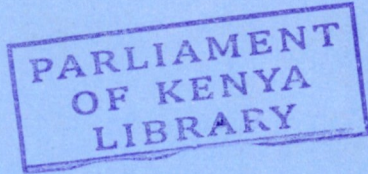
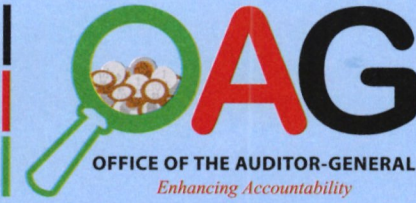


REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MAKUENI COUNTY**  
**CLIMATE CHANGE FUND**

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

PAPERS LAID	
DATE	26/11/25
TABLED BY	J.N.K
COMMITTEE	-
CLERK AT THE TABLE	Belinda

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
MACHAKOS HUB.

11 NOV 2025

RECEIVED



---

**MAKUENI COUNTY CLIMATE CHANGE FUND**

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

---

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



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

---

**Table of Contents**

1. Acronyms and Definition of Key Terms	ii
2. Key Entity Information and Management	iii
3. Board / Fund Administration Committee	vii
4. Management Team	xi
5. Board/Fund Chairperson's Report	xiii
6. Report of The Fund Administrator	xv
7. Statement of Performance Against the County Fund's Predetermined Objectives	xix
8. Corporate Governance Statement	xxi
9. Management Discussion and Analysis	xxv
10. Environmental and Sustainability Reporting	xxvii
11. Statement of Management's Responsibilities	xxx
12. Report of The Independent Auditor on the Financial Statements for Makueni Climate Change Fund	xxxii
13. Statement of Financial Performance for the Year Ended 30th June 2025	1
14. Statement of Financial Position as at 30 June 2025	2
15. Statement of Changes in Net Assets for the year ended 30th June 2025	4
16. Statement of Cash Flows for The Year Ended 30 June 2025	5
17. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025	6
18. Notes to the Financial Statements	8
19. Annexes	32

**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

BOM	Board of Management
CBK	Central Bank of Kenya
CCIS	Climate Change Institutional Support
CCRI	Climate Change Resilience Investment
CIDP	County Integrated Development Plan
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KSHS	Kenya Shillings
NT	National Treasury
OAG	Office of The Auditor General
OCOB	Office of controller of Budget
OSHA	Occupational Safety and Health Administration
PFM	Public Finance Management
PPE	Property Plant and Equipment
PS	Principal Secretary
PSASB	Public Sector Accounting Standards Board
WB	World Bank

**B. Definition of Key Terms**

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

**Comparative Year-** FY 2023/2024.

## **2. Key Entity Information and Management**

### **a) Background information**

The Makueni County Climate Change Fund was established under the Makueni County Climate Change Act, 2022, which was gazetted on December 14, 2022.

Its primary objective highlights the urgent need to mitigate and adapt to climate change at the local level. The Fund's main activity involves providing financial support for community-prioritized climate actions aimed at addressing climate-related risks within Makueni County.

The governance structure of the Fund includes vesting authority in the County Treasury, administration by a dedicated Fund Board, and management by a designated Fund Administrator. This setup ensures coordinated efforts to effectively mobilize and utilize resources for climate resilience initiatives in the county.

#### **Sources Fund**

The Fund shall consist of:

- Monies appropriated by the County Assembly annually, not being less than two percent of the county development budget.
- Monies received by the County from the national government pursuant to the Public Finance Management Act.
- International climate finance received by the County directly from the National Designated Authority, National Implementing Authority, or any other agency.
- Donations, endowments, bequests, grants, and gifts from local or foreign individuals, public and private entities.
- Charges, fees, levies, or fines accruing to the County government in connection with activities that adversely impact on climate change in the County.
- Interest and any other monies that may lawfully accrue to the Fund in any form

### **b) Principal Activities**

#### **Vision**

A model Climate Change Fund mechanism for locally led sustainable climate change actions.

#### **Mission**

To promote sustainable livelihoods at the local level whilst pursuing a low carbon development pathway through effective administration of climate change funds for enhanced community resilience.

#### **Core values**

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

- Equity
- Teamwork
- Partnership
- Professionalism
- Integrity
- Inclusivity
- Transparency and accountability

The Makueni Climate Change Act 2022 mandates the Climate Change Fund Board, with coordination and oversight roles in Climate Change Fund Management. The specific roles for the Board include and are not limited to:

- i. Approve the County Climate Change Budget;
- ii. Allocate resources in line with the legal and constitutional requirements of equity;
- iii. Mainstream climate change projects, programs and activities in county planning and budgeting, and ensure their approval and inclusion in the County Integrated Development Plan;
- iv. Monitor disbursements;
- v. Oversee budget execution;
- vi. Oversee implementation of climate programs and projects;
- vii. Monitor and evaluate climate change programs and projects;
- viii. Provide links between the steering committee, the County Treasury and County Assembly;
- ix. Coordinate capacity building at Ward and County level;
- x. Be responsible for financing cross Ward and cross County climate change programs; and
- xi. Mobilize funds for climate action

**c) Board members for the Makueni Climate Change Fund Board**

Ref	Name	Position
1	Dr. Stanislaus M. Kivai	Chairperson of the Climate Change Fund Management Board
2	Robert Muthami	Development Partners Representative
3	Hamilton Tene	Key Economic Sector Representative
4	Dominic Kioko	Key Economic Sector Representative
5	Dr Geoffrey N Ngovi	Chief Officer Environment, Natural resources, Mining and Climate Change Ag chief officer Health services
6	John Nguni	Chief Officer Finance
7	Dr Victoria kyalo	Chief Officer Agriculture
8	Naomi Nthambi	Chief Officer Housing and Energy

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

9	Eng david makau	Chief Officer water sanitation and irrigation
10	Alice Mwongeli	County drought coordinator
11	Samuel Mutiso	Fund Administrator

**d) Key Management team**

Ref	Name	Position
1	Japheth Mang'oka	Executive Committee Member in charge of Climate Change
2	Dr. Geoffrey N. Muthoka	Chief Officer in charge of Climate Change
3	Pascaliala Mulwa	Fund Accountant
4	Jackline Kamusa	Ag. Assistant Director Climate Change
5	Samuel Mutiso	Fund Administrator

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	National Treasury	The PS
2	Commission on Revenue Allocation	The Commissioner
3	Office of Controller of Budget	Controller of Budget
4	Internal Audit – Makueni County	The Director
5	Makueni County Assembly	The Clerk
6	Office of the Senator Makueni County	The Senator
7	Makueni County Climate Change Steering Committee	The Chairperson
8.	Makueni County Climate Change Fund Board	The Chairperson

**f) Registered Offices**

MCCFB Office  
Red Cross Building -Opposite Governor's Office  
P.O. Box 78-90300  
Makueni, Kenya

**g) Fund Contacts**

Telephone: 0723387621  
E-mail: [co.environment@makueni.go.ke](mailto:co.environment@makueni.go.ke)  
Website: [www.makueni.go.ke](http://www.makueni.go.ke)

**h) Fund Bankers**

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

**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**

The County Attorney  
Makueni County Government  
County Headquarters Building  
Off Wote-Makindu Highway  
P.O. Box 78-90300

**3. Board / Fund Administration Committee**

Name	Details of qualifications and experience
	<p><b>Dr. Stanislaus M. Kivai</b>                      Born on 11<sup>th</sup> July 1976                      Holds a BSc in Natural Resources Management, MSc in Biology, MA in Anthropology and PhD in Primatology                      Has a wealth of experience spanning 15 years’ of field and research on endangered and threatened Biodiversity across Kenya, research experience on climate implication on biodiversity, land use changes and zoonosis, Extensive training in primate nutrition ecology, Skilled in parasitological analysis and training on Conservation and Environmental sustainability and practical field methods in ecology</p> <p>He has received multiple awards such as 2020 ASP Conservationist Award, IPS Conservation Education Award, and grants from the Leakey Foundation Fellow Award, Rufford, IFS, and Primate Conservation Inc.</p> <p>He has worked as East Africa Deputy Chairperson - IUCN Primate Specialist Group, Lead Scientist - Laikipia Climate change, Land use changes &amp; disease Risk Peer Project, Senior Research Scientist - Kenya Institute of Primate Research (KIPRE), Deputy Director - Evolutionary Ecology, KIPRE, Head of Conservation &amp; Ecology -National Museums of Kenya, Editor African Primates - East Africa Journal of Ecology, American Journal of Biological Anthropology, Member of Scientific Committee International Primatological Society</p>
	<p><b>Robert Muthami Kithuku</b>                      Born on 14<sup>th</sup> November 1987                      Holds a Bachelor’s Degree in Environmental Science, Higher Diploma in Project Management, Master of Arts in Environmental Policy and currently pursuing PhD in Law by Distance.</p> <p>Currently working with Swedish International Cooperation Development Agency as the Regional (Africa) Advisor Environment and Climate Change, Senior Programme Advisor</p>

