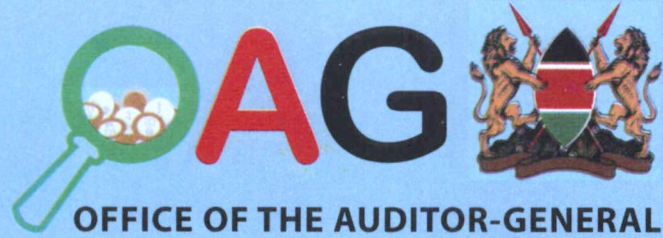


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

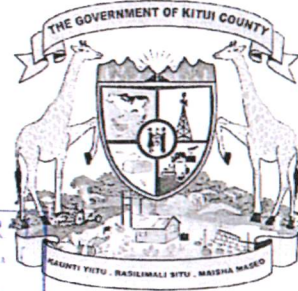
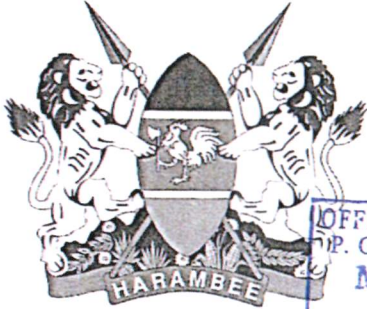
ON

**KITUI COUNTY CLIMATE
CHANGE FUND**

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

PAPERS LAID	
DATE	19/2/24
TABLED BY	Sen. Ledama
COMMITTEE	
CLERK AT THE TABLE	Mary

Revised 30th June 2024



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30044, 80100, NAIROBI
MACHAKOS HUB.
06 MAR 2025
RECEIVED

KITUI COUNTY CLIMATE CHANGE FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR FIFTEEN (15) MONTHS PERIOD ENDED
JUNE 30, 2024

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

Verified
PA #Si
06/03/2025

Verified
DDA Ayjo
06/3/2025

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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
PCRA	Participatory Climate Risk Assessment
FLLoCA	Financing Locally-Led Climate Action Program
KCCCF	Kitui County Climate Change Fund
CCIS	County Climate Institutional Support
CCRI	County Climate Resilience Investment
KCCCU	Kitui County Climate Change Unit
CECM	County Executive Committee Member
WCCPT	Ward Climate Change Planning Team
NEMA	National Environmental Management Authority
NDMA	National Drought Management Authority
KEFRI	Kenya Forestry Research Institute
KMET	Kenya Meteorological Department
PWD	Persons With Disability
ADS-E	Anglican Development Services- Eastern
CSO	Civil Society Organization
TNT&P	The National Treasury and Planning

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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2. Key Entity Information and Management

a) Background information

Kitui County Climate Change Fund is established by and derives its authority and accountability from Kitui County Climate Change Fund Regulations, 2018. The regulations are cited as The Public Finance Management No. 18 of 2012 (Kitui County Climate Change Fund) Regulations, 2018 – through a legal notice No.2 Kenya Gazette Supplement No. 5 17th May, 2018. The Fund is wholly owned by the County Government of Kitui and is domiciled in Kenya.

The Purpose of the Fund;

- (a) Finance climate change resilience and its assessment
- b) Finance implementation of approved climate change projects
- c) Finance monitoring and evaluation exercises including documentation, photography, and video recording of climate change projects
- d) For administrative costs
- e) Capacity building activities at county, national and international level
- f) Fund integration and mainstreaming climate change programs actions, interventions and duties as identified in the Kitui County Integrated Development Plan, Climate Change Act, 2016, National Climate Change Action Plan, and for connected purposes

b. Principal Activities

The principal activity of the fund is;

- (a) To source funds to finance participatory climate risk assessments and climate resilience investments

c. Fund Technical Committee




Name	Position
David Soi Masai	Chief Officer – Environment, Climate Change and Forestry Fund Administrator
John Makau	Chief Officer - Finance
Jonathan Kyambi	Chief Officer - Livestock
Nathan Vungo	Chief Officer – Water
Nelly Kavuu	Chief Officer – Agriculture (Nelly Kavuu ceased to be county employee in the Q1 2024/2025 FY)

Kitui County Climate Change Fund

Annual Report and Financial Statements for 15 months period ended June 30, 2024

	A new Chief Officer is in place awaiting appointment by CECM-Climate Change as per KCCCCF Regulations, 2018
Enoch Ngumi	Ward climate change planning teams representative
Lydia Muithya	Director - ADS-E
Florence Ndeti	Director - Caritas
Julius Mwanzia	PWD representative
Jemimah Gedion	Women representative
Dorcas Mumbe	Youth representative
Joel Mutiso	Ag. A/Director - NDMA
Catherine Adunga	Director - NEMA
Robert Luvada	Regional Director - KEFRI
Daniel Mbithi	Director - KMET

d. Key Management Team

Name	Details of qualifications and experience
	<p>David Soi Masai ID: 24178819 University Level MSC Climate Change ongoing 12 years' work experience Chief Officer –Climate Change</p>
	<p>Jennifer Mwia Musembi ID: 21147370 University Level CPA 10 years' work experience Fund Accountant</p>
	<p>Jackson Mwendwa Paul ID: 27348084 University Level Environmental Monitoring, Planning & Management 8 years' work experience CCU Desk Officer.</p>
<p><i>Note: The Fund Administrator will feature under both the 'Board' and 'Management'.</i></p>	

**Kitui County Climate Change Fund
Annual Report and Financial Statements for 15 months period ended June 30, 2024**

e. Fiduciary Oversight Arrangements

SN	Position	Name
1	Kitui County Assembly	Clerk
2	Office of the Auditor General	Auditor General
3	National Treasury	PS
4	Kitui County Climate Change Steering Committee	Chairperson
5	Office of Controller of Budget	Controller of Budget
6	Director Internal Audit	Director
7	Commissioner of revenue allocation	Commission
8	Senate	Senate

f. Registered Offices

Kitui County Climate Change Fund Office
Tanathi Water Works Development Agency
Ground Floor
P.O Box 33 - 90200
Kitui, KENYA

g. Fund Contacts

Telephone: 0702615888/0702615444
Contact (0727736498)
Email: environment@kitui.go.ke
Website: www.kiuti.go.ke

h. Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200, Nairobi, Kenya
2. Kenya Commercial Bank
Kitui Branch

