
2-3 years	0	%
Over 3 years	0	%
Total (tie to above total)	0	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance at the Beginning of the Year	0	0	0	0
Additional Provisions	0	0	0	0
Provision Utilised	0	0	0	0
Change Due To Discount And Time Value For Money	0	0	0	0
Transfers From Non -Current Provisions	0	0	0	0
Balance at the End of the Year	0	0	0	0

Notes to the Financial Statements (Continued)

22. Borrowings

Description	FY 2022/2023
	Kshs
Balance At Beginning of The Period	0
External Borrowings During the Year	0
Domestic Borrowings During the Year	0
Repayments Of External Borrowings During the Period	0
Repayments Of Domestic Borrowings During the Period	0
Balance at End of the Period	0

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

Description	FY 2022/2023
	Kshs
External Borrowings	
Dollar Denominated Loan From 'X Organization'	0
Sterling Pound Denominated Loan From 'Y Organization'	0
Euro Denominated Loan from Z Organization'	0
Domestic Borrowings	
Kenya Shilling Loan From KCB	0
Kenya Shilling Loan from Barclays Bank	0
Kenya Shilling Loan from Consolidated Bank	0
Borrowings From Other Government Institutions	0
Total Balance at End of the Year	0

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

Description	FY 2022/2023
	Kshs
Short Term Borrowings (Current Portion)	0
Long Term Borrowings	0
Total	0

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

Notes to the Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	FY 2022/2023
	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0
Total	0	0	0	0

24. Social Benefit Liabilities

Description	FY 2022/2023
	Kshs
Health social benefit scheme	0
Unemployment social benefit scheme	0
Orphaned and vulnerable benefit scheme	0
Elderly social benefit scheme	0
Bursary social benefits	0
Total	0
Current social benefits	0
Non- current social benefits	0
Total (tie to totals above)	0

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

Embu County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

25. Cash generated from operations

Description	FY 2022/2023
	Kshs
Surplus/ (Deficit) For the Year Before Tax	0
Adjusted For:	
Depreciation	0
Amortisation	0
Gains/ Losses On Disposal Of Assets	0
Interest Income	0
Finance Cost	0
Working Capital Adjustments	
Increase In Inventory	0
Increase In Receivables	0
Increase In Payables	0
Net Cash Flow From Operating Activities	0

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

Notes to the Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	FY 2022/2023
	Kshs
Transfers From Related Parties'/ County Govt. of Embu	53,000,000
Transfers To Related Parties	0
Total	53,000,000

c) Key management remuneration

Description	FY 2022/2023
	Kshs
Board Of Trustees	0
Key Management Compensation	0
Total	0

d) Due from related parties

Description	FY 2022/2023
	Kshs
Due From Parent Ministry/National Treasury	11,000,000
Due From County Government	0
Total	11,000,000

Other Disclosures Continued

e) Due to related parties

Description	FY 2022/2023
	Kshs
Due To Parent Ministry	0
Due To County Government	0
Due To Key Management Personnel	0
Total	0

27. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2022/2023
	Kshs
Court Case Against the Fund	0
Bank Guarantees	0
Total	0

(Give details)

Notes to the Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0
At 30 June 2021				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0

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

Notes to the Financial Statements (Continued)

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (Current FY)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June (Comparative FY)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

Notes to the Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

Description	Other currencies		Total
	Kshs	Kshs	Kshs
At 30 June (Current FY)			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	0	0
USD	10%	0	0
(Comparative FY)			
Euro	10%	0	0
USD	10%	0	0

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

Notes to the Financial Statements (Continued)

d) Capital risk management.

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

Description	FY 2022/2023
	Kshs
Revaluation reserve	0
Revolving fund	0
Accumulated surplus	0
Total funds	0
Total borrowings	0
Less: cash and bank balances	0
Net debt/(excess cash and cash equivalents)	0
Gearing	%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

Embu County Climate Fund is established by and derives its authority and accountability from Public Finance Management Act (No. 18 of 2012) COUNTY CLIMATE CHANGE FUND) REGULATIONS,2020. The Fund is wholly owned by the County Government of Embu and is domiciled in Kenya. The fund's objective is to provide funding for climate change activities identified in the County Climate Change Action Plan and County Climate Finance Framework and for connected purposes.

The Fund's principal activity is to provide funding for climate change activities.

31. Currency

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

20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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

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

Date.....

**Embu County Climate Fund
Annual Report and Financial Statements for the year ended June 30, 2023.**

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

[Insert name of beneficiary Fund]


[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Embu County Climate Fund as at 30 th June 2023.							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2023				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	24/3/2023	12,000,000	10,000,000	-	22,000,000	22,000,000	
	13/4/2023	-	31,000,000		31,000,000	31,000,000	
Total							

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

Head of Accountants department of beneficiary Fund:

Name ... John Kariuki..... Sign .....Date04/12/2023.....

Embu County Climate Fund

Annual Report and Financial Statements for the year ended June 30, 2023.

Annex III: Reporting of Climate Relevant Expenditures

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



Embu County Climate Fund

Annual Report and Financial Statements for the year ended June 30, 2023.

Annex IV: Reporting on Disaster Management Expenditure

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

