

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

**SAMBURU COUNTY FINANCING LOCALLY-
LED CLIMATE ACTION PROGRAM**

**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
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**SAMBURU COUNTY FINANCING LOCALLY-LED
CLIMATE ACTION PROGRAM**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

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1. Acronyms and Definition of Key Terms

a) Acronyms

ACTED	Agency for Technical Cooperation and Development
ASAL	Arid and Semi-Arid Lands
BOM	Board of Management
CBK	Central Bank of Kenya
CCCAP	County Climate Change Action Plan
CEO	Chief Executive Officer
CFA	Community Forest Association
DG	Director General
DRM	Disaster Risk Management
ECL	Expected Credit Loss
EMCA	Environmental Management and Coordination Act
FAO	Food and Agriculture Organization
FCDC	Frontier Counties Development Council
FLOCCA	Financing Locally-Led Climate Action Program
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMPACT	Indigenous Movement for Peace Advancement & Conflict Transformation
IPSAS	International Public Sector Accounting Standards
IPSAS	International Public Sector Accounting Standards
KFS	Kenya Forest Service
KSH	Kenya Shillings
MD	Managing Director
NDMA	National Drought Management Authority
NEMA	National Environmental Management Authority
NRM	National Resource Management
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget

OSHA	Occupational Safety and Health Act of 2007
PCRA	Participatory Climate Risk Assessment
PFM	Public Finance Management
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SDG	Sustainable Development Goals
SNV	Netherlands Development Organization
SRC	Salaries and Remuneration Commission
UNICEF	United Nations Children's Fund
USAID	US Agency for International Development
WARUA	Water Resource User Association
WUA	Water Users Association

b) Definition of Terms

Fiduciary Management - The key management personnel who had financial responsibility.

2. Key Entity Information and Management

a) Background information

Samburu County Financing Locally-led Climate Actions (FLLOCA) Program is established by and derives its authority and accountability from the Samburu County Climate Change Act, 2022, which established the County Climate Change Fund. The Program is wholly owned by the County Government of Samburu and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to mobilise resources to fund climate change mitigation and adaptation activities for resilience building of communities within the County.

c) Board of Trustees/Fund Administration Committee

Samburu County Financing Locally-Led Climate Action Program day-to-day management is under the following key organs:

Ref.	Name	Position
1	Hon.Lati Lelelit	Governor
2	Patrick Lekimain	CECM Water,Environment,Natural Resources, Climate Change and Energy
3	Silvana Kaparo	CECM Finance
4	Dr. Nasir Lekudere	CECM Health
5	Moses Leluata	CECM Agriculture, Livestock & Fisheries
6	Antonella Dokhe	Director NEMA
7	Alex Leseketeti	Coordinator NDMA
8	Silvana Lesuuda	PBO Representative
9	Julius Lenakae	Private Sector Representative
10	Mary Njoroge	Women Organizations Representative
11	Lekiriri Japason	Youth Organizations Representative

d) Key Management Team

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

Ref	Name	Position
1	Lmakiya Lesarge	Director Environment, Natural Resources, climate Change and Energy (Fund Administrator)
2	Lenas Leshore	Chief Officer Environment, Natural Resources, Climate Change and Energy
3	Robert Mwangi	Fund Accountant

e) Fiduciary Oversight Arrangements

1	County Internal Audit	Director Internal Audit
2	County Assembly Public Accounts Committee	Chair Public Accounts Committee
3	County Audit Committee	Chair County Audit Committee

f) Registered Offices

P.O. Box 3 – 20600
Samburu County Headquarters
Maralal-Nyahururu Road
Maralal, KENYA

g) Fund Contacts

Telephone: +254 065 62456, +254 65 62075
E-mail: info@samburu.go.ke
Website: www.samburu.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
P.O. Box 260
Maralal, Kenya
Branch: Maralal

i) Independent Auditor

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

j) Principal Legal Adviser

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




k) County Attorney

P.O. Box 3
Postal code: 20600
Maralal, Kenya

3. Board of Trustees/ Fund Administration Committee Profiles

Name	Details of qualifications and experience
Hon. Lati Lelelit	Governor
Patrick Lekimain	CECM Water, Environment, Natural Resources, Climate Change and Energy
Silvana Kaparo	CECM Finance
Nasir Lekudere	CECM Health
Moses Leluata	CECM Agriculture, Livestock & Fisheries
Antonella Dokhe	Director NEMA
Alex Leseketeti	Coordinator NDMA
Silvana Lesuuda	PBO Representative
Julius Lenakae	Private Sector Representative
Mary Njoroge	Women Organisation Representative
Lekiriri Japason	Youth Organizations Representative