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

**Kitui County Climate Change Fund
Annual Report and Financial Statements for 15 months period ended June 30, 2024**

3. Fund Technical Committee




Name	Details of qualifications and experience
David Soi Masai	Chief Officer – Environment, Climate Change and Forestry Fund Administrator University level 12 year’s work experience
John Makau	Chief Officer – Finance University level 15 year’s work experience
Jonathan Kyambi	Chief Officer – Livestock University level 17 year’s work experience
Nathan Vungo	Chief Officer – Water University level 12 year’s work experience
Nelly Kavuu	Chief Officer – Agriculture University level 10 year’s work experience
Enoch Ngumi	Ward climate change planning teams representative Diploma level 20 year’s work experience
Lydia Muithya	Director - ADS-E University level 15 year’s work experience
Florence Ndeti	Director - Caritas University level 10 year’s work experience
Julius Mwanzia	PWD representative O level 5 year’s work experience
Jemimah Gedion	Women representative Diploma level 10 year’s work experience
Dorcas Mumbe	Youth representative University level 5 year’s work experience
Joel Mutiso	Ag. A/Director – NDMA University level 10 year’s work experience

ANNEX 1

Catherine Adunga	Director – NEMA University level 12 year’s work experience
Robert Luvada	Regional Director - KEFRI University level 13 year’s work experience
Daniel Mbithi	Director – KMET University level 10 year’s work experience

Kitui County Climate Change Fund
Annual Report and Financial Statements for 15 months period ended June 30, 2024

4. Management Team

Name	Details of qualifications and experience
	<p>Richard J. Mwendandu ID: 6420199 University Level 20 years' work experience County Executive Committee Member – Energy, Environment, Climate Change, Forestry, Natural & Mineral Resources</p>
	<p>David Soi Masai ID: 24178819 University Level MSC Climate Change ongoing 12 years' work experience Chief Officer/Fund Administrator – Climate Change</p>
	<p>Fredrick Peter Kimwilu ID: 22938291 University Level MSC Climate Change 15 years' work experience Director – Environment and Climate Change</p>

5. Board/Fund Chairperson's Report

Cumulatively the Fund has received a total of Kshs. 279,819,764 since its establishment through the Financing Locally-Led Climate Action (FLLoCA) Program. The funds include County Climate Institutional Support (CCIS) grants for 2022/2023 to 2023/2024 financial years amounting to Kshs. 22,000,000 and County Climate Resilience Investment (CCRI) grant for 2023/2024 financial year amounting to Kshs. 205,807,064. The resilience investment grant was conditionally matched with Kshs. 52,012,700 which was 1.5% of the total county development budget excluding donations and grants.

The 2022/2023 and 2023/2024 FYs CCIS grants were utilized to establish planning structures at the county and ward levels, conduct participatory climate risk assessments (PCRA) at ward levels, establishment and operationalization of Kitui County Climate Change Unit (KCCCU), and identification of climate actions at ward levels. KCCCU is the implementing unit of the conditional grants within the CCCF, and it was among the conditions given by the funding entities through The National Treasury and Economic Planning. The implementation of the FLLoCA program is strictly on eligible activities, which must be screened for Environmental and Social Impact Assessments prior the implementations. Therefore, the KCCCU has been implementing the actions following the Program Operations Manual and Grant manual while adhering to the eligibility and the major sectors that are targeted; water, agriculture/livestock, and environment. The Fund has facilitated implementation of key climate actions that were identified and prioritized by the community through a participatory and locally led process. The Fund is highly beneficial to the community's resilience building through climate actions at the community levels. It is recommendable to sustain the Fund and mobilize resources that will be specifically directed towards building community resilience.

Name Richard Mwendanchu Signature [Handwritten Signature] Date 24/2/25

Chairperson of the Board/Fund

6. Report of The Fund Administrator

Cumulatively the Fund has received a total of Kshs. 279,819,764 since its establishment through the Financing Locally-Led Climate Action (FLLoCA) Program. The funds include County Climate Institutional Support (CCIS) grants for 2022/2023 to 2023/2024 financial years amounting to Kshs. 22,000,000 and County Climate Resilience Investment (CCRI) grant for 2023/2024 financial year amounting to Kshs. 205,807,064. The resilience investment grant was conditionally matched with Kshs. 52,012,700 which was 1.5% of the total county development budget excluding donations and grants.

The 2022/2023 and 2023/2024 FYs CCIS grants were utilized to establish planning structures at the county and ward levels, conduct participatory climate risk assessments (PCRA) at ward levels, establishment and operationalization of Kitui County Climate Change Unit (KCCCU), and identification of climate actions at ward levels. KCCCU is the implementing unit of the conditional grants within the CCCF, and it was among the conditions given by the funding entities through The National Treasury and Economic Planning.

It is worth noting that the CCRI was disbursed in Q4 2023/2024 and approximately 40% was utilized in climate investments during that Q4. The implementation of the FLLoCA program is strictly on eligible activities, which must be screened for Environmental and Social Impact Assessments prior the implementations. Therefore, the KCCCU has been implementing the actions following the Program Operations Manual and Grant manual while adhering to the eligibility and the major sectors that are targeted; water, agriculture/livestock, and environment.

For the past 2 years, the Fund has significantly enhanced establishment of climate change planning structures at county and ward levels. For instance, it has facilitated formation and operationalization of Kitui County Climate Change Technical Committee, Kitui County Climate Change Unit, and the ward climate change planning teams. Additionally, the Fund has facilitated implementation of key climate actions that were identified and prioritized by the community through a participatory and locally led process.

Thus, the Fund is highly beneficial to the community's resilience building through climate actions at the community levels. It is recommendable to sustain the Fund and mobilize resources that will be specifically directed towards building community resilience.

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

Introduction

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

The key development objectives of the Fund for 2018 to 2028 are to:

- a) Finance climate change resilience and its assessment
- b) Finance implementation of approved climate change projects
- c) Finance monitoring and evaluation exercises
- d) Capacity building activities at ward, county, national and international level
- e) Fund integration and mainstreaming climate change programs actions and interventions

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

County Climate Institutional Support Progress Report 2023/2024 FY								
S/No.	Name of Activity	Sub Activity	Output Indicator	Target as per the Work plan	Quarterly Achievement			
					Q1	Q2	Q3	Q4
1.	Operationalization of Kitui County Climate Change Office	Procurement of electronic equipment, tools and accessories	No. of equipment, tools and accessories	9		9		
2.	Capacity building/Consultative meetings	Sensitization on PCRA and CCAP enhancement	No. workshops	1	1			
		Enhancement of PCRA and CCCAP reports	No. of reports enhanced	2		2		
		SEKEB consultative summit on climate change projects joint implementation plan	No. of summits	1		1		