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

	<p>on Climate Change at Friedrich-Ebert-Stiftung and Project Officer at Pan African Climate Justice Alliance (PACJA)</p>
	<p><b>Dominic Kioko</b> Born on 12<sup>th</sup> March 1988 Holds a Master's degree and PhD in Climate Change. Also undergone Senior Management Course and Strategic Leadership and Development Programme at Kenya school of Government Has a wealth of experience spanning 13 years in education, climate issues, environment and matters of curriculum development. Also an Expert in leadership, education and climate issues Currently serves as ; Board member of MCCFB, Director Dojale Limited, Ad -KICD, liaison officer – NEMA World Desertification and Drought body, Member of board Climate Advocates Voices Unidas, Liaison Officer- Educate Kenya, Member First Lady Mazingira Award.</p>
	<p><b>Hamilton Tene Tom</b> Born on 07<sup>th</sup> January 1977 Holds Bachelor's Degree in Business administration (Accounting and Finance), Master of Business Administration – Entrepreneurship and CPA Certification part 11. Has wealth of experience in finance and currently working with EURO EXIM BANK LIMITED as Trade Finance Consultant previously worked as a Management Consultant at Felix Mumo &amp; Associates and Group Finance and Administration Officer AT Sentrim Kenya LTD.</p>



**Chief Officer - Environment, Natural Resources, Mining, and Climate Change**

Born on 10<sup>th</sup> September 1986, Dr. Geoffrey Ngovi Muthoka, Chief Officer for Environment, Natural Resources, Mining, and Climate Change, holds a PhD and MSc in Pure Mathematics as well as a BEd in Mathematics and Physics. He previously served as a Pure Mathematics Lecturer and Tutorial Fellow at Kirinyaga University, and as a Teaching Assistant at Kenyatta University.



**County Chief Officer - Water, Sanitation & Irrigation**

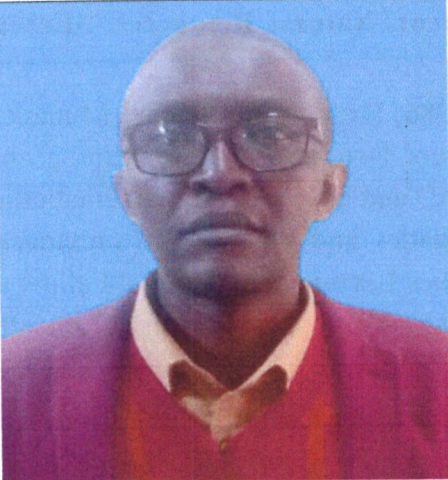


Born on 24<sup>th</sup> June 1985, David Makau holds a Bachelor of science in Environmental and Bio Systems Engineering (Water & Irrigation Option)

He's a member of the Engineers Board of Kenya and Institute of Engineers of Kenya.

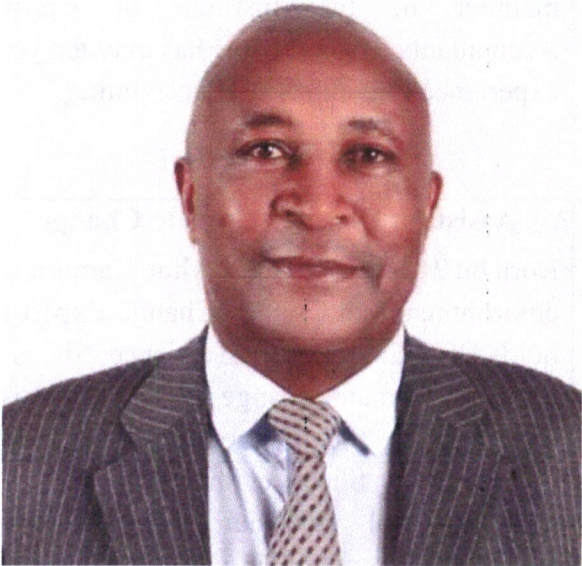

He has 14 years of experience in the water sector, ICRAF, NGOs, Water Companies, Government Agencies (Nakuru, Kilifi, Kajiado & Makueni) and has served as WASH & Construction Engineer, Technical Manager and is currently the County Chief Officer - Water, Sanitation & Irrigation

Hes a Board Member in Makueni Girls, Mwaani Girls, NOLWASCO, KIBMAWASCO, WOWASCO & MBONWASCO




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

	<p>Born on 12th June, 1984, Stanislaus Matheka holds a Master of Arts degree in Project Planning and Management from the University of Nairobi and Bachelor of Arts (Economics) from Moi University,</p> <p>He's a Member of the Economist Society of Kenya (ESK)-</p> <p>He has Fifteen years of professional experience in Public Service in roles aimed at supporting prudent allocation and deployment of resources in line with national, county, and community priorities.</p> <p>He's currently the County director for planning</p>
	<p>Born on 20th December 1981, Alice Mwangeli holds a Masters degree in Project Planning and Management.</p> <p>She has 15 years work experience in social work, community development and project management</p>
	<p><b>Fund administrator/ Secretary to the Board</b></p> <p>Samuel Mwangela Mutiso</p> <p>Born on 26<sup>th</sup> May 1979</p> <p>Holds a degree of Bachelor of Commerce in Accounting and Finance, a Certified Public Accountant of Kenya. Has undergone several trainings with the Kenya School of Government including productivity measurement and undertaken a senior management course.</p> <p>Has an experience of over 17 years in Banking and public finance.</p> <p>Currently working with the County Government of Makueni in the capacity of Chief Accountant</p>

**4. Management Team**

<b>Name</b>	<b>Details of qualifications and experience</b>
	<p><b>CECM – Department of Lands, Urban Planning &amp; Development, Environment &amp; Climate Change</b></p> <p>He holds a Bachelor’s Degree in Economics and Sociology from the University of Nairobi. He served in the Office of Auditor General from 1991 to October 2022.</p> <p>He joined the County Government of Makueni in November 2022 as the CECM in-charge of Devolution, Public Participation, County Administration and Special Programmes. He has a great wealth of experience in Public Sector Governance.</p>
	<p><b>Chief Officer - Environment, Natural Resources, Mining, and Climate Change</b></p> <p>Born on 10<sup>th</sup> September 1986, Dr. Geoffrey Ngovi Muthoka, Chief Officer for Environment, Natural Resources, Mining, and Climate Change, holds a PhD and MSc in Pure Mathematics as well as a BEd in Mathematics and Physics. He previously served as a Pure Mathematics Lecturer and Tutorial Fellow at Kirinyaga University, and as a Teaching Assistant at Kenyatta University.</p>

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

	<p><b>Fund Accountant</b></p> <p>Born on 10<sup>th</sup> March 1991, Pascalia Mulwa is an accountant by profession with a degree in Bachelor of Economics. She is a registered member of the Institute of Certified Accountants (ICPAK). She has over ten years' experience in public sector accounting.</p>
	<p><b>Ag. Assistant Director Climate Change</b></p> <p>Born on 24<sup>th</sup> May 1992 Jackline Kamusa is an environment and Climate Change Expert and holds BSC Environmental Science. She is the head of climate change Unit which is a secretariat to the Makueni Climate Change Fund Board. She previously served as an Environmental &amp; Social Safeguard Expert. She is a registered NEMA Expert with wealth experience in undertaking environmental impact assessment.</p>
	<p><b>Fund administrator</b></p> <p>Samuel Mwangela Mutiso Born on 26<sup>th</sup> May 1979</p> <p>Holds a degree of Bachelor of Commerce in Accounting and Finance, a Certified Public Accountant of Kenya. Has undergone several trainings with the Kenya School of Government including productivity measurement and undertaken a senior management course.</p> <p>Has an experience of over 17 years in Banking and public finance.</p> <p>Currently working with the County Government of Makueni in the capacity of Chief Accountant.</p>

## **5. Board/Fund Chairperson's Report**

### **Foreword by the Chairperson**

I am honored to present this year's report on behalf of the Makueni County Climate Change Fund, reaffirming our shared commitment to climate resilience, low-carbon development, and sustainable economic growth. The Board remains steadfast in addressing community priorities by directing resources to locally led adaptation initiatives that protect vulnerable populations and strengthen their capacity to withstand climate risks.

### **Changes in the Fund During the Year**

This year witnessed significant developments within the Makueni County Climate Change Fund. The fund has had a substantial increase from the County Government from 2.4 % in 2023/2024 Financial to 3.7 % in 2024/2025 Financial year.

Notably, the Board was reconstituted with the renewal of four members, and the competitive process for appointing three additional members as provided for in the Act has commenced. During the transition period following the expiry of the previous Board's term, key Chief Officers continued to represent their respective departments, thereby ensuring continuity in the administration of the Fund

### **Review of the Fund's Performance**

During the financial year under review, the Fund made substantial progress toward its objectives. We successfully mainstreamed climate change projects into county planning and budgeting processes, ensuring that adaptation and mitigation measures are integral to the County Integrated Development Plan (CIDP).

Key achievements included:

- The increase in climate finance allocation and disbursement of resources to community-driven climate action projects across the county.
- Effective monitoring and evaluation of ongoing projects, leading to an increase in the number of initiatives that promote low-emission development pathways.
- Strengthening of partnerships with external donors and stakeholders, resulting in increased resource mobilization.
- Significant progress in building local capacity through training programs for communities and county officers on climate resilience and project management.

Our commitment to the equitable distribution of resources across all wards has ensured that vulnerable communities are not left behind in the fight against climate change. This inclusive approach has strengthened local livelihoods while advancing the county's long-term sustainable development goals.