4. Management Team

Name	Details of qualifications and experience
<p>1. Patrick Lekimain</p> 	<p>Date of Birth; 22nd Aug 1980.</p> <p>Educational Qualifications: BSC Industrial Chemistry University of Nairobi;</p> <p>Professional Experience: 2005 – 2013 Lab Technologist University of Nairobi; 2013 – 2019 Member Samburu County Public Service Board; 2023 – 2024 CECM Agriculture, Livestock & Fisheries; July 2024 to date CECM Water, Environment, Natural Resources, Climate Change and Energy. Main area of responsibility – Policy level coordination of County Climate Change issues.</p>
<p>2. Lenas Leshore</p> 	<p>Academic Qualifications: MA Public Policy & Administration Kenyatta University; B.Comm Business Management & Marketing Edith Cowan University.</p> <p>Professional Experience: 2008 – 2013 Business Man; February 2014 – February 2017 Personal Assistant to a Member of the House of Senate Kenya; February 2023 to date Samburu County Chief Officer Environment, Natural Resources</p>
<p>3. Lmakiya Lesarge</p> 	<p>Date of Birth: 20th, December, 1970.</p> <p>Academic Qualifications: BA Social Sciences Moi University;</p> <p>Professional Experience: NEMA Certified Lead Environmental Expert; Worked in Hospitality & Tourism (Heritage Hotels & Sanctuary Retreats) as tourist guide and Lodge manager 1998 - 2008</p>

5. Chairman's Report

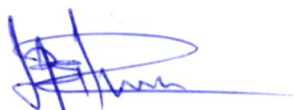
Foreword

The Financing Locally-Led Climate Action (FLLoCA) Program is in its second year of implementation. Having carried out a Participatory Climate Risk Assessment (PCRA) and consequently developed a County Climate Change Action Plan (CCAP) in the previous year, this year the Program set out to establish requisite structures (climate change committees) for its seamless operationalisation.

Despite the Program being poised for success, issues such as delay in disbursement of funds by the National Treasury and delay of remitting the funds to the Climate Change Fund Special Purpose Account by the County treasury affected timely implementation of the Program activities so much so some activities meant to have been implemented within the financial year will be implemented in the coming financial year.

The County Assembly approved a matching fund for the Program, thereby demonstrating its willingness to support the Program activities.

Within the year, the Director of Environment, Natural Resources, Climate Change and Energy, who was the Fund administrator was transferred and a new one, who was later designated as the Fund administrator replaced him.



.....
Patrick Lekimain

CECM Water, Environment, Natural Resources, Climate Change and Energy

6. Report of The Fund Administrator

The following structures necessary for the operationalisation of the Fund as stipulated in the County Climate Change Act, 2022 were set up:

- County Climate Change Steering Committee chaired by the Governor;
- County Climate Change Planning Committee chaired by the Chief Officer Environment, Natural Resources, Climate Change and Energy;
- County Climate Change Unit chaired by the Director Environment, Natural Resources, Climate Change and Energy; and
- Ward Climate Change Planning Committees in 14 Wards;

Each of these committees was trained on their roles and responsibilities. All Ward Climate Change Planning Committees held elections to pick their officials with a strict adherence to the two-thirds gender rule. They also set-up Grievance Redress sub-committees to ensure timely attention on issues raised by communities regarding the FLLoCA Program.

From the County Climate Change Unit members, the following focal points were appointed:

- Grievance Redress Focal Point;
- Social Focal Point; and
- Environment Focal Point.