Kitui County Climate Change Fund

Annual Report and Financial Statements for 15 months period ended June 30, 2024

		Environmental and social safeguards training	No. of trainings	1		1		
		Training CCCU accountant	No. of workshops and data uploaded in kobo tool box	1	1			
		CCU meeting	No. of meetings	1		1		
3.	Reconstitution/Constitution of Kitui County Ward Climate Change Planning Teams	Selection of representatives, vetting and appointment of the teams	No. of fully and functional teams	10	10			
	Reconstitution/Constitution of Kitui County Ward Climate Change Planning Teams	Selection of representatives, vetting and appointment of the teams	No. of fully and functional teams	10		9		
	Reconstitution/Constitution of Kitui County Ward Climate Change Planning Teams	Selection of representatives, vetting and appointment of the teams	No. of fully and functional teams	10		10		
	Reconstitution/Constitution of Kitui County Ward Climate Change Planning Teams	Selection of representatives, vetting and appointment of the teams	No. of fully and functional teams	4		4		
	Reconstitution/Constitution of Kitui County Ward Climate Change Planning Teams	Selection of representatives, vetting and appointment of the teams	No. of fully and functional teams	4		4		
	Reconstitution/Constitution of Kitui County Ward Climate Change Planning Teams	Appointment of WCCPTs, establishment of filing system at ward levels	No. of WCCPTs appointed and files established	40		40		
4.	Establishment of FLLoCA Program GRM	Establish FLLoCA GRM committee	No. of committees established	1		1		

		Develop GRM tools workshop (GRM templates, social risk assessment tool and environmental risk assessment tool)	No. of meetings held	3		3		
5.	Project identification for CCRI in 40 wards	WCCPTs to identify projects and draw tentative proposals	No. of wards covered	13		13		
		WCCPTs to identify projects and draw tentative proposals	No. of projects identified and proposals developed	13		13		
		WCCPTs to identify projects and draw tentative proposals	No. of projects identified and proposals developed	14		14		
6.	Convene climate change planning committee	Convene technical committee for consideration and recommendation	No. of committee meetings held for validation of projects	1		1		
		Sensitization to WCCPT and community	Environment, climate change & forestry	No. of WCCPT engaged	26		3	
	Monitoring and evaluation	Monitoring WCCPT constitution and reconstitution process	No. of activities monitored	2		1		
		Monitoring climate change projects identification process	No. of activities monitored	2		1		

County Climate Resilience Investment Progress Report 2023/2024 FY				
S/r	Program/project	No. of Beneficiaries	Project Status (on track, off track, stalled, completed, terminated)	Remarks
1.	Tree seedlings	1,000	Completed	Completed
2.	Restoration species suited for fodder production	1000	Completed	Completed
3.	Landscape restoration materials for a mountain ecosystems	1000	Completed	Completed
4.	Supply of certified seeds for pasture development in 10 wards	400	Completed	Completed
5.	Supply of beehives to farmers	250	Completed	Completed
6.	Supply of fuel and lubricants		Completed	Completed
7.	Supply of fuel and lubricants		Completed	Completed
8.	Supply of seed balls for ecosystem restoration	1000	Completed	Completed
9.	Supply of restoration material for a woodland ecosystems		Completed	Completed
10.	Supply of pasture development seeds/Roots splits for agro ecological zones	400	Completed	Completed
11.	Supply of designs and printing services for FLLoCA Grievancies and Redress Mechanism register booklets	440	Completed	Completed

12.	Supply of customer care line (Platinum line)	440	Completed	Completed
13.	Supply of pasture development seeds/Roots splits for agro ecological zones	400	Completed	Completed
14.	Supply of seed balls for pasture improvement	400	Completed	Completed
15.	Supply of Climate Change Unit office supplies	12	Completed	Completed
16.	Supply of certified pasture development seeds/roots splits	400	Completed	Completed
17.	Supply of landscape restoration materials for apiculture	200	Completed	Completed
18.	Supply of certified pasture development seeds/roots splits for hilly and mountain areas	400	Completed	Completed
19.	Supply of beehives	250	Completed	Completed
20.	Procurement of ecosystem restoration materials	1000	Completed	Completed
21.	Supply of restoration species suited for ecosystems producing gums and resins		Completed	Completed
22.	Identification of pasture groups for pasture development support	510	Completed	Completed
23.	Capacity building pasture groups on pasture development	610	Completed	Completed
24.	Pasture farmers capacity building on pasture development	305	Completed	Completed
25.	Livestock farmers sensitization of sustainable	610	Completed	Completed

**Kitui County Climate Change Fund
Annual Report and Financial Statements for 15 months period ended June 30, 2024**

	production and extension services			
26.	Livestock farmer groups capacity building on livestock production and extension services	510	Completed	Completed
27.	Apiculture groups identification for apiculture development and support	305	Completed	Completed
28.	Apiculture groups capacity building on apiculture development	305	Completed	Completed
29.	Community sensitization on ecosystem management through apiculture development	305	Completed	Completed
30.	10 Ward climate change planning teams capacity building on CCF mechanism and governance	110	Completed	Completed
31.	10 Ward climate change planning teams capacity building on CCF mechanism and governance	110	Completed	Completed
32.	10 Ward climate change planning teams capacity building on CCF mechanism and governance	110	Completed	Completed
33.	Representatives of planning committee and CCU capacity building	10	Completed	Completed
34.	Community sensitization on	500	Completed	Completed

	ecosystem management			
35.	CCU consultative meeting with invited key stakeholders	15	Completed	Completed
36.	CCU consultative meeting with invited key stakeholders	20	Completed	Completed
37.	Feasibility study, survey, design and development of BoQs for ecosystem restoration projects (sand dams)	30	Completed	Completed
38.	community engagement on commencement of forestry management plans development	555	Completed	Completed
39.	community engagement on commencement of forestry management plans development	555	Completed	Completed
40.	community engagement on commencement of forestry management plans development	555	Completed	Completed
41.	community engagement on commencement of forestry management plans development	555	Completed	Completed
42.	community engagement on commencement of forestry management plans development	555	Completed	Completed
43.	sensitization and capacity building the community on mutitu water	200	Completed	Completed

Kitui County Climate Change Fund**Annual Report and Financial Statements for 15 months period ended June 30, 2024**

	catchment protection			
44.	sensitization and capacity building the community on mutitu water catchment protection	200	Completed	Completed
45.	climate change projects ESS screening	275	Completed	Completed
46.	M&E on apiculture development, pasture development and ecosystem restoration capacity building	320	Completed	Completed
47.	Establishment of ward level GRM committees	220	Completed	Completed
48.	community sensitization on GRM	300	Completed	Completed
49.	climate change projects ESS screening		Completed	Completed
50.	climate change projects ESS screening	220	Completed	Completed
51.	Establishment of ward level GRM committees	40	Completed	Completed


Challenges

During the period, the entity encountered the following challenges in implementing the planned activities;

1. Late disbursement of monies delayed timely implementation of activities and sub projects as planned
2. Conflict between provisions of Kitui County Climate Change Fund Regulations, 2018 and the conditions set out by the funding entities

Opportunities

1. The Fund has the potential to enhance capacity development and trainings to county officers and community
2. Due to a dedicated Fund for climate resilience, the communities are likely to benefit highly from locally-led actions that are tailored to their specific needs


24/02/2024
XX

8. Corporate Governance Statement

The Technical Committee

The technical committee recommended implementation of resilience projects following a meeting held on 23rd November, 2023. The committee recommended implementation of resilience projects