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

---

**Future Outlook of the Fund**

Looking ahead, the Makueni County Climate Change Fund will continue to play a pivotal role in driving climate resilience across the county. The next five years will see enhanced efforts to mobilize additional resources, particularly from international climate finance mechanisms, and leverage technology for more ambitious climate actions.

Our strategic focus will include:

- Expanding our low-emission development projects, particularly in agriculture and renewable energy.
- Strengthening our monitoring and evaluation frameworks to ensure that projects deliver measurable and sustainable results.
- Fostering deeper collaborations between government, private sector players, and local communities to enhance the inclusivity and effectiveness of climate initiatives.

As we prepare for the new Board, we anticipate a smooth transition that will uphold the integrity and high standards of governance the Fund has demonstrated thus far.

**Conclusion**

In conclusion, I would like to thank the Department of Lands, Urban Planning & Development, Environment and Climate Change for the Swift action and efforts to ensure the reconstitution of a new board after the exit of the previous board members. I appreciate the support from the departmental leadership that has made the work of the board easy.

As we look to the future, we remain committed to ensuring that the Makueni County Climate Change Fund continues to lead in the pursuit of innovative and sustainable solutions to the climate challenges we face. Together, we will build a more resilient and prosperous future for all the communities in Makueni County.

Name: DR.STANISLAUS KIVAI

Signature:



Date: 10.11.2025

Chairperson of the Board/Fund

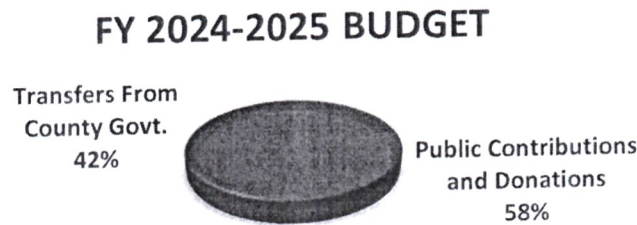
**6. Report of The Fund Administrator**

This report outlines the performance and progress of the County Climate Change Fund for the financial year, highlighting key activities, budget performance, and strategic objectives achieved.

**Financial Performance**

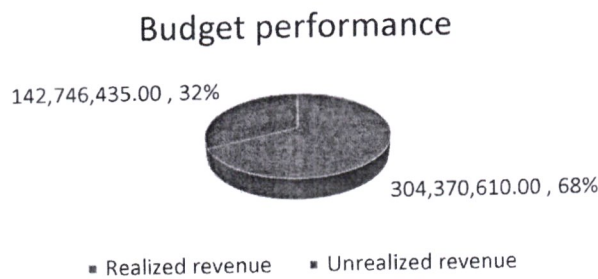
The total allocation in FY 2024-2025 for the Fund stood at Ksh. 263,446,435 .00 of which Kshs. 153,746,435 was donations and Kshs 109,700,000.00 were transfers from the county government representing 58% and 42% respectively. (Figure 1.1)

Figure 1.1



We had however budget relating to FY 2023/2024 amounting to Kshs. 186,205,079.00 which was added to the year’s allocation giving us a total ok Kshs. 449,651,514.00. The actual funds received from donations and county contributions was a total of Kshs. 306,905,079.00 leaving a donation of Kshs 142,746,435 to be disbursed as shown in figure 2 below

Figure 2



In the current financial year, Kshs. 180,784,506.00 was spent on strengthening climate change structures, developing essential frameworks, regulations and strategies and implementing climate resilience projects.

The table below shows the climate resilience projects undertaken in the financial year ended 30<sup>th</sup> June 2025.

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

Table 1.1

S/No	Name of the Project	Amount
1	Construction of Yandia water project	13,000,000.00
2	Rehabilitation of Kwa-Kakui earth dam	16,000,000.00
3	Kikuu Kiangini Water project enhancement	10,000,000.00
4	Implementation of Kaiti 2 water project	15,000,000.00
5	Construction of Ilovoto water project	10,000,000.00
6	Enhancement of the Miting'ani Kaiti water project	11,000,000.00
7	Kwa Nzoongo Earthdam development & livelihood enhancement project	11,746,435.00
8	Isuuni- Kwa Kisela pumping & distribution water project	14,000,000.00
9	Muliluni-Kiambani water & livelihood enhancement project	10,000,000.00
10	Wautu/ Kyangaati sand dam water project	16,000,000.00
11	Enhancement of Athi Mavindini water project	15,000,000.00
12	Implementation of Kinze earth dam water project	11,000,000.00
	Total	152,746,435.00

The following projects were undertaken:

1. Rehabilitation of Kwa Kakui Earthdam (Mukaa ward - Kilome Sub-county)
2. Construction of Wautu Kyangaati sand dam and water distribution Project – (Ilima Ward, Kaiti Sub-county)
3. Enhancement of the Miting'ani - Kaiti Water Project (Ukia ward – Kaiti sub county)
4. Ilovoto water project (Kilungu ward, Kaiti sub county)
5. Kaiti II Water Enhancement Project (Wote/Nziu ward, Makueni sub county)
6. Kiangini - Kikuu Community Water Enhancement Project (Kathonzweni ward, Makueni sub county)
7. Enhancement of Athi- Mavindini Water Project (Mavindini ward, Makueni sub county)
8. Muliluni-Kiambani Water and Livelihood Enhancement Project (Masongaleni ward, Kibwezi East sub county)
9. Kwa Nzoongo Earth Dam Development and Livelihood Enhancement Project (Masongaleni ward, Kibwezi East sub county)
10. Yandia Water Project (Emali/Mulala ward, Kibwezi West sub county)
11. Kinze Earth Dam Water Enhancement Project (Kisau/Kiteta ward, Mbooni sub county)
12. Isuuni - Kwa Kisela pumping and water distribution Project (Kithungo/Kitundu ward, Mbooni sub county)

13. Muvau/Kikumini Climate Change Initiative: Supported tree nursery groups with materials and equipment. (Muvau/Kikumini ward, Makueni sub county)
14. Construction of two (2) sand dams at Kwa Maundu and Kwa Musau Ndati in Londokwe river: constructed 2 sand dams (Kitise/Kithuki ward, Makueni sub county)
15. Construction of a retaining wall at Kalela and Nzaui Kilili Kalamba Forest Conservation and Awareness: Included tree planting initiatives and the construction of a water weir. (Nzaui/Kilili/Kalamba ward, Makueni sub county)

### **Physical Progress**

Since the establishment of the County Climate Change Fund, the following outputs and impacts have been realized:

- **Strengthened Adaptive Capacity:** Enhanced community resilience through targeted initiatives.
- **Equitable Development Pathways:** Established frameworks for inclusive and sustainable climate actions at local and county levels.
- **Operationalized Monitoring Framework:** Developed mechanisms for tracking the progress of climate-resilient and low-carbon investments.
- **Capacity building and operationalization of Climate change structures** (County Climate Change Planning Committee, County Climate Change Steering Committee, County Climate Change Fund Board, Ward Climate Change Planning Committee and the Climate Change Unit)
- **Capacity building of the Climate change unit-** all the officers supporting climate change unit have been trained in Climate finance mechanisms and other specific programs to enhance their capacity in their work

### **Program Achievements**

- The Fund successfully completed all fifteen projects, demonstrating effective utilization of resources and achieving the desired outcomes.

### **Value for Money achievements**

#### **The projects implemented achieved value for money in the following ways**

- The projects selected were optimal in they demonstrated value for money by adopting transparent and competitive procurement processes, resulting in cost savings and ensuring economy in the use of public funds.
- Efficiency was enhanced through completion of planned projects within approved budgets and timelines.

## ***Makueni County Climate Change Fund***

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

---

- The Fund achieved effectiveness by supporting initiatives that delivered tangible outcomes, including improved water harvesting, treatment and distribution, climate smart agriculture and resilience-building for vulnerable households.
- Equity was maintained by prioritizing projects identified through participatory ward-level planning processes, ensuring that resources reached marginalized and climate-vulnerable communities.
- The Fund leveraged partnerships with development actors and promoted community ownership of projects, thereby enhancing sustainability and reinforcing long-term value.

#### **Implementation Challenges**

Despite the progress made, several challenges were encountered, including:

- Late disbursement of funds, which affected the timely implementation of projects.
- Conditionality's imposed by donors
- Grievances at projects sites – grievances at the project site mostly land related delay the implementation of projects.

#### **Future Outlook**

Looking ahead, the Fund anticipates addressing the following in the upcoming financial year:

- Utilization of Ksh. 142 million grant from the World Bank and a Ksh. 88 million matching grant for further climate initiatives, which were not implemented in FY 2024/2025 due to late disbursements and donor conditionalities.
- Continued development of strategic documents to guide climate action.
- Strengthening of climate change structures at ward, county, and steering levels.
- Resource mobilization to enhance climate actions

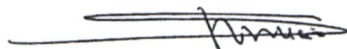
#### **Key Risk Management Strategies**

To mitigate identified risks, the following strategies will be implemented:

- Strengthen Technical Working Group for better coordination
- Capacity Building -: Enhance trainings for CCF Governance Structures and tailor made trainings for Counties for each governance structure
- Continuously Enhance Public engagement through diverse forums - Chief Baraza, media and other forums
- Onboarding of Research institutions and private sector to enhance innovation
- Enhancing communication with donors to ensure timely disbursement of funds.