All these activities were made possible by the second tranche of the Climate Change Institutional Support (CCIS) Grant of Ksh. 11,000,000. Under the Climate Change Resilience Investment (CCRI) Grant, the County Government allocated a matching fund of Ksh. 41,500,000 for projects in water and environment interventions. These funds came right at the end of the financial year, so implementation of activities with these funds will happen in the next financial year. The Program is bound to face head winds of if this trend of late disbursements continues. Insecurity and flooding in some Wards were some challenges faced in the execution of some activities under the Program.



Emakiya Lesarge
Fund Administrator

7. Statement of Performance Against Predetermined Objectives for FY 2023/2024

Section 164 (2) (f) of the Public Finance Management Act, 2012, requires that, at the end of each financial year, the Accounting officer includes a statement of performance against predetermined objectives when preparing financial statements.

The key development objectives of the Fund as per the County Integrated Development Plan (CIDP) for 2022 to 2027 are to:

- a) Build the capacity of institutions charged with climate change matters to effectively support communities to build resilience against the impacts of climate hazards;*
- b) Target investments to promote community resilience against climate change.*

Progress on the attainment of Strategic development objectives

During the financial year, the Program achieved the objective of setting up and building the capacity of County Climate Change Institutions such as Ward Climate Change Planning Committees, County Climate Change Unit, County Climate Change Planning Committee and County Climate Change Steering Committee.

The County Assembly approved allocation of Ksh. 41,500,000 for resilience building investments in water and environment sector. When implemented, these investments will improve water availability, shorten distances to water points for people and livestock and improve access to pasture for livestock and heal the rangelands and improve availability and access to pasture for livestock.

8. Corporate Governance Statement

The fund is domiciled in the Department of Environment, Natural Resources, Climate Change and Energy. The CECM in charge of the department gives oversight at policy level, while the Chief Officer of the department as the officer who bears the ultimate fiduciary responsibility provides oversight at the operational level. The Fund Administrator, who is the director in charge of the department runs the day-to-day affairs of the Fund.

All the above officials have attended capacity building sessions organized at the County level as members of the different climate change committees. They have also attended training sessions organized by the FLLoCA Program Implementation Unit at the National level.

9. Management Discussion and Analysis

In the last two years when the Fund was in existence, it was able to carry out the following:

- Execution of a County Participatory Climate Risk Assessment;
- Development of a County Climate Change Action Plan (CCAP);
- Establishment and training of Ward Climate Change Planning Committees in 14 of the 15 Wards in the County, County Climate Change Unit, County Climate Change Planning Committee, County Climate Change Steering Committee;

10. Environmental and Sustainability Reporting

Samburu County Water and Environment sector comprises Water and Sanitation; Environment; Natural Resources and Energy. The sector is one of the key enablers towards the achievement of Sustainable Development Goals (SDGs), specifically Goal 6: Ensure availability and sustainable management of water and sanitation for all; Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all; Goal 13: Take urgent action to combat climate change and its impacts; and Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. It is also an enabler in several other SDGs, Vision 2030 and Agenda 4 items.

The economy of Samburu County is highly dependent on livestock, agro-pastoralism and tourism which is vulnerable to climate risks and shocks. The increasing frequency of extreme weather events e.g. floods and droughts, poses challenge to sustainable socio-economic development. To safeguard these development gains, the sector, in consultation with various stakeholders, has put in place several adaptive mechanisms to mitigate negative impacts of the climate change to achieve sustainable development. Samburu has demonstrated its commitment to climate action by enacting legislations that are aligned to the national and international frameworks to ensure sustainable development.

The Environmental Management and Coordination Act (EMCA) of 1999 (amended in 2015 to align with the Kenya constitution, 2010) creates the County Environment Committee comprising, inter alia, representatives of pastoralists within Samburu County. Further, the National Environment Policy (2013) aims to a better quality of life for present and future generations (of all Kenyans) through sustainable management and use of the country's environment and natural resources. Its provisions most relevant to ASALs and rangelands are found in several sections such as provisions for forest ecosystems, provision for ASALs, provision for land resource, provision for biodiversity and wildlife resources, and provision for livestock resources.