S/No.	Meeting Date	No. of Members Present	No. of Members Absent with Apology	Other key persons in attendance
1.	23 rd November, 2023	10	4	6

Succession Plan

There is no succession plan at the moment

Technical Committee Charter

There is no charter at the moment

Process of Technical Committee Appointment

Regulation 20(2) of Kitui County Climate Change Fund Regulations, 2018 states; “The members of the technical committee shall be appointed by the County Executive Committee Member for the time being responsible for Environment and Natural Resources”

Roles and Functions of Technical Committee

- i. Review, prioritize, and sequence projects and activities submitted by the teams based on approval criteria
- ii. Provide technical support to the team
- iii. Coordinate capacity building activities at ward and county levels
- iv. Review and evaluate project proposals received from the teams
- v. Oversee implementation of climate programs and projects

Induction and Training

Inauguration meeting was held on 23rd November, 2023

Conflict of interest

Regulation 22 of Kitui County Climate Change Fund Regulations states that “the technical committee meetings shall be held once in two months” “The quorum shall be not less than half of the members”

Technical Committee Remuneration

Kitui County Climate Change Fund
Annual Report and Financial Statements for 15 months period ended June 30, 2024

Regulation 23 of Kitui County Climate Change Fund Regulations, 2018 state; "The Technical committee shall be entitled to allowances as per the salaries and remuneration commission advisory"

Ethics and Conduct as well as Governance Audit

Regulation 44 of Kitui County Climate Change Fund Regulations, 2018 mandates the Fund Administrator to prepare and submit quarterly reports to the County Executive Committee Member for the time being responsible for County Treasury detailing the following;

- (a) Programs and projects funded by or in partnership with Fund;
- (b) Disbursements by each of the supporting financing partners as well as total amounts received;
- (c) Funding status showing monies disbursed for each of the projects by the ward and sub county; and a summary of climate change activities in the county.

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

Currently, the Fund has different sources of funding including donations, appropriations by county assembly, and endowments among others. The Fund administrator has been appointed to manage the fund, ensuring that the objective of the fund is met. However, the Fund has proposed amendments to have Kitui County Climate Change Unit included in the regulations, specifically for implementation of climate actions because it consists of technical officers from all climate sensitive sectors. This will not only ensure seamless implementation of climate actions but also consistency in planning and budgeting.

2. Environmental performance

There is no organization's environmental policy in place.

3. Employee welfare

Staff that are undertaking day-to-day operations of the Fund are employees of the County Government of Kitui hence the process of hiring of staff is managed by Kitui Public County Service. The County does not have an independent policy on Occupational Health and safety, but Occupational safety and Health Act of 2007 is the guiding law.

4. Market place practices

To have responsible Supply chain and supplier relations, the Fund maintains the highest standards of integrity and professionalism when handling the suppliers by complying both with the letter and spirit of the law applicable to the public procurement system.

5. CSR/Community Engagements

No charitable support was given during the year.

9. Management Discussion and Analysis

The Fund has been compliant with all statutory requirements. Within the reporting period, the Fund has been operational with most of the activities going to institutional arrangements. The Fund facilitated formation of management/planning structures at ward and county level, climate risk assessments, and climate actions identification.

Cumulatively the Fund has received a total of Kshs. 279,819,764 since its establishment through the Financing Locally-Led Climate Action (FLLoCA) Program. The funds include County Climate Institutional Support (CCIS) grants for 2022/2023 to 2023/2024 financial years amounting to Kshs. 22,000,000 and County Climate Resilience Investment (CCRI) grant for 2023/2024 financial year amounting to Kshs. 205,807,064. The resilience investment grant was conditionally matched with Kshs. 52,012,700 which was 1.5% of the Approved county development budget for FY 2023/2024 excluding donations and grants.

The 2022/2023 and 2023/2024 FYs CCIS grants were utilized to establish planning structures at the county and ward levels, conduct participatory climate risk assessments (PCRA) at ward levels, establishment and operationalization of Kitui County Climate Change Unit (KCCCU), and identification of climate actions at ward levels. KCCCU is the implementing unit of the conditional grants within the CCCF, and it was among the conditions given by the funding entities through The National Treasury and Economic Planning.

a. Entity's key projects or investments decision implemented or ongoing,

S/No.	Decision	Status
1.	Recommended implementation of climate actions	Ongoing
2.	Prioritize public participation in all stages of projects cycle	Ongoing

b. Fund's compliance with statutory requirements,

The Fund has been operating in full compliance with all statutory requirements.

c. Major risks facing the Fund, material arrears in statutory and other financial obligations

11. Report of The Technical Committee

The Technical Committee submit their report together with the audited financial statements for the 15 months period ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are

- a) Finance climate change resilience and its assessment
- b) Finance implementation of approved climate change projects
- c) Finance monitoring and evaluation exercises
- d) Capacity building activities at ward, county, national and international level
- e) Fund integration and mainstreaming climate change programs actions and interventions

Results

The results of the Fund for 15 months period ended June 30, 2024 are set out on page 1


Trustees

The members of the Technical Committee who served during the year are shown on page viii.

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 Committee

.....

.....
Chair of the Technical Committee

Date: ...24/02/2025.....

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Kitui County Climate Change Fund Regulations, 2018 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 15 months period ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kitui County Climate Change Fund Regulations, 2018. 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, 20xx, 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 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

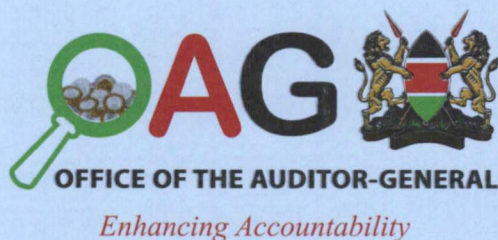
The Fund’s financial statements were approved by the Technical Committee on 24/02/2025 2024 and signed on its behalf by:

..........

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KITUI COUNTY CLIMATE CHANGE FUND FOR FIFTEEN (15) MONTHS PERIOD ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kitui County Climate Change Fund set out on pages 1 to 38, which comprise of the statement of financial position as

at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for fifteen (15) months period ended 30 June 2024 and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kitui County Climate Change Fund as at 30 June, 2024 and of its financial performance and its cash flows for fifteen (15) months period ended 30 June 2024, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kitui County Climate Change Fund, Regulations, 2018 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual receipts of Kshs.279,819,764 against actual expenditure of Kshs.88,581,291 resulting in underutilization of Kshs.191,238,473 or approximately 68% of the actual receipts. Management attributed the under absorption to delayed disbursement of funds.