#### **Conclusion**

The County Climate Change Fund has made significant strides in enhancing climate resilience and sustainability within the county. While challenges remain, the strategic focus on resource mobilization and effective governance will pave the way for continued success in the years to come.



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

Name Samuel Mutiso Signature.....Date 26/08/2025

Administrator of the Fund

**7. Statement of Performance Against the County Fund's Predetermined Objectives**  
**Introduction**

Section 164 (2)(f) of the Public Finance Management Act, 2012 mandates that, at the end of each financial year, the Accounting Officer of each County Government entity must prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board. These statements must include a report on the entity's performance against predetermined objectives.

In line with this requirement, the Makueni County Climate Change Fund (MCCCF) has outlined key development objectives in its strategic plan for the period 2023-2027. These objectives aim to ensure the effective administration and management of county climate funds to support collective climate action that enhances livelihoods, promotes adaptation capacity, drives low-emission and sustainable economic growth.

The overall objective of the Fund is the effective administration and management of county climate funds for collective climate action that improves livelihoods and well-being, promotes adaptation capacity, and achieves low-emission and sustainable economic growth.

The specific objectives are as follows:

1. Strengthen the adaptive capacity of affected communities and manage the risks related to climate change.
2. Establish equitable and transformative low-emission, climate-resilient development pathways at local and county levels.
3. Operationalize a framework for monitoring and reporting progress in the implementation of climate-resilient and low-carbon green investments in the county.
4. Strengthen the institutional capacity of the Board and related climate governance structures.
5. Enhance the capacity of the county government to mobilize resources and improve access to technology, including undertaking technological developments for ambitious climate action.
6. Improve inclusion, alignment, cooperation, coherence, coordination, and ownership of climate strategies, policies, programs, and plans across all spheres of government and stakeholder groups.

These objectives guide the implementation of climate action in the county, ensuring that the Fund contributes to both immediate and long-term climate resilience and sustainable development goals.

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

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Management of Climate Change Fund (CCF)	Effective administration and management of county climate funds for collective climate action that improves livelihoods and well-being, promotes adaptation capacity, and achieves low-emission and sustainable economic growth	Improved climate resilience and adaptive capacity of communities in Makueni County.	<ul style="list-style-type: none"> <li>Amount of climate funds allocated</li> <li>Number of households benefiting from climate-resilient livelihood interventions</li> </ul>	<ul style="list-style-type: none"> <li>over 200 million allocated for climate actions</li> <li>Continuous increase in allocation of funds meant for climate action</li> </ul>

**8. Corporate Governance Statement**

The Makueni Climate Change Fund (MCCF) Board plays a pivotal role in providing strategic direction and oversight in the utilization of resources aimed at addressing climate change impacts within Makueni County. The Board operates under the framework of the Makueni Climate Change Act, 2022, which mandates its governance structure, duties, and responsibilities. This statement outlines the key elements of corporate governance as observed by the Board, ensuring transparency, accountability, and effective management of the Fund.

**i. Board Composition and Meetings**

The Makueni Climate Change Fund Board consists of 12 members, comprising both state and non-state actors as detailed below:

S/No	Name	Designation	Category
1.	Stanislaus M. Kivai	Chairperson	Non – state Actor
2.	John Nguni	Chief Officer- Finance	State Actor
3.	Dr. Geoffrey Muthoka	Chief Officer- Environment, Natural Resource, Mining & Climate Change Ag chief Officer Health	State Actor
4.	Dr. Victoria Kyalo	Chief Officer - Agriculture	State Actor
5.	Eng. David Makau	Chief Officer – Water, Sanitation & Irrigation	State Actor
6.	Eng. Naomi Nthambi	Chief Officer - Energy	State Actor
7.	Stanley Matheka	Director Socio-Economic Planning	State Actor
8.	Alice Munyao	County Drought Coordinator	State Actor
9.	Robert Muthami	Development Partners Representative	Non – state Actor
10.	Dominic Kioko	Key Economic Sector Representative	Non – state Actor
11.	Hamilton Tene	Key Economic Sector Representative	Non – state Actor
12.	Samuel Mutiso	Fund administrator	State Actor

### **Appointment and Term of the Board**

The appointment of the Board members follows a transparent process as outlined in the Makueni Climate Change Act, 2022. The Chief Officers representing various sectors (Finance, Agriculture, Water, Health, Energy, and Environment) are appointed by their respective offices in the County Government of Makueni. Non-state actors, such as the Faith-Based Organization Representative, Key Economic Actor and Development Partner's Representative are appointed through a competitive process to ensure diversity and the inclusion of all key stakeholders.

### **Board Charter**

The Board operates under a formal Charter that provides clear guidelines on its roles, responsibilities, and governance principles. The Charter outlines the fiduciary duties of the Board members, including oversight of the Fund's activities, resource allocation and ensuring compliance with the Makueni Climate Change Act, 2022. The Board Charter is reviewed periodically to ensure alignment with changing laws, regulations, and best practices.

### **ii. Roles and Functions of the Board**

The roles and function of the board are

1. Approve the County Climate Change Budget.
2. Allocate resources, in line with the legal and constitutional requirements of equity.
3. Mainstream climate change projects, programs, and activities in county planning and budgeting, and ensure their approval and inclusion in the County Integrated Development Plan (CIDP).
4. Monitor disbursements.
5. Oversee budget execution.
6. Oversee implementation of climate programs and projects.
7. Monitor and evaluate climate change programs and projects.
8. Provide links between the steering committee, the County Treasury, and County Assembly.
9. Coordinate capacity building at Ward and County levels.
10. Be responsible for financing cross-ward and cross-county climate change programs.
11. Mobilize funds.

### **iii. Induction and Training**

All new Board members undergo an induction program designed to familiarize them with the Board's functions, the Makueni Climate Change Act, 2022, and their roles in the governance process. The induction includes sessions on financial management, climate change policy, project management, and risk oversight. A section of the current Board – non state actors which was recently appointed will be trained on disaster management and sensitized on the Boards service delivery charter.

Continuous learning is encouraged, and the Board members participate in workshops, training programs, and conferences relevant to climate change governance, financial oversight, and project management to remain updated on best practices.

**iv. Board Performance Evaluation**

The performance of the Board is evaluated annually through a self-assessment process. This process assesses the effectiveness of the Board's oversight and resource mobilization. Feedback from the evaluation informs the improvement of the Board's processes and ensures that members remain committed to their duties.

**v. Board meetings**

The Board meets four times annually to review the Fund's operations, set strategic priorities, and ensure proper management of resources. The meetings serve as a forum for discussing key projects, financial performance, risk management, and compliance with legal frameworks. Board attendance and participation are crucial for effective governance, with all members actively engaged in decision-making processes.

**vi. Succession plan**

The term of the current Board is five years, which will expire in 2030. As the term concludes, a transition plan is always put in place to ensure continuity and smooth handover of responsibilities to the next Board members.

**vii. Conflict of Interest**

A strict conflict of interest policy is in place, requiring all Board members to declare any conflicts at the start of their term and during their service as circumstances arise. Any member with a conflict of interest must recuse themselves from discussions or decision-making processes related to the conflict. This ensures that the Board remains impartial and that all decisions are made in the best interest of the Fund and the community.

**viii. Board Remuneration**

The remuneration for Board members is based on SRC. Compensation is based on attendance and participation required for Board activities. The aim is to ensure that remuneration is fair while maintaining the Board's non-profit nature.

**ix. Ethics and Conduct**

The Board upholds the highest standards of ethics and integrity. All Board members are required to adhere to a Code of Ethics that promotes transparency, honesty, and accountability in their work. The Board regularly reviews its ethical standards to ensure alignment with evolving governance best practices and public expectations.

**x. Governance Audit**

External audit is conducted annually to evaluate the effectiveness of the Board's processes, financial controls, and decision-making structures. The audit reviews compliance with legal requirements and assesses the overall impact of funded projects. Additionally, a continuous internal audit is carried out to ensure ongoing adherence to governance standards and operational efficiency. The findings from both the internal and external audits are used to improve governance practices and enhance the overall performance of the Fund

**xi. Communication policy**

The Fund secretariat commits to develop a communication policy to guide internal and external to ensure that information is accurate, timely, accessible, and consistent with the Board's mandate for enhanced transparency, accountability, and public participation in climate change governance.

**xii. Terms of Reference of Committees**

The Board will select committees to handle specific responsibilities or subject areas. The objective will ensure:

- Efficiency - in-depth review of subjects
- Expertise -Members with relevant skills focus on specialized areas
- Oversight - proper checks and balances, especially in governance, compliance, and performance.

The proposed committees include;

- Financial and Audit Committee
- Technical and project Committee
- Governance and Administration committee

**xiii. Policy on related party transactions**

The Fund secretariat commits to establish principles and procedures to identify, review, approve, and disclose Related Party Transactions (RPTs) to ensure transparency, prevent conflicts of interest, and safeguard the integrity of the Climate Change Fund.