The County government has made efforts to formulate environmental policies and acts such as; Samburu County Climate Change Policy, 2022; Sustainable Forest management and Tree Growing Policy, 2022; Rangelands management and grazing Policy, 2022 as well as the Climate Change Act, 2022. Samburu Climate Change Policy, in its policy objective number two highlights the Strengthening of community resilience to enhance their adaptive capacities to climate change and livelihood diversification and further in objective six policy statement speaks of reducing vulnerability of women to climate change impacts thus providing for policy framework to assessment of climate Risks and women participation in climate change interventions. The Samburu County act of 2022 on the other hand has the objective of anchoring the process that ensures climate resilience is enhanced through development, management, implementation of

climate actions. The Act also seeks to protect the climate system for the benefit of the present and future generations by supporting the national and international legislations and policies. With regards to waste management, the county is yet to formulate county specific policy, however, the National Environment policy of 2003 and the National Sustainable Waste Management policy of 2021 and Environmental Management and Coordination Act of 1999 (Revised in 2015) are sufficient in guiding how waste management is managed and handled at the county.

The sector has also conducted countywide Participatory Climate Risk Assessment (PCRA) whose outcomes and recommendations has informed the development of a five-year County Climate Change Action Plan (CCCAP) aimed at providing a clear and concise response priorities to climate variability and change. With the climate change policy and the Action Plan in place, the sector is focused on implementing key interventions that can help to achieve the goal of low carbon climate resilient development pathway. These efforts will go a long way in addressing adverse effects of climate change cutting across key sectors that are important to the economy and society: Environment, Water and Forestry; Agriculture, Livestock and bee keeping; Trade; Energy; Physical Infrastructure; Tourism; and Health.

These efforts have enabled the success of the sector in increasing county forest cover from 15.8% to 23.29% (KFS 2021) from tree planting initiatives and establishment of NRM institutions such as Community Forest Associations (CFAs), Water Resource User Associations (WRUAs), Water Users Associations (WUAs). These institutions are key in protection and management of fragile ecosystems within the county. The sector has also secured material recovery sites in Wamba, Suguta Marmar Archers Post and Maralal for proper solid waste management within major towns in the county. Plans are also underway in the fencing of Kisima and Baragoi sites. We have also rehabilitated 200 hectares of degraded areas under invasive species on pilot basis Meibae and West-Gate community conservancies and developed soil conservation structures (such as gabions and terraces) to control soil erosion.

Water Resource Users Associations of Losesia and South Horr were established and capacity built. Machini, Wamba-Nkurra and Nkurnit were sensitized on governance.

11. Report of The Trustees/Committee

The Trustees/Committee submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Fund's affairs.

Principal activities

The principal activities of the Fund are capacity development of County climate change institutions to carry out their roles and responsibilities effectively and investment in climate resilience building initiatives for communities.

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1 to 5

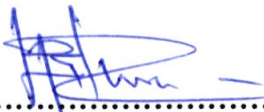
Trustees

The Trustees who served during the year are shown on page vii. The changes in the Trustee during the financial year are as shown below:

Director Environment, Natural Resources, Climate Change and Energy Benson Lengalen was replaced in that capacity by Lmakiya Lesarge.

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.



.....
Chair of the Board/Fund Administration Committee

Date: 19/12/2024
.....

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 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 Samburu County Financing Locally-Led Climate Action Program is responsible for the preparation and presentation of the Program's financial statements, which give a true and fair view of the state of affairs of the Program for and as at the end of the financial year 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 Samburu County Financing Locally-Led Climate Action Program 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 Samburu County Climate Change Act, 2022. The Administrator of the Program 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, 2024, and of the Program's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Program, 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 Samburu County Financing Locally-Led Climate Action Program has assessed the Program's ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Administrator to indicate that the Program 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 Program's financial statements were approved by the Trustee/Committee on 19/12/2024 and signed on its behalf by:

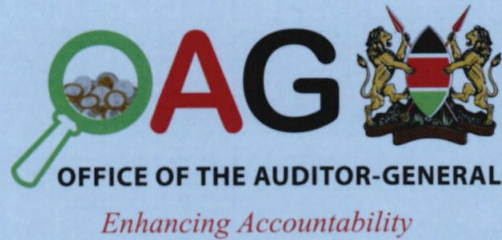
DOMINYA LESARGE

[Signature]

Administrator of Samburu County Financing Locally-Led Climate Action Program

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 SAMBURU COUNTY FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM FOR THE YEAR 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.