The under-utilization may affect the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter

Key Audit Matters

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

Other Information

Management is responsible for the other information set out on pages iii to xxvi which comprise of Key Entity Information and Management, Fund Technical Committee,

Management Team, Board/Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against the County Fund's Pre-determined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Technical Committee and Statement of Management's Responsibilities. The other information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Late Submission of Financial Statements

The financial statements for the year ended 30 June, 2024 were submitted to the Auditor-General on 15 November, 2024 contrary to Section 164(4)(a) of the Public Finance Management Act, 2012 which provides the statutory deadline for submission of financial statements to be on 30 September of every year. Although Management indicated that they prepared the financial statements based on a letter from The National Treasury and Economic Planning which required them to submit the fund's accounts on or before 31 December, 2024, the requirement was contrary to the law.

In the circumstances, Management was in breach of law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 March, 2025


Kitui County Climate Change Fund
Annual Report and Financial Statements for 15 months period ended June 30, 2024

14. Statement of Financial Performance for 15 months period Ended 30th June 2024

Description	Note	FY2023/2024 (15 Months)
		Kshs
Revenue From Non-Exchange Transactions		
Public Contributions and Donations	1	227,807,064
Transfers From the County Government	2	52,012,700
Fines, Penalties and Other Levies	3	0.00
		279,819,764
Revenue From Exchange Transactions		
Interest Income	4	0.00
Other Income	5	0.00
		0.00
Total Revenue		279,819,764
Expenses		
Employee Costs	6	1,076,100
Use of goods and services	7	79,157,591
Depreciation and Amortization Expense	8	0.00
Finance Costs	9	0.00
Total Expenses		80,233,691
Other Gains/Losses		
Gain/Loss on Disposal of Assets	10	0.00
Gain /Loss on fair value of investments	10	0.00
Surplus/(Deficit) for the Period		199,586,073

(The notes form an integral part of these Financial Statements)

.....
David Masai
 Name: _____
 Administrator of the Fund

.....

 Name: Jennifer musembi
 Fund Accountant
 ICPAK Member Number: 20281

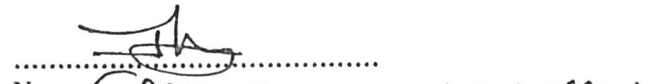
15. Statement of Financial Position As at 30 June 2024

Description	Note	FY2023/2024 (15 Months)
		Kshs
Assets		
Current Assets		
Cash and Cash Equivalents	11	62,328,591
Current Portion of Long- Term Receivables From Non Exchange Transactions	12	128,909,882
Prepayments	13	0.00
Inventories	14	0.00
Investments in financial assets	15	0.00
Total current assets		191,238,473
Non-Current Assets		
Property, Plant and Equipment	16	8,347,600
Intangible Assets	17	0.00
Long Term Receivables from Exchange Transactions	13	0.00
Investment Property	18	0.00
Total non- current assets		8,347,600
Total Assets (A)		199,586,073
Liabilities		
Current Liabilities		
Trade and Other Payables from Exchange Transactions	19	0.00
Current Provisions	20	0.00
Current Portion of Borrowings	21	0.00
Employee Benefit Obligations	22	0.00
Social benefit liabilities	23	0.00
Total current liabilities		0.00
Non-Current Liabilities		
Non-Current Provisions	20	0.00
Long Term Portion of Borrowings	21	0.00
Non-Current Employee Benefit Obligation	22	0.00
Social benefit liabilities	23	0.00
Total Liabilities (B)		0.00

Description	Note	FY2023/2024 (15 Months)
		Kshs
Net Assets (A-B)		199,586,073
Represented By:		
Revolving Fund		0.00
Reserves		0.00
Accumulated Surplus		199,586,073
Net Assets		199,586,073

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 24/02/2025 and signed by:


 Name: *David Soi Mpsai*
 Administrator of the Fund


 Name: *Jennifer Mwila Musewe*
 Fund Accountant
 ICPAK Member Number: 20281

16. Statement of Changes in Net Assets for 15 months period ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance as at 1 July 2022	0.00	0.00	0.00	0.00
Surplus/(deficit) for the period	0.00	0.00	0.00	0.00
Funds received during the year	0.00	0.00	0.00	0.00
Revaluation gain	0.00	0.00	0.00	0.00
Balance as at 30 June 2023	0.00	0.00	0.00	0.00
Balance as at 1 July 2023	0.00	0.00	0.00	0.00
Surplus/(deficit) for the period	0.00	0.00	199,586,073	199,586,073
Funds received during the year	0.00	0.00	0.00	0.00
Revaluation gain	0.00	0.00	0.00	0.00
Balance as at 30 June 2024	0.00	0.00	199,586,073	199,586,073

(Provide details on the nature and purpose of reserves)

**Kitui County Climate Change Fund
Annual Report and Financial Statements for 15 months period ended June 30, 2024**

17. Statement of Cash Flows for 15 months period Ended 30 June 2024

Description	Note	FY2023/2024 (15 Months)
		Kshs
Cash flows from operating activities		
Receipts		
Public contributions and donations	1.	98,897,182
Transfers from the county government	2.	52,012,700
Interest received		0.00
Receipts from other operating activities		0.00
Total receipts		150,909,882
Payments		
Fund administration expenses	6	1,076,100
General expenses	7	79,157,591
Finance cost		0.00
Other payments		0.00
		80,233,691
Net cash flows from operating activities	24	70,676,191
Cash flows from investing activities		
Purchase of property, plant, equipment and Intangible assets	16	(8,347,600)
Proceeds from sale of property, plant & equipment		0.00
Proceeds from loan principal repayments		0.00
Loan disbursements paid out		(0.00)
Net cash flows used in investing activities		(8,347,600)
Cash flows from financing activities		
Proceeds from revolving fund receipts		0.00
Additional borrowings		0.00
Repayment of borrowings		0.00
Net cash flows used in financing activities		0.00
Net increase/(decrease) in cash & cash Equivalents		62,328,591
Cash and cash equivalents at 1 July 2023		0.00
Cash and cash equivalents at 30 June 2024		62,328,591

18. Statement Of Comparison Of Budget And Actual Amounts For 15 months Period ended June 30 2024

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	227,807,064	0.00	227,807,064	227,807,064	0.00	100%
Transfers From County Govt.	52,012,700	0.00	52,012,700	52,012,700	0.00	100%
Interest Income	0.00	0.00	0.00	0.00	0.00	0.00
Other Income	0.00	0.00	0.00	0.00	0.00	0.00
Total Income	279,819,764	0.00	279,819,764	279,819,764	0.00	100%
Expenses						
Fund Administration Expenses	3,567,820	0.00	3,567,820	1,076,100	2,491,720	30.2%
General Expenses	276,251,944	0.00	276,251,944	80,233,691	196,018,253	29.1%
Finance Cost	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenditure	279,819,764	0.00	279,819,764	81,309,791	182,890,873	29.1%
Capital Expenditure	0.00	0.00	0.00	8,347,600	-8,347,600	%
Total Expenditure	279,819,764	0.00	279,819,764	88,581,291	191,238,473	31.66%
Surplus For the Period	0.00	0.00	0.00	191,238,473		0.00

Budget notes

The under expenditure of KSH 191,238,473 was due to late disbursement of fund which were received in the month of July after the closure of Financial Year

Kitui County Climate Change Fund
Annual Report and Financial Statements for 15 months period ended June 30, 2024

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kitui County Climate Change Fund entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Kitui County Government and is domiciled in Kenya. The entity's principal activity is to source funds for financing climate risk assessments and resilience investments.