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

**9. Management Discussion and Analysis**

Makueni Climate Change Fund (MCCF) is established to finance climate actions in the County as envisioned in the Climate Change Act, 2022 and the Makueni Climate Change Action Plan 2023-2027. The funds are utilised through a special purpose Account (SPA).

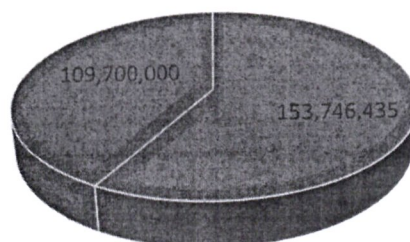
The budget for the year was Kshs. 263,446,435. Out of this amount the public contributions and donations was Kshs. 153,746,435.00 while county contribution was Kshs 109,700,000.00. we however received Kshs 11,000,000 and Kshs 109,700,000 from public donations and county contributions respectively. The total amount received during the year was Kshs 120,700,000.00 Table 2.1 below shows the budget for Fy 2024/2025.

Table 2.1

<b>FY 2024/2025 Budget</b>	
Public Contributions and Donations	153,746,435
Transfers From County Govt.	109,700,000
<b>Total Budget</b>	<b>263,446,435</b>

Figure 2.1

**FY 2024/2025 Budget**



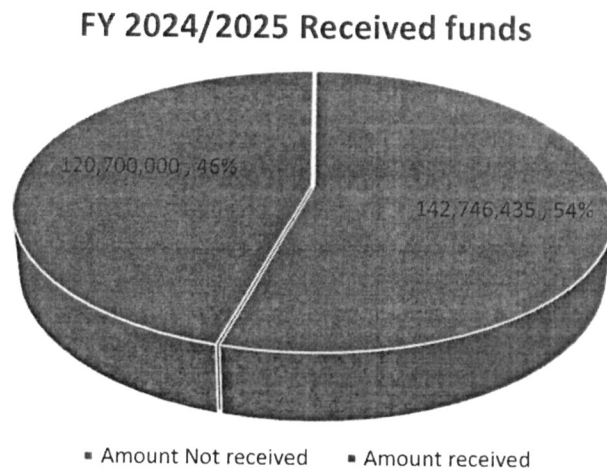
■ Public Contributions and Donations    ■ Transfers From County Govt.

Table 2.2 below shows the amount received during the year as only 46% of the total year's allocation.

Table 2.2

<b>FY 2024/2025 Received funds</b>	
Amount Not received	142,746,435
Amount received	120,700,000
<b>Total Budget</b>	<b>263,446,435</b>

**Figure 2.2**

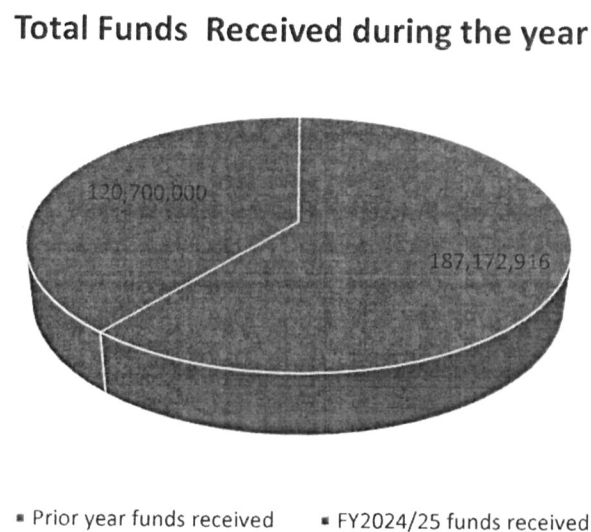


In addition to Kshs 120,700,000.00 received relating to FY 2024/25 budget, we also received Kshs 186,205,079 relating to previous years allocation. The total amount therefore received during the year amounted to Kshs. 306,905,079 as shown in the table and figure below

**Table 2.3**

<b>Total Funds Received during the year</b>	
Prior year funds received	186,205,079
FY2024/25 funds received	120,700,000
<b>Total funds received</b>	<b>306,905,079</b>

**Figure 2.3**



## **10. Environmental and Sustainability Reporting**

### **i. Sustainability strategy and profile**

The Makueni County Climate Change Fund promotes sustainable development through enhancing community adaptive capacity and low carbon development. The Board has focused on provision of climate change policy development, institutional development and strengthening and climate financing for enhanced community resilience. This is guided by the eight principles of locally-led adaptation including;

- Devolving decision making to the lowest appropriate level
- Addressing structural inequalities faced by women, youth, children, disabled and displaced people, Indigenous Peoples and marginalised ethnic groups
- Ensuring transparency and accountability
- Collaborative action and investment
- Providing patient and predictable funding that can be accessed more easily
- Flexible programming and learning
- Building a robust understanding of climate risk and uncertainty
- Investing in local capabilities to leave an institutional legacy

### **ii. Environmental performance**

The Climate Change Fund operates under the guidance of the **County Environment and Climate Change Policy, 2021**, which underscores the importance of mainstreaming environmental and climate change management into the County's sectoral plans and priorities. This integration is critical for driving long-term sustainable and inclusive growth, while also contributing to poverty reduction within communities.

To strengthen environmental performance, the County enacted the **County Climate Change Act, 2022**, which provides a framework for mainstreaming climate change and establishes the County Climate Change Fund. In advancing climate finance, the County has undertaken a **Green Finance Assessment** to evaluate its capacity to access green financing opportunities, including green bonds. In addition, with technical support from PricewaterhouseCoopers, the secretariat is developing **bankable projects under the Green Facility Project**.

All projects implemented under the Fund undergo **environmental and social risk screening** and comply with all relevant environmental standards and legal requirements, including **Environmental Impact Assessment (EIA) licenses** and **Water Resource Management permits**. A dedicated Environment and Risk Management team, comprising environment safeguards, social safeguards, and grievance redress mechanism (GRM) experts support the secretariat. Furthermore, the technical team conducts regular monitoring of ongoing projects to ensure full compliance with Environmental Management Plans (EMPs).

To date, the Fund has successfully implemented **12 climate resilience projects**, focusing on **climate-smart agriculture** through the establishment of ten demonstration farms, as well as the **design of 12 climate-proof water infrastructure projects**.

**iii. Employee welfare**

The Climate Change Fund does not directly employ staff but relies on the technical and administrative capacity of officers seconded by the **County Public Service Board**. Currently, 12 technical staff specializing in financial management, monitoring and evaluation, environmental and social governance, internal audit, communication, and climate change support the Fund. In addition, the Fund engages desk officers from key sectors; including environment, water, roads, energy, and agriculture who collectively form the **Technical Working Group**.

Recognizing the importance of strengthening technical expertise within its secretariat, the Board has developed a **Capacity Development Plan**. A dedicated budget for capacity building has been set aside, and during the financial year, trainings were conducted in areas such as financial management, project monitoring and planning, financial audit, environmental and social governance, communication and knowledge management, innovative water resource management, and climate-smart agriculture.

The Fund is guided by the **Work Injury Benefits Act (2007)** and is committed to providing a safe working environment by ensuring that all staff whether permanent or casual are insured against workplace injuries. Furthermore, the Fund has complied with the **Occupational Safety and Health Act (OSHA, 2007)** by registering workplaces for all funded projects and ensuring a safe work environment for the Fund's secretariat.

**iv. Market place practices-**

**a) Responsible competition and Supply chain and supplier relations**

The organization is committed to fostering strong, ethical relationships with its suppliers. This is achieved through;

- ensuring that all agreements with suppliers are fulfilled as per the terms and conditions specified. This includes timely delivery of goods and services, adherence to quality standards, and fulfilling all contractual obligations.
- paying according to agreed-upon terms. The organisation maintains a transparent and efficient payment process, ensuring that suppliers receive payments promptly and without undue delays.
- Regular and transparent communication channels are maintained to address any issues or concerns promptly, reinforcing trust and reliability in business dealings.

**b) Responsible marketing and advertisement**

The Fund is dedicated to ethical sourcing and sustainable practices within its supply chain

**c) Ethical Labor Practices:**

Suppliers are required to comply with ethical labor practices, including fair wages, safe working conditions, and non-discrimination. Regular audits and assessments ensure adherence to these standards.

**d) Responsible marketing and advertisement-**

The County is dedicated to ethical sourcing and sustainable practices within its supply chain:

- ensuring that all agreements with suppliers are fulfilled as per the terms and conditions specified. This includes timely delivery of goods and services, adherence to quality standards, and fulfilling all contractual obligations.
- paying according to agreed-upon terms. The organisation maintains a transparent and efficient payment process, ensuring that suppliers receive payments promptly and without undue delays.
- Regular and transparent communication channels are maintained to address any issues or concerns promptly, reinforcing trust and reliability in business dealings

**e) Product stewardship**

The organization is committed to the responsible stewardship of goods and services:

1. **Quality Assurance:** Rigorous quality assurance processes are in place to ensure that all products and services meet high standards of excellence and reliability.
2. **Efficient Resource Use:** Resources are managed efficiently to reduce waste and optimize the use of materials, contributing to sustainability goals.
3. **Customer Satisfaction:** Focused on delivering value and satisfaction, the organization seeks feedback from customers to continuously improve its offerings and address any concerns and has a grievance handling mechanism.