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

The three parts of the report 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

Qualified Opinion

I have audited the accompanying financial statements of Samburu County Financing Locally-Led Climate Action Program set out on pages 1 to 23, which comprise of the

Report of the Auditor-General on Samburu County Financing Locally-Led Climate Action Program for the year ended 30 June, 2024

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Samburu County Financing Locally-Led Climate Action Program as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance International Public Sector Accounting Standards (Accrual Basis) and comply with the Samburu County Climate Change Act, 2022 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Un-Surrendered Imprest

The statement of financial position and as disclosed in Note 10 to the financial statements reflects other receivables (outstanding imprest) balance of Kshs.4,858,700 as at 30 June, 2024. The imprest were due and had not been surrendered by 30 June 2024 and the Management had not made any progress in initiating recoveries.

In the circumstances, the regularity of the other receivables (outstanding imprest) balance of Kshs.4,858,700 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounting to Kshs.160,132,523 and Kshs.52,962,000 respectively resulting to an under-funding of Kshs.107,170,523 or 67% of the budget. Further, the fund spent an amount of Kshs.9,994,300 against actual receipts of Kshs.52,962,000 resulting to an under-utilization of Kshs.42,967,700 or 81% of actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the Public.

My opinion is not modified in respect of this matter.

Report of the Auditor-General on Samburu County Financing Locally-Led Climate Action Program for the year ended 30 June, 2024

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on page iv to xvii which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Chairman's Report, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Committee and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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 to the Auditor-General

The financial statements for the year under review were submitted to the Office of the Auditor-General on 9 December, 2024, two (2) months after the statutory date of 30 September, 2024. This was contrary to Section 164(4) of the Public Finance Management Act, 2012 which requires that within three months after the end of each financial year, the accounting officer for an entity shall submit the entity's financial statements to the Auditor-General.

In the circumstances, Management was in breach of the 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

Report of the Auditor-General on Samburu County Financing Locally-Led Climate Action Program for the year ended 30 June, 2024

the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

Lack of a Risk Management Policy

During the year under review the Management did not provide evidence of the existence of a Risk Management Policy to guide its management on risk management assessment and formulation of risk mitigation strategies. This was contrary to the Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires accounting officer to develop risk management strategies which include fraud prevention mechanisms and internal control that builds robust business operation.

In the absence of a Risk Management Policy, it was not possible to confirm whether the internal controls built within the financial and operational system were functional as intended.

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

Responsibilities of the Management and Fund Administration Committee

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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

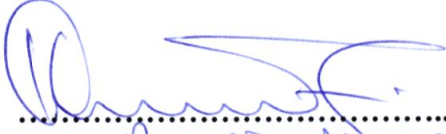
30 December, 2024

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

Description	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	52,500,000	11,000,000
Public Contributions and Donations	2	-	-
		52,500,000	11,000,000
Revenue From Exchange Transactions			
Finance Income	3	-	-
Other income	4	462,000	-
Total Revenue		52,962,000	11,000,000
Expenses			
Fund Administration Expenses	5	500,000	-
Staff Costs	6	-	-
Use of Goods and Services	7	4,635,600	6,074,734
Total Expenses		5,135,600	6,074,734
Surplus/(Deficit) for the Period		47,826,400	4,925,266

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 19/12/2024 and signed by:


.....
Name: Lmakiya Lesarge
Administrator/Accounting Officer

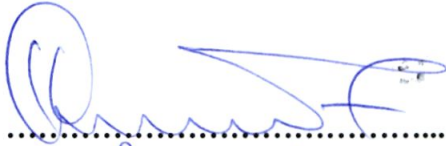

.....
Name: ROBERT MWANGI
Fund Accountant
ICPAK Member Number: 2958F

15. Statement of Financial Position as at 30 June 2024

Description	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	8	47,892,966	4,925,266
Non-exchange receivables	9	-	-
Other Receivables (Outstanding Staff Imprest)	10	4,858,700	-
Total current assets		52,751,666	4,925,266
Total Assets (A)		52,751,666	4,925,266
Liabilities			
Current Liabilities			
Trade and Other Payables	11	-	-
Total current liabilities		-	-
Total Liabilities (B)		-	-
Net Asset (A-B)		52,751,666	4,925,266
Represented By:			
Accumulated Surplus		52,751,666	4,925,266
Net Assets		52,751,666	4,925,266