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 2024

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

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

Annual Report and Financial Statements for 15 months period ended June 30, 2024

IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

(i) Early adoption of standards

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

Kitui County Climate Change Fund
Annual Report and Financial Statements for 15 months period ended June 30, 2024

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the County Assembly on 14th June, 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Kshs. 279,819,764 on the FY 2023/2024 budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

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

a) Intangible Assets

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

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

b) Investment property

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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

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d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

g) Contingent liabilities

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

Summary of Significant Accounting Policies (Continued)

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

k) Foreign currency transactions

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

l) Borrowing costs

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

Summary of Significant Accounting Policies (Continued)

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

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

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- 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)

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6. Notes To The Financial Statements Continued

1. Public contributions and donations

Description	FY2023/2024 (15 Months)
	Kshs
Donation From Development Partners	227,807,064
Contributions From The Public	0.00
Total	227,807,064

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	FY2023/2024 (15 Months)
	Kshs
Transfers From County Govt. –Operations	52,012,700
Payments By County On Behalf Of The Entity	0.00
Unconditional Development grants	0.00
Total	52,012,700

3. Fines, penalties and other levies

Description	FY2023/2024 (15 Months)
	Kshs
Late Payment Penalties	0.00
Fines	0.00
Total	0.00

4. Interest income

Description	FY2023/2024 (15 Months)
	Kshs
Interest Income from Mortgage Loans	0.00
Interest Income From Car Loans	0.00
Interest Income From Investments in financial assets	0.00
Interest Income On Bank Deposits	0.00

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Total Interest Income	0.00
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(Provide brief explanation for this revenue)

Notes to the Financial Statements Continued

5. Other income

Description	FY2023/2024 (15 Months)
	Kshs
Insurance Recoveries	0.00
Income from Sale of Tender Documents	0.00
Bad debts recovered	0.00
Miscellaneous Income	0.00
Total Other Income	0.00

(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	FY2023/2024 (15 Months)
	Kshs
Salaries And Wages	0.00
Staff Gratuity	0.00
Staff Training Expenses	1,076,100
Social Security Contribution	0.00
Other (Specify)	0.00
Total	1,076,100

7. Use of Goods and Services

Description	FY2023/2024 (15 Months)
	Kshs.
General Office Expenses	73,759,894.00
Loan Processing Costs	0.00
Professional Services Costs	0.00
Administration Fees	2,697,708.00

Kitui County Climate Change Fund

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Description	FY2023/2024 (15 Months)
	Kshs.
Committee Allowances	0.00
Bank Charges	0.00
Electricity And Water Expenses	0.00
Fuel And Oil Costs	2,699,989.00
Insurance Costs	0.00
Postage And Courier	0.00
Printing And Stationery	0.00
Rental Costs	0.00
Security Costs	0.00
Telephone And Communication Expenses	0.00
Bank Charges	0.00
Audit Fees	0.00
Provision For Doubtful Debts	0.00
Other (<i>Specify</i>)	0.00
Social benefit expenses*	
Total	79,157,591

8. Depreciation and Amortization Expense

Description	FY2023/2024 (15 Months)
	Kshs.
Property Plant and Equipment	0.00
Intangible Assets	0.00
Total	0.00

9. Finance costs

Description	FY2023/2024 (15 Months)
	Kshs
Interest On Bank Overdrafts	0.00
Interest On Loans From Banks	0.00
Total	0.00

Gain/(loss) on disposal of assets

Description	FY2023/2024 (15 Months)
	Kshs
Property, Plant and Equipment	0.00
Intangible Assets	0.00
Total	0.00

10. Gain/ (loss) on Fair Value Investments

Description	FY2023/2024 (15 Months)
	Kshs
Investments at Fair Value- Equity investments	0.00
Fair value – Investment property	0.00
Fair value- other financial assets (specify)	0.00
Total Gain	0.00

11. Cash and cash equivalents

Description	FY2023/2024 (15 Months)
	Kshs
Fixed Deposits Account	0.00
On – Call Deposits	0.00
Current Account	62,328,591
Others (<i>Specify</i>)	0.00
Total Cash And Cash Equivalents	62,328,591

**Kitui County Climate Change Fund
Annual Report and Financial Statements for 15 months period ended June 30, 2024**

Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY2023/2024 (15 Months)
		Kshs
a) Fixed Deposits Account		
Kenya Commercial Bank		0.00
Equity Bank, Etc.		0.00
Sub- Total		0.00
b) On - Call Deposits		
Kenya Commercial Bank		0.00
Equity Bank - Etc.		0.00
Sub- Total		0.00
c) Current Account		
Kenya Commercial Bank		0.00
CBK Bank	100570571	62,328,591
Sub- Total		62,328,591
d) Others (Specify)		
Cash In Transit		0.00
Cash In Hand		0.00
Sub- Total		0.00
Grand Total		62,328,591

12. Receivables from Non exchange transactions

Description	FY2023/2024 (15 Months)
	Kshs
Current Receivables	
Grants Receivable (FLLOCA –CCIS and CCRI Grants	128,909,882
Current Loan Repayments Due	0.00
Other Non Exchange Debtors	0.00
Less: Impairment Allowance	(0.00)
Total Receivables From Exchange non Transactions	128,909,882

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY2023/2024 (15 Months)
	Kshs
Interest Receivable	
Interest receivable from current portion of long-term loans of previous years	0.00
Accrued interest receivable from of long-term loans of previous years	0.00
Interest receivable from current portion of long-term loans issued in the current year	0.00
Current loan repayments due	0.00
Current portion of long-term loans from previous years	0.00
Accrued principal from long-terms loans from previous periods	0.00
Current portion of long-term loans issued in the current year	0.00

13. Prepayments

Description	FY2023/2024 (15 Months)
	Kshs
Prepaid Rent	0.00
Prepaid Insurance	0.00
Prepaid Electricity Costs	0.00
Other Prepayments (<i>Specify</i>)	0.00
Total	0.00

14. Inventories

Description	FY2023/2024 (15 Months)
	Kshs
Consumable Stores	0.00
Spare Parts And Meters	0.00
Catering	0.00
Other Inventories (<i>Specify</i>)	0.00

Kitui County Climate Change Fund

Annual Report and Financial Statements for 15 months period ended June 30, 2024

Total Inventories at The Lower of Cost and Net Realizable Value	0.00
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Notes to the Financial Statements Continued