The fund has a Grievance handling mechanism, which starts from the project site committees to the County level committee. The committees have been trained on GRM and they document grievances and disputes in logbooks. The fund has received 32 grievance, which have been handled sufficiently.

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

The Fund is implementing locally- led climate actions, which are derived from participatory climate risk assessment a process that involves intense community engagement.

### **11. Statement of Management's Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by The Makueni Climate Change Act, 2022 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

- i. maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. (maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund;
- iii. designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. safeguarding the assets of the Fund;
- v. selecting and applying appropriate accounting policies; and
- vi. making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Makueni Climate Change Act, 2022.

The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

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

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

---

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 25<sup>th</sup> August 2025 and signed on its behalf by:



.....

**Administrator of the Makueni County Climate Change 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 MAKUENI COUNTY CLIMATE CHANGE FUND FOR THE YEAR ENDED 30 JUNE, 2025

---

### PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; 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 Makueni County Climate Change Fund set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of

---

*Report of the Auditor-General on Makueni County Climate Change Fund for the year ended 30 June, 2025*

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, the financial statements present fairly, in all material respects, the financial position of Makueni County Climate Change Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Financing Locally Climate Change Agreement dated 19 May, 2022, the Makueni County Climate Change Act, 2022 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Makueni 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 final income budget and actual on comparable basis of Kshs.449,651,514 and Kshs.306,905,079 respectively resulting to underfunding of Kshs.142,746,435 or approximately 32% of the budget. Similarly, the Fund expended Kshs.180,784,506 against actual receipts of Kshs.306,905,079 resulting to under absorption of Kshs.126,120,573 or approximately 41% of actual receipts.

The underfunding and under absorption affected the implementation of planned activities and programmes and may have negatively impacted 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**

The Management is responsible for the Other Information set out on pages iii to xxxi which comprise of Key Entity Information and Management, Board/Fund Administration Committee, Management Team, Board Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against the Fund's Pre-determined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, 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 Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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**

#### **Delayed Project Implementation**

Review of records revealed that the Fund allocated Kshs.162,746,435 which included Kshs.22,000,000 and Kshs.142,746,435 for Institutional Support for Climate Change Resilience and Implementation of thirteen (13) designated projects in thirteen (13) wards respectively. However, eleven (11) projects were completed, one (1) project (Enhancement of Athi Mavindini Water Project) with a budget allocation of Kshs.15,000,000 was on going while one (1) Project (Kyandulu/Ndovoini Water and Livelihoods Improvement Project) with a budget of Kshs.10,000,000 had not commenced as at the time of audit in September, 2025. Management did not provide the measures put in place to complete the projects.

In the circumstances, value for money obtained from the incomplete projects could not be confirmed.

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on 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**

#### **Delayed Board Appointment and Composition of the Board**

Review of the Board's records revealed that the term of the previous Board of Directors expired on 31 March, 2024. However, only four (4) positions were filled as at 20 January, 2025 while the remaining three (3) positions remained vacant one and half years later as at the time of audit in October, 2025. Although the Fund Management provided a report on recruitment of Board of Directors which was forwarded to the County Assembly for tabling and approval, there was no evidence to confirm that the report was deliberated on and approved by the County Assembly. This is contrary to the provisions of Section 15 of the Makueni County Climate Change Act, 2022 which requires the establishment of Climate Change Board to manage the Climate Change Fund.

In addition, the Steering Committee held only two meetings during the year under review contrary to Sections 12 and 29 of the Makueni Climate Change Fund Act, 2022 which require the committees to hold a minimum of four (4) meetings annually.

In the circumstances, the effectiveness of the governance measures put in place could not be confirmed.

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 Board of Management**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015. Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL


Nairobi


07 November, 2025

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

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			Restated
Public Contributions and Donations	6	26,203,126	164,746,436
Transfers From the County Government	7	109,700,000	83,950,008
Fines, Penalties and Other Levies		-	-
		<b>135,903,126</b>	<b>248,696,444</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income		-	-
Other Income		-	-
		-	-
<b>Total Revenue</b>		<b>135,903,126</b>	<b>248,696,444</b>
<b>Expenses</b>			
Employee Costs		-	-
Use of goods and services	8	181,329,521	56,321,365
Depreciation and Amortization Expense	9	1,298,340	2,018,000
Finance Costs		-	-
<b>Total Expenses</b>		<b>182,627,861</b>	<b>58,339,365</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
<b>Surplus/(Deficit) for the Period</b>		<b>(46,724,736)</b>	<b>190,357,079</b>

  
Name: Samuel Mutiso  
Administrator of the Fund

  
Name: Pasalia Muluwa  
Fund Accountant  
ICPAK Member Number: 24049

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


**14. Statement of Financial Position as at 30 June 2025**

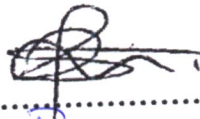
Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			Restated
<b>Current Assets</b>			
Cash and Cash Equivalents	10	126,120,572	65,781,217
Receivables from non-exchange transactions	11	28,583,301	120,423,862
<b>Total current assets</b>		<b>154,703,873</b>	<b>186,205,079</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	12	3,276,482	4,152,000
<b>Total non- current assets</b>		<b>3,276,482</b>	<b>4,152,000</b>
<b>Total Assets (A)</b>		<b>157,980,355</b>	<b>190,357,079</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	13	14,348,012	
<b>Total current liabilities</b>		<b>14,348,012</b>	-
<b>Non-Current Liabilities</b>			
Non-Current Employee Benefit Obligation		-	
<b>Total Non-Current Liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>14,348,012</b>	-
<b>Net Assets (A-B)</b>		<b>143,632,343</b>	<b>190,357,079</b>
<b>Represented By:</b>			
Surplus/ Deficit for the period			
Accumulated Surplus		143,632,343	190,357,078
<b>Net Assets</b>		<b>143,632,343</b>	<b>190,357,078</b>

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

---

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 25<sup>th</sup> August 2025 and signed by:

  
.....  
Name: Samuel Mutiso  
Administrator of the Fund

  
.....  
Name: Pascalia Mulwa  
Fund Accountant  
ICPAK Member Number: 24049

*Makueni County Climate Change Fund*

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

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2023 (Previous FY)</b>			-	-
Surplus/(Deficit) For the Period			142,264,443	142,264,443
Prior year adjustment				
Transfer from county government 2023-24			49,050,644	49,050,644
Adjustment of depreciation			(958,009)	(958,009)
Funds Received During the Year				
Transfers			-	-
Revaluation Gain			-	-
Balance As At 30 June 2024 (Previous FY)			190,357,078	190,357,078
				-
<b>Balance As At 1 July 2024 (Current FY)</b>			<b>190,357,078</b>	<b>190,357,078</b>
Surplus/(Deficit) For the Period			(46,724,736)	(46,724,736)
Funds Received During the Year			-	-
Transfers			-	-
Revaluation Gain			-	-
<b>Balance As At 30 June 2025 (Current FY)</b>			<b>143,632,343</b>	<b>143,632,343</b>

\*The prior year adjustments relate to county government transfers for FY 2023/24 transferred in FY 2024/25

\*The adjustment of depreciation relates to under charged depreciation for FY 2023/24

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

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		82,373,218	93,373,218
Transfers from the county government		158,750,644	34,899,364
<b>Total receipts</b>		<b>241,123,862</b>	<b>128,272,582</b>
<b>Payments</b>			
General expenses		180,361,684	56,321,365
<b>Total Payments</b>		<b>180,361,684</b>	<b>56,321,365</b>
<b>Net cash flows from operating activities</b>	14	<b>60,762,178</b>	<b>71,951,217</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		422,822	6,170,000
<b>Net cash flows used in investing activities</b>		<b>422,822</b>	<b>6,170,000</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>60,339,356</b>	<b>65,781,217</b>
Cash and cash equivalents at 1 July	10	65,781,217	-
<b>Cash and cash equivalents at 30 June</b>	10	<b>126,120,572</b>	<b>65,781,217</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	B	C=(a+b)	D	e=(c-d)	f=d/c*100
<b>Budget carryovers from the previous year*</b>	-	186,205,079	186,205,079	186,205,079	-	100%
<b>Receipts</b>						
Public Contributions and Donations	153,746,435		153,746,435	11,000,000	142,746,435	7%
Transfers From County Govt.	109,700,000		109,700,000	109,700,000	-	100%
Interest Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
<b>Total Income</b>	<b>263,446,435</b>	<b>186,205,079</b>	<b>449,651,514</b>	<b>306,905,079</b>	<b>142,746,435</b>	<b>68%</b>
<b>Expenses</b>						
Fund Administration Expenses	-	-	-	-	-	
General Expenses and capital expenditure	263,446,435	186,205,079	449,651,514	180,784,506	283,931,533	40%
Finance Cost	-	-	-	-	-	
<b>Total Expenditure</b>	<b>263,446,435</b>	<b>186,205,079</b>	<b>449,651,514</b>	<b>180,784,506</b>	<b>283,931,533</b>	<b>40%</b>
<b>Surplus For the Period</b>	-	-	-	<b>126,120,573</b>		

**Budget notes**

The underutilization of funds is occasioned by non-disbursement of donor funds

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	<b>126,120,573</b>
	Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>126,120,572</b>

**18. Notes to the Financial Statements**  
**Significant Accounting Policies**

**1. General Information**

The Makueni Climate Change Fund entity is established by and derives its authority and accountability from Makueni Climate Change Act, 2022. The entity is wholly owned by the Makueni County Government and is domiciled in Kenya. The entity’s principal activity is management of climate change fund.