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 19/12/2024 and signed by:


.....
Name: Lmakiya Lesarge
Administrator/Accounting Officer


.....
Name: ROBERT T MWANGI
Fund Accountant
ICPAK Member Number: 29587

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

Description	Accumulated surplus	Total
	Kshs.	Kshs.
Balance as at 1 July 2022	-	-
Surplus/(Deficit) For the Year	4,925,266	4,925,266
Balance As At 30 June 2023	4,925,266	4,925,266
Balance As At 1 July 2023	4,925,266	4,925,266
Surplus/(Deficit) For the Year	47,826,400	47,826,400
Balance As At 30 June 2024	52,751,666	52,751,666

17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers From the County Government	1	52,500,000	11,000,000
Public Contributions and Donations		-	-
Finance Income		-	-
Other receipts	4	462,000	-
Total receipts		52,962,000	11,000,000
Payments			
Fund Administration Expenses	5	(500,000)	-
Staff Costs		-	-
Use of goods and Services		(9,494,300)	(6,074,734)
Net cash flows from operating activities	12	42,967,700	4,925,266
Cash flows from investing activities		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		42,967,700	4,925,266
Cash and cash equivalents at 1 July	8	4,925,266	-
Cash and cash equivalents at 30 June	8	47,892,966	4,925,266

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

18. Statement of Comparison of Budget & Actual Amounts for Year Ended 30th June 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						
Transfers From the County Government	160,132,523	-	160,132,523	52,962,000	107,170,523	33%
Public Contributions and Donations	-	-	-	-	-	-
Finance Income	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total Income	160,132,523	-	160,132,523	52,962,000	107,170,523	33%
EXPENSES						
Fund Administration Expenses	7,900,000	-	7,900,000	5,358,700	2,541,300	68%
Staff Costs	-	-	-	-	-	-
Use of goods & Services	5,100,000	-	5,100,000	4,635,600	464,400	91%
Development Expenditure	147,132,523		147,132,523	-	147,132,523	0%
Total Expenditure	160,132,523	-	160,132,523	9,994,300	150,138,223	6%
Surplus For the Period				42,967,700		

Budget Notes

1. There was an anticipated income of KES 462,000, being refunds of excess claims paid to staff on discovery by the program's auditors.
2. Consequently, of the total amounts of KES 9,994,300 planned and paid out as imprest for implementation of programs, a total of KES 4,858,700 remained unaccounted for as of June 2024. The amount is therefore recognized as a short term assets in statement of financial position.
3. The total expenditure on the total budget was low due to the non-receipt of the funds hence no expenditure due to budget process.

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Samburu County Financing Locally-Led Climate Action Program is established by and derives its authority from the County Climate Change Act, 2022. The entity is wholly owned by the Samburu County Government and is domiciled in Kenya. Samburu County Financing Locally-Led Climate Action Program principal activity is to finance the capacity of the County institutions to manage programs in climate change adaptation and mitigation, and funds climate resilience investments for communities within the County.

2. Statement of compliance and basis of preparation

Samburu County Financing Locally-Led Climate Action Program financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Samburu County Financing Locally-Led Climate Action Program. 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 financial statements are prepared on accrual basis of accounting. The statement of cash flows is prepared using the direct method.

4. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

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 2023.*

Standard	Effective date and impact:
IPSAS 43 Leases	<p><i>Applicable 1st January 2024</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

Standard	Effective date and impact:
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></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 an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure asset.</p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></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>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2025</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report</p>

Standard	Effective date and impact:
	useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year

5. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue transfers

Revenues from non-exchange transactions 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.

b) Budget information

The original budget for FY 2023/24 was approved by the County Assembly on Samburu. 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 Samburu County Financing Locally-Led Climate Action Program upon receiving the respective approvals in order to conclude the final budget. Samburu County Financing Locally-Led Climate Action Program recorded additional appropriations of Kshs. nil on the FY 2023/24 budget following the governing body's approval.