15. Investments in financial assets

Description	FY2023/2024 (15 Months)
	Kshs
a. Investment in Treasury bills and bonds	
Financial institution	
CBK	0.00
CBK	0.00
Sub- total	0.00
b. Investment with Financial Institutions/ Banks	
Bank x	0.00
Bank y	0.00
Sub- total	0.00
c. Equity investments (specify)	
Equity/ shares in Entity xxx	0.00
Sub- total	0.00
Grand total	0.00

Movement of Equity Investments

Impairment allowance/ provision	FY 2023/2024
	Kshs
At the beginning of the year	0.00
Purchase of investments in the year	0.00
Sale of investments during the year	(0.00)
Gain/(loss) in fair value of investments through surplus or deficit	0.00
At the end of the year	0.00

Annual Report and Financial Statements for 15 months period ended June 30, 2024

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		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	0.00	0.00	0.00	0.00	0.00	0.00
Entity B	0.00	0.00	0.00	0.00	0.00	0.00
Entity C	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00

**Kitui County Climate Change Fund
Annual Report and Financial Statements for 15 months period ended June 30, 2024**

Notes To The Financial Statements (Continued)

16. Property, plant and equipment

	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers and office equipment Kshs	Total Kshs
Cost					
At 1 st July 2023	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00
Transfers/Adjustments	0.00	0.00	0.00	0.00	0.00
At 30th June 2023	0.00	0.00	0.00	0.00	0.00
At 1 st July 2024	0.00	6,989,000	0.00	1,358,600	8,347,600
Additions	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00
Transfer/Adjustments	0.00	0.00	0.00	0.00	0.00
At 30th June 2024	0.00	0.00	0.00	0.00	0.00
Depreciation And Impairment					
At 1 st July 2023	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00
Impairment	0.00	0.00	0.00	0.00	0.00
At 30th June 2023	0.00	0.00	0.00	0.00	0.00
At 1 st July 2024	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00
Impairment	0.00	0.00	0.00	0.00	0.00
Transfer/Adjustment	0.00	0.00	0.00	0.00	0.00
At 30th June 2024	0.00	0.00	0.00	0.00	0.00
Net Book Values	0.00	0.00	0.00	0.00	0.00
At 30 th June 2023	0.00	0.00	0.00	0.00	0.00
At 30 th June 2024	0.00	6,989,000	0.00	1,358,600	8,347,600

Naivasha County Cumulative Change Fund
Annual Report and Financial Statements for 15 months period ended June 30, 2024
Notes To The Financial Statements (Continued)

17. Intangible assets

Description	FY2023/2024 (15 Months)
	Kshs
Cost	
At Beginning of The Year	0.00
Additions	0.00
At End of The Year	0.00
Amortization And Impairment	
At Beginning of The Year	0.00
Amortization	0.00
At End of The Year	0.00
Impairment Loss	0.00
At End of The Year	0.00
NBV	0.00

18. Investment Property

Description	FY2023/2024 (15 Months)
	Kshs
At beginning of the year	0.00
Additions	0.00
Disposal during the year	(0.00)
Depreciation	(0.00)
Impairment	(0.00)
Gain/(loss) in fair value (if fair value is elected)	0.00
At end of the year	0.00

**Kitui County Climate Change Fund
Annual Report and Financial Statements for 15 months period ended June 30, 2024**

Notes To The Financial Statements (Continued)

19. Trade and other payables from exchange transactions

Description	FY2023/2024 (15 Months)			
	Kshs			
Trade Payables	0.00			
Refundable Deposits	0.00			
Accrued Expenses	0.00			
Other Payables	0.00			
Total Trade and Other Payables	0.00			
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0.00	0.00	0.00	0.00
1-2 years	0.00	0.00	0.00	0.00
2-3 years	0.00	0.00	0.00	0.00
Over 3 years	0.00	0.00	0.00	0.00
Total (tie to above total)	0.00		0.00	0.00

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

20. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	0.00	0.00	0.00	0.00
Additional provisions	0.00	0.00	0.00	0.00
Provision utilised	0.00	0.00	0.00	0.00
Change due to discount and time value for money	0.00	0.00	0.00	0.00
Total provisions year end	0.00	0.00	0.00	0.00
Current Provisions	0.00	0.00	0.00	0.00
Non-Current Provisions	0.00	0.00	0.00	0.00

Notes To The Financial Statements (Continued)

21. Borrowings

Description	FY2023/2024 (15 Months)
	Kshs
Balance At Beginning of The Period	0.00
External Borrowings During the Year	0.00
Domestic Borrowings During the Year	0.00
Repayments of External Borrowings During the Period	(0.00)
Repayments of Domestic Borrowings During the Period	(0.00)
Balance At End of The Period	0.00

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

Description	FY2023/2024 (15 Months)
	Kshs
External Borrowings	
Dollar Denominated Loan From 'X Organization'	0.00
Sterling Pound Denominated Loan From 'Y Organization'	0.00
Euro Denominated Loan from Z Organization'	0.00
Domestic Borrowings	0.00
Kenya Shilling Loan From KCB	0.00
Kenya Shilling Loan from Barclays Bank	0.00
Kenya Shilling Loan from Consolidated Bank	0.00
Borrowings From Other Government Institutions	0.00
Total Balance at End of The Year	0.00

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

Description	FY2023/2024 (15 Months)
	Kshs
Short Term Borrowings (Current Portion)	0.00
Long Term Borrowings	0.00
Total	0.00

Kitui County Climate Change Fund

Annual Report and Financial Statements for 15 months period ended June 30, 2024

Notes To The Financial Statements (Continued)

22. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0.00	0.00	0.00	0.00	0.00
Non-Current Benefit Obligation	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00

23. Social Benefit Liabilities

Description	FY2023/2024 (15 Months)
	Kshs
Health social benefit scheme	0.00
Unemployment social benefit scheme	0.00
Orphaned and vulnerable benefit scheme	0.00
Elderly social benefit scheme	0.00
Bursary social benefits	0.00
Total	0.00
Current social benefits	0.00
Non- current social benefits	0.00
Total (tie to totals above)	0.00

Annual Report and Financial Statements for 15 months period ended June 30, 2024

Notes To The Financial Statements (Continued)

24. Cash generated from operations.

Description	FY2023/2024 (15 Months)
	Kshs
Surplus/ (Deficit) For the Year Before Tax	199,586,073
Adjusted For:	
Depreciation	0.00
Amortisation	0.00
Gains/ Losses On Disposal Of Assets	0.00
Interest Income	0.00
Finance Cost	0.00
Working Capital Adjustments	
Increase In Inventory	0.00
Increase In Receivables	(128,909,882)
Increase In Payables	0.00
Net Cash Flow From Operating Activities	70,676,191

Kitui County Climate Change Fund
Annual Report and Financial Statements For 15 months period ended 30th June 2024

Notes To The Financial Statements (Continued)