**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 for a period of 12 months starting from July 202. 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 2025*

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. 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	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:

	Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.
IPSAS 48: Transfer Expenses	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial

*Makueni County Climate Change Fund*

**Annual Report and Financial Statements for the year ended June 30<sup>th</sup>, 2025**

	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	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<b><i>Applicable 1<sup>st</sup> January 2027</i></b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

**(i) Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2024/2025 was approved by the County Assembly on 26<sup>th</sup> June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations in the FY 2024/2025 budget.

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 cash flows has been presented under section 16 of these financial statements.

**c) Property, plant and equipment**

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

**d) Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a straight line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

<b>Item</b>	<b>Useful life (Years)</b>	<b>Rates</b>
Motor Vehicles	6	16.67%
Furniture & Fittings	8	12.50%
Computer	3.3	30%

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

**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 property is measured at fair value with gains and losses recognised through surplus or deficit. 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.

**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 entity'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.

**Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortized 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. Trade and other receivables include Contractors' retention money held in the County Executive deposit account.

**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.

**Summary of Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**d) Inventories**

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

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

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

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

**e) Provisions**

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

**f) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognizes 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.

**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 does not maintain any reserves

**i) Changes in accounting policies and estimates**

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

**j) Employee benefits – Retirement benefit plans**

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

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

**Summary of Significant Accounting Policies (Continued)**

**k) Foreign currency transactions**

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

**l) Borrowing costs**

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

**m) Related parties**

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

**n) Cash and cash equivalents**

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

**o) Comparative figures**

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

**Summary of Significant Accounting Policies (Continued)**

**5. Significant judgments and sources of estimation uncertainty**

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

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available.

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**

**6. Public contributions and donations**

Description	2024/2025	(2023/2024)
	Kshs	Kshs
Donation From Development Partners	26,203,126	164,746,436
Contributions From the Public	-	-
<b>Total</b>	<b>26,203,126</b>	<b>164,746,436</b>

This revenue is comprised of funds from development partners, specifically the FLLoCA program, to the fund

**7. Transfers from County Government**

Description	2024/2025	(2023/2024)
	Kshs	Kshs
Transfers From County Govt. –Operations	109,700,000	83,950,008
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
<b>Total</b>	<b>109,700,000</b>	<b>83,950,008</b>

**8. Use of Goods and Services**

Description	2024/2025	(2023/2024)
	Kshs.	Kshs.
Committee Allowances		2,487,950
Electricity And Water Expenses		
Fuel And Oil Costs	1,750,000	800,862
Printing And Stationery	606,460	
Rental Costs	312,000	312,000
Other ( <i>Specify</i> )		
General Operation Costs	178,661,061	52,720,553
<b>Total</b>	<b>181,329,521</b>	<b>56,321,365</b>

**Makueni County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30<sup>th</sup>, 2025**

**9. Depreciation and Amortization Expenses**

Description	2024/2025	(2023/2024)
	Kshs.	Kshs.
Property Plant and Equipment	1,298,340	2,018,000
Intangible Assets	-	-
<b>Total</b>	<b>1,298,340</b>	<b>2,018,000</b>

**10. Cash and cash equivalents**

Description	2024-2025	2023-2024
	Kshs	Kshs
Makueni Climate Change Fund Account	126,120,572	65,781,217
<b>Total Cash And Cash Equivalents</b>	<b>126,120,572</b>	<b>65,781,217</b>

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

Financial Institution	Account number	2024/2025	(2023/2024)
		Kshs	Kshs
<b>a) Current Account</b>			
Central Bank of Kenya	1000654368	126,120,572	65,781,217
<b>Sub- Total</b>		<b>126,120,572</b>	<b>65,781,217</b>
<b>Grand Total</b>		<b>126,120,572</b>	<b>65,781,217</b>

**Makueni County Climate Change Fund**  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup>, 2025**

**11. Receivables from non-exchange transactions**

Description	2024/2025	(2023/2024)
	FY 2024-25	FY 2023-24
	Kshs	Kshs
<b>Current Receivables</b>		
FLLoCA CCRI-G	15,203,125.71	71,373,218
Other Exchange Debtors- Contractors' Retention	13,380,174.80	-
FLLoCA County contribution		49,050,644
<b>Total Current Receivables</b>	<b>28,583,300.51</b>	<b>120,423,862</b>
<b>Non-Current Receivables</b>		
<b>Total Receivables From Exchange Transactions</b>	<b>28,583,300.51</b>	<b>120,423,862</b>

*Makueni County Climate Change Fund*  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup>, 2025**

**12. Property, plant, and equipment**

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Rate			16.67%	12.50%	30%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2023</b>			5,000,000			
Additions					1,170,000	1,170,000
Disposals						
Transfers/Adjustments						
Revaluation Adjustments						
<b>At 30<sup>th</sup> June 2024</b>	-	-	5,000,000	-	1,170,000	1,170,000
<b>At 1<sup>st</sup> July 2024</b>						
Additions				74,322	348,500	422,822
Disposals				-	-	
Transfer/Adjustments						
Revaluation Adjustments						
<b>At 30<sup>th</sup> June 2025</b>			5,000,000	74,322	1,518,500	1,592,822
<b>Depreciation And Impairment</b>						
At 1 <sup>st</sup> July 2023			833,500			833,500
Depreciation			833,500		351,000	1,184,500

*Makueni County Climate Change Fund*  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup>, 2025**

Impairment						-
<b>At 30<sup>th</sup> June 2024</b>			<b>1,667,000</b>		<b>351,000</b>	<b>2,018,000</b>
<b>At 1<sup>st</sup> July 2024</b>			<b>1,667,000</b>		<b>351,000</b>	<b>2,018,000</b>
Depreciation			833,500	9,290	455,550	<b>1,298,340</b>
Disposals						-
Impairment						-
Transfer/Adjustment						-
<b>At 30<sup>th</sup> June 2025</b>			<b>2,500,500</b>	<b>9,290</b>	<b>806,550</b>	<b>3,316,340</b>
<b>Net Book Values</b>						
<b>At 30<sup>th</sup> June 2024</b>			<b>3,333,000</b>		<b>819,000</b>	<b>4,152,000</b>
<b>At 30<sup>th</sup> June 2025</b>			<b>2,499,500</b>	<b>65,032</b>	<b>711,950</b>	<b>3,276,482</b>

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

**13. Trade and other payables**

Description	2024/2025		2023/2024	
	Kshs		FY Kshs	
Trade Payables	967,837			
Other Payables- Contractors Retentions	13,380,175			
<b>Total Trade and Other Payables</b>	<b>14,348,012</b>		<b>-</b>	
<b>Ageing analysis (Trade and other payables)</b>	<b>Current FY 2024/2025</b>	<b>% of the Total</b>	<b>Comparative FY 2023/2024</b>	<b>% of the Total</b>
Under one year	14,348,012	100	-	%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
<b>Total (tie to above total)</b>	<b>14,348,012</b>		<b>-</b>	

*Makueni County*

*Makueni County Climate Change Fund*

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

**14. Cash generated from operations.**

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>(61,927,861)</b>	<b>190,357,079</b>
<b>Adjusted For:</b>		
Depreciation	1,298,340	2,018,000
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory		-
Decrease In Receivables	107,043,687	(120,423,862)
Increase In Payables	14,348,012	-
<b>Net Cash Flow From Operating Activities</b>	<b>60,762,178</b>	<b>71,951,217</b>

**15. 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 of Makueni;
- b) The department of Lands Urban planning and Development, Environment and Climate Change
- c) The climate Change Key management
- d) The Climate Change Fund Board

**16. 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
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
<b>Total</b>				
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
<b>Total</b>				

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

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
<b>At 30 June 2025 (Current FY)</b>				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
<b>Total</b>				
<b>At 30 June 2024 (Comparative FY)</b>				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				

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

<b>Total</b>				
--------------	--	--	--	--

**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
<b>At 30 June 2025 (Current FY)</b>			
Financial Assets			
Investments			
Cash			
Debtors/ Receivables			
<b>Liabilities</b>			

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

Trade And Other Payables			
Borrowings			
<b>Net Foreign Currency Asset/(Liability)</b>			

**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
<b>(Current FY)</b>			
Euro			
USD			
<b>(Comparative FY)</b>			
Euro			
USD			

**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.

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

**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	2024/2025	2023/2024
	Current FY	Comparative FY
	Kshs	Kshs
Revaluation reserve		
Revolving fund		
Accumulated surplus	143,632,343	190,357,078
<b>Total funds</b>	<b>143,632,343</b>	<b>190,357,078</b>
Total borrowings		
Less: cash and bank balances	126,120,573	65,781,217
(excess cash and cash equivalents)	(126,120,573)	(65,781,217)
<b>Gearing</b>	0%	0%

**17. Events after the reporting period**

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

**18. Ultimate and Holding Entity**

The entity is a County Public Fund established by Makueni Climate Change Act, 2022 under the Ministry/Department of Lands, Urban Planning and Development, Environment and Climate Change. Its ultimate parent is the County Government of Makueni.