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

In addition to the basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification plans 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 page 17 of these financial statements.

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 fund's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

(i) 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 cash flows 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 an irrevocable election at initial recognition for particular investments in equity instruments.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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 0*.

Financial liabilities

Classification

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

d) Provisions

Provisions are recognized when the Samburu County Financing Locally-Led Climate Action Program 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 Samburu County Financing Locally-Led Climate Action Program 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.

e) Contingent liabilities

Samburu County Financing Locally-Led Climate Action Program 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 probable.

f) Contingent assets

Samburu County Financing Locally-Led Climate Action Program 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 Samburu County Financing Locally-Led Climate Action Program 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.

g) Nature and purpose of reserves

Samburu County Financing Locally-Led Climate Action Program creates and maintains reserves in terms of specific requirements.

h) Changes in accounting policies and estimates

Samburu County Financing Locally-Led Climate Action Program recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

i) 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.

j) Related parties

Samburu County Financing Locally-Led Climate Action Program 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 Samburu County Financing Locally-Led Climate Action Program, or vice versa. Members of key management are regarded as related parties and comprise of Board of Trustees, the Program administrator and senior managers.

k) 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.

l) 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 Samburu County Financing Locally-Led Climate Action Program'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 judgments, estimates, and assumptions made e.g.

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 21

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.

Notes to the Financial Statements (Continued)

1. Transfers from the County Government

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Transfers From Environment and Natural Resources Department	52,500,000	11,000,000
Others (<i>Specify</i>)	-	-
Total	52,500,000	11,000,000

2. Public Contributions and Donations

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From the Public	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

3. Finance income

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Interest Income on Bank Deposits	-	-
Others (<i>Specify</i>)	-	-
Total finance Income	-	-

4. Other income

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Cheque write backs	-	-
Refunds of Excess Night Out Allowances	462,000	-
Total Other Income	462,000	-

5. Fund Administration Expenses

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Office Stationery	-	-
Bank charges	-	-
Office Standing Costs	500,000	-
Total	500,000	-

6. Staff Costs

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Staff Wages and Salaries	-	-
Committee Allowances	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

Description	FY 2023/24	FY 2022/23
	Kshs.	Kshs.
FLoCCA Programs Expenses	4,635,600	6,074,734
Total	4,635,600	6,074,734

8. Cash and cash equivalents

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Current Account	47,892,966	4,925,266
Others (<i>Specify</i>)	-	-
Total Cash and Cash Equivalents	47,892,966	4,925,266

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

Financial Institution	Account number	FY 2023/24	FY 2022/23
		Kshs	Kshs
a) Current Account			
Samburu County Climate Change Fund-Kes	1000598115	47,892,966	4,925,266
0 Bank - Etc.		-	-
Sub- Total		47,892,966	4,925,266
b) Others (Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		47,892,966	4,925,266

9. Non-Exchange Receivables

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Revenue receivable	-	-
Others (<i>Specify</i>)	-	-
Total non-exchange receivables	-	-

10. Other Receivables

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Interest receivable	-	-
Staff Outstanding Imprest	4,858,700	-
Total exchange receivables	4,858,700	-

11. Trade and other payables

Description	FY 2023/24		FY 2022/23	
	Kshs		Kshs	
Trade Payables	-		-	
Other Payables (<i>specify</i>)	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

12. Cash generated from operations.

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Surplus/ (Deficit) For the Year	47,826,400	4,925,266
Adjusted For:		
Working Capital Adjustments		
Increase In Receivables	(4,858,700)	(-)
Increase In Payables	-	-
Net Cash Flow from Operating Activities	42,967,700	4,925,266

13. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Program 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 Program is related to the following entities:

- a) The County Government.
- b) Key management.
- c) Board of Trustees, etc.