25. 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	FY2023/2024 (15 Months)
	Kshs
Transfers From County Government	52,012,700
Transfers from Development Partners	227,807,064

c) Key management remuneration

Description	FY2023/2024 (15 Months)
	Kshs
Board Of Trustees	0.00
Key Management Compensation	0.00
Total	0.00

d) Due from related parties

Description	FY2023/2024 (15 Months)
	Kshs
Due From Parent Ministry	0.00
Due From County Government	0.00
Total	0.00

Other Disclosures Continued

e) Due to related parties

Description	FY2023/2024 (15 Months)
	Kshs
Due To Parent Ministry	0.00
Due To County Government	0.00
Due To Key Management Personnel	0.00
Total	0.00

26. Contingent assets and contingent liabilities

Contingent Liabilities	FY2023/2024 (15 Months)
	Kshs
Court Case Xxx Against the Fund	0.00
Bank Guarantees	0.00
Total	0.00

(Give details)

Kitui County Climate Change Fund
Annual Report and Financial Statements For 15 months period ended 30th June 2024

Notes To The Financial Statements (Continued)

27. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	128,909,882	128,909,882	0.00	0.00
Receivables From Non-Exchange Transactions	0.00	0.00		
Bank Balances	62,328,591	62,328,591	0.00	0.00
Total	191,238,473	191,238,473	0.00	0.00
At 30 June 2023				
Receivables From Exchange Transactions	0.00	0.00	0.00	0.00
Receivables From Non-Exchange Transactions	0.00	0.00	0.00	0.00
Bank Balances	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

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

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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 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	0.00	0.00	0.00	0.00
Current Portion Of Borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Employee Benefit Obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June (Comparative FY)				0.00
Trade Payables	0.00	0.00	0.00	0.00
Current Portion Of Borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Employee Benefit Obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

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Notes To The Financial Statements (Continued)

c) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while 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	0.00	0.00	0.00
Investments	0.00	0.00	0.00
Cash	0.00	0.00	0.00
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net Foreign Currency Asset/(Liability)	0.00	0.00	0.00

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%	0.00	0.00
USD	10%	0.00	0.00
(Comparative FY)			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

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).

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Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	FY2023/2024 (15 Months)
	Kshs
Revaluation reserve	0.00
Revolving fund	0.00
Accumulated surplus	199,586,073
Total funds	199,586,073
Total borrowings	0.00
Less: cash and bank balances	(62,328,591)
Net debt/(excess cash and cash equivalents)	137,257,482
Gearing	69%

28. Events after the reporting period

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

29. Ultimate and Holding Entity

The entity is a County Public Fund established by Kitui County Climate Change Fund Regulations 2018 under the Ministry of Energy Environment climate change Forestry Natural and Mineral Resources . Its ultimate parent is the County Government of Kitui.

30. Currency

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

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20. Annexes

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

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 *Kitui county climate change fund*

Date.....24/02/2025.....



**Kitui County Financing Locally Led Climate Action (FLLOCA) Program
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**Annex II: Inter-Fund Confirmation Letter
Kitui County Climate Change Fund**

The Kitui County Climate Change Fund wishes to confirm the amounts disbursed to you as at 30th June 2024 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 Kitui County Climate Change Fund as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2024				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT23108ZQ3SH	18-Apr-23	0.00	11,000,000	0.00	11,000,000	11,000,000	0.00
FT23192MTQ10	11-Jul-23	0.00	11,000,000	0.00	11,000,000	11,000,000	0.00
FT24100C7J92	09-Apr-24	0.00	26,006,350	0.00	26,006,350	26,006,350	0.00
FT24120HD6XC	29-Apr-24	0.00	102,903,532	0.00	102,903,532	102,903,532	0.00
FT241877C7MS	05-Jul-24	0.00	102,903,532	0.00	102,903,532	102,903,532	0.00
FT241943FS6Q	12-Jul-24	0.00	26,006,350.00	0.00	26,006,350.00	26,006,350	0.00
Total							

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

Head of Accountants department of beneficiary Fund:
 Name Jenni for Musembi Sign [Signature] Date 24/2/2025

**Kitui County Financing Locally Led Climate Action (FLLOCA) Program
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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities				Source Of Funds	Implementing Partners	
Operationalization of ward climate change planning teams	Constitution and reconstitution of ward climate change planning teams	To operationalize the ward level climate change planning teams as per KCCCF Regulations, 2018	Convene meetings at village level, elections, vetting and appointments		Q2		TNT&P (FLLoCA)	CGOKTI & TNT&P(FLLoCA)	
Project identification	Project identification and proposal development	To identify projects as captured in the PCRA and KCCCAP for implementation in 2023/2024FY	Convene ward climate change planning teams to identify and develop proposals		Q2		TNT&P (FLLoCA)	CGOKTI & TNT&P(FLLoCA)	
WCCPTs capacity development	Training ward climate change planning teams	To train ward planning teams on climate financing mechanisms in place, leadership and governance	Training workshops		Q2	Q3	Q4	TNT&P (FLLoCA)	CGOKTI & TNT&P(FLLoCA)
Ecosystem restoration	Construction of 20 sand dams in 20 wards across seasonal rivers and streams that have encountered environmental degradation	To restore river ecosystems	Public participation, feasibility and surveys, designing and construction of dams				Q4	TNT&P (FLLoCA)	CGOKTI & TNT&P(FLLoCA)

**Kitui County Financing Locally Led Climate Action (FLLOCA) Program
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Ecosystem restoration	Tree growing in 5 wards deforested ecosystems	To restore natural forests	Public participation, tree growing				Q4	TNT&P (FLLoCA)	CGOKTI & TNT&P(FLLoCA)
	Capacity building and sensitization	To increase awareness on forest conservation and restoration practices	Trainings and sensitization meetings				Q4	TNT&P (FLLoCA)	
Pasture development	Supporting livestock farmers in 10 wards pasture growing to address drought effects	To increase pasture production	Capacity building, distribution of drought tolerant pasture seeds to farmers				Q4	TNT&P (FLLoCA)	CGOKTI & TNT&P(FLLoCA)
	Capacity development through trainings and sensitizations	To increase knowledge and skills among farmers in pasture development	Training workshops				Q4	TNT&P (FLLoCA)	CGOKTI & TNT&P(FLLoCA)
Apiculture development	Supporting apiculture farmers in 5 wards with bee keeping inputs	To enhance honey production as an alternative livelihood	Capacity building, distribution of modern beehives and equipment				Q4	TNT&P (FLLoCA)	CGOKTI & TNT&P(FLLoCA)
	Capacity development through trainings and sensitizations	To increase knowledge and skills among farmers in apiculture development	Trainings				Q4	TNT&P (FLLoCA)	CGOKTI & TNT&P(FLLoCA)

**Kitui County Financing Locally Led Climate Action (FLLOCA) Program
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Annex IV: Reporting on Disaster Management Expenditure

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



11/11/11