**19. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

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

**19. 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.

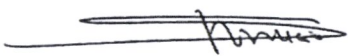
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
Unauthorized committee allowances	The statement of financial performance and as disclosed in Note 3 to the financial statements reflect use of goods and services amount of Kshs. 56,321,365 which includes Kshs. 2,487,950 in respect of committee allowances. Review of the support documents revealed that the Board members tenure expired on 31st March 2024, and no subsequent Board had been constituted as at the time of the audit in November 2024. Further, the expired Board members gazette notices were not provided for audit review. Although Management indicated that the allowances were allocated for activities carried out up to 30th March, 2024, no evidence was provided for audit review. In the circumstances, the expenditure was unauthorized.	The term of the outgoing Climate Change Fund Board commenced in March 2021 and concluded on 31st March 2024. Committee allowances amounting to Kshs. 2,487,950 were allocated for activities carried out by the Board up to 30th March 2024. The final Board meeting took place on 25th March 2024. No committee allowances were paid after the expiration of the Board's term. The management has initiated the process of constituting a new Climate Change Fund Board, with four board members already appointed. To this end, the County Public Service Board has advertised the remaining 3 vacancies for Board members. Once the recruitment process is completed, the management will gazette the incoming Climate Change Fund Board alongside other climate change	Resolved	28 <sup>th</sup> Mar 2025

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

		committees to ensure continuity in governance and operational efficiency.		
--	--	---	--	--

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

<p>Failure to match county contribution on FLLoCA donor fund program</p>	<p>The statement of financial performance reflects revenue from non-exchange transactions amount of Kshs. 199,645,800, which includes transfers from the County Government of Kshs. 34,899,364. The amount relates to the contribution to Financing Locally Led Climate Action (FLLOCA) program. However, the contribution is less than the expected budget matching requirement of Kshs. 87,879,353 resulting to an underfunding of Report of the Auditor-General on Makueni County Climate Change Fund for the year ended 30 June, 2024 3 Kshs.52,979,989 for the program. This is contrary to Makueni County Climate Change Act, 2022 which requires the County Government to allocate 2% of the County Development Budget to the Fund. In the circumstances, Management was in breach of the law.</p>	<p>The County Treasury had included the FLLoCA matching grant transfer of Kshs. 49,050,645 in the budget under the June exchequer release. However, the exchequer funds were disbursed in July, after the close of the Financial Year, as indicated in the attached County Revenue Fund (CRF) statement. Consequently, this delay required the reallocation of the funds through a supplementary budget during the financial year 2024/2025 to ensure proper alignment with the fiscal period and compliance with financial regulations. These funds were reallocated in 2024/25 supplementary I budget which was approved in December 2024 and transferred to the SPA on 5th February 2025.</p>	<p>Resolved</p>	<p>5<sup>th</sup> Feb 2025</p>
--	---	--	-----------------	--------------------------------



Fund Administrator

Date 26/05/25

*Makueni County*  
**Makueni County Climate Change Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**  
**Annex II: Inter-Fund Confirmation Letter**

REPUBLIC OF KENYA



GOVERNMENT OF MAKUENI COUNTY



DEPARTMENT OF LANDS, URBAN PLANNING & DEVELOPMENT, ENVIRONMENT & CLIMATE CHANGE  
*OFFICE OF THE CHIEF OFFICER ENVIRONMENT & CLIMATE CHANGE*  
 P.O BOX 78 – 90300, MAKUENI

Email: [co.environment@makueni.go.ke](mailto:co.environment@makueni.go.ke)

www: [makueni.go.ke](http://makueni.go.ke)

Makueni Climate Change Fund  
 P.O Box 78-90300, Makueni

The Makueni County Government wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.


Confirmation of amounts received by Makueni Climate Change Fund as at 30 <sup>th</sup> June 2025				
		Amounts Disbursed by Makueni County Government (Kshs) as at 30 <sup>th</sup> June 2025	Amount Received by Makueni Climate Change Fund (KShs) as at 30 <sup>th</sup> June 2025  (E)	Differences (KShs)

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

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter- Ministerial (C)	Total (D)=(A+B+C)		(F)=(D-E)
COB/MKN/001/133(4) DD 28062024	11-Jul-2024		71,373,218.00		71,373,218.00	71,373,218.00	-
COB/MKN/001/136(5)DD 20082024	22-Aug-2024		11,000,000.00		11,000,000.00	11,000,000.00	-
COB/MKN/001/138(6)DD/11092024	13-Sep-2024		11,000,000.00		11,000,000.00	11,000,000.00	-
COB/MKN/001/153(3)DD 23042025	2-May-2025		49,050,644.00		49,050,644.00	49,050,644.00	-
COB/MKN/001/153(3)DD 23042025	25-Apr-2025		32,000,000.00		32,000,000.00	32,000,000.00	-
COB/MKN/001/157(5)DD 23052025	27-May-2025		32,000,000.00		32,000,000.00	32,000,000.00	-
COB/MKN/001/160(7)DD 13062025	18-Jun-2025		34,700,000.00		34,700,000.00	34,700,000.00	-
Total			241,123,862.00		241,123,862.00	241,123,862.00	-

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

**Head of Accountants department of beneficiary Fund:**

Name ..... Pascalina Mulwa ..... 

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

**Annex III: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Financing Locally Led Climate Actions	Building county level capacity for planning, budgeting, reporting and implementation of local climate actions in partnership with communities;.	To strengthen community resilience to climate change impacts and risks	Participatory Climate Risk Assessment / CCAP review and sensitization	-	850,400	50,800	11,200	FLLoCA grant and County Contribution	
			Digitization of the Participatory Climate Risk Assessment Process	524,200	534,790			FLLoCA grant and County Contribution	
			Training technical officers on carbon markets, M&E, Project Management, financial management	-	-	287,700	1,630,854	FLLoCA grant and County Contribution	

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

			Induction of CCFB and training on resource mobilization	-	-			FLLoCA grant and County Contribution	
			Stakeholder engagement on locally led climate actions.	-	142,340	961,200	912,042	FLLoCA grant and County Contribution	
			Climate change Regulations	-	-	360,600	1,851,741	FLLoCA grant and County Contribution	
			Review of the climate change Act 2022	-	-		613,900	FLLoCA grant and County Contribution	
			Climate information system and plan	-	643,500	416,000	117,600	FLLoCA grant and County Contribution	KENYA MET

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

			Knowledge exchange and management-	-	-	87,440	1,340,400	FLLoCA grant and County Contribution	
			Drafting Environment, waste management, forest regulations	-	-			FLLoCA grant and County Contribution	
			Stationery and office supplies and equipment	-	-	348,830	768,707	FLLoCA grant and County Contribution	
			Office/GRM telephone	-	-		99,500	FLLoCA grant and County Contribution	
			Validation and sensitization of M&E Plan	-	200,000			FLLoCA grant and County Contribution	

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

			Environment and Social Risk Management	-	302,400			FLLoCA grant and County Contribution	
			FLLoCA program management costs ( trainings, assesments and report writing, Audits )	276,100	1,138,050	1,133,550	1,118,440	FLLoCA grant and County Contribution	
			Fuel and vehicle maintenance	-	550,000	450,000	1,466,651	FLLoCA grant and County Contribution	
			Documentary on Climate actions				497,900	FLLoCA grant and County Contribution	
			Internet services				450,000	FLLoCA grant and County Contribution	

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

			Stakeholder engagement in climate change initiatives	-	-				FLLoCA grant and County Contribution
			Conferences on climate change	-	586,800				FLLoCA grant and County Contribution
			Facilitate Mainstreaming CC in to County Policies & Plans	-	-				FLLoCA grant and County Contribution
			To facilitate development of proposal by ccf structures	-	203,000				FLLoCA grant and County Contribution
			faciliate office rent and office running costs	-	312,000	45,000			FLLoCA grant and County Contribution

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

			office equipment and furniture	-	-			FLLoCA grant and County Contribution	
			Strengthening county climate change governance structures	288,200	161,500	525,600	1,790,693	FLLoCA grant and County Contribution	
			Construction of Yandia water project	-	5,673,565		6,525,639	FLLoCA grant and County Contribution	
			Rehabilitation of Kwa-Kakui earth dam	-			15,520,431	FLLoCA grant and County Contribution	
			Kikuu Kiangini Water project enhancement	-	7,491,950	2,095,670	151,360	FLLoCA grant and County Contribution	

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

			Implementation of Kaiti 2 water project	-	8,619,160	3,686,350	2,499,368	FLLoCA grant and County Contribution	
			Construction of Ilovoto water project	-		769,281	8,262,000	FLLoCA grant and County Contribution	
			Enhancement of the Miting'ani Kaiti water project	-	4,568,365		5,504,029	FLLoCA grant and County Contribution	
			Kwa Nzoongo Earthdam development & livelihood enhancement project	-	1,186,260	6,330,534	2,898,612	FLLoCA grant and County Contribution	
			Isuuni- Kwa Kisela pumping & distribution water project	-		8,399,660	5,136,750	FLLoCA grant and County Contribution	

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

			Muliluni-Kiambani water & livelihood enhancement project	-		9,929,253	50,000	FLLoCA grant and County Contribution