b) Related party transactions

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Transfers from related parties	-	-
Transfers to related parties	-	-

c) Key management remuneration

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Board of Trustees	-	-
Total	-	-

d) Due from related parties

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Due From Lenas Leo Leshore	158,700	-
Due From Lenas Leo Leshore	4,700,000	-
Total	4,858,700	-

e) Due to related parties

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Due to County Government	-	-
Due to Key Management Personnel	-	-
Total	-	-

14. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2023/24	FY 2022/23
	Kshs	Kshs
Court Case 0 Against the Program	-	-
Bank Guarantees	-	-
Total	-	-

15. Financial risk management

The Program’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 Program 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 Program’s financial risk management objectives and policies are detailed below:

a) Credit risk

The Program 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:

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Non-Exchange Transactions	-	-	-	-
Receivables From Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
As at 30th June 2023				
Receivables From Non-Exchange Transactions	-	-	-	-
Receivables From Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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

The entity has significant concentration of credit risk on amounts due from 0x.

The board of trustees sets the Program'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 Program 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 Program 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.

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (FY 2023/24)				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Total	-	-	-	-
As at 30 June (FY 2022/23)				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

The Program has put in place an internal audit function to assist it in assessing the risk faced by the Program 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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Program'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 Program 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.

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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 (FY 2023/24)			
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities			
Trade And Other Payables	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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.

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Program's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the two 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
(Current FY)			
Euro	0%	-	-
USD	0%	-	-
Other (<i>Specify</i>)	0%	-	-
(Comparative FY)			
Euro	0%	-	-
USD	0%	-	-
Other (<i>Specify</i>)	0%	-	-

ii. Interest rate risk

Interest rate risk is the risk that the entity’s financial condition may be adversely affected as a result of changes in interest rate levels. The entity’s interest rate risk arises from bank deposits. This exposes the Program to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Program’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 Program analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (200: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (200-1 – Kshs 0).

d) Capital risk management.

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

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Accumulated surplus	-	-
Total funds	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	0
Gearing	0%	0%

16. Events after the reporting period

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

17. Currency

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

20. Annexes

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

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

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

Guidance Notes:

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



Fund Administrator/Accounting Officer

Date: 06/12/2024

Annex II: Inter-Entity Confirmation Letter

Name of transferring entity: **Samburu County Executive**

Name of beneficiary entity: **Samburu County Financing Locally-Led Climate Action Program**

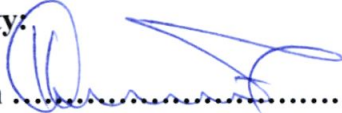
Confirmation of amounts received by [Samburu County Financing Locally-Led Climate Action Program] as at 30th June 2024						
Reference Number	Date Disbursed	Amounts Disbursed by [Samburu County's Environment & Natural Resource County Department] (Kshs) as at 30 th June 2024			Amount Received by Samburu County Financing Locally-Led Climate Action Program] (Kshs) as at 30 th June 2024 (D)	Differences (KShs) (E)=(C-D)
		Recurrent (A)	Development (B)	Total (C)=(A+B)		
FT24121LHPMW	30-Apr-24	-	11,000,000	11,000,000	11,000,000	-
FT241581YTS6	06-Jun-24	-	41,500,000	41,500,000	41,500,000	-
Total		-	52,500,000	52,500,000	52,500,000	-

I confirm that the amounts shown above are correct as of the dates indicated.

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name ROBERT MWANGI Sign  Date 19/12/2024

Annex III: Reporting of Climate Relevant Expenditures

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Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Office use	Standing imprest	Office adm	Purchase of office materials		500,000			FLLOCA Transfers	
Trainings	Field trainings	Training of CCCs	Ward trainings		1,400,000			FLLOCA Transfers	
Trainings	Field trainings	Training of CCCs	Ward trainings				1,925,000	FLLOCA Transfers	
Trainings	Field trainings	County assessment	Fund Assessment at Naivasha				323,400	FLLOCA Transfers	
Training	Field trainings	Training of officers	Training of FLLOCA officers				987,000	FLLOCA Transfers	

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Annex IV: Reporting on Disaster Management Expenditure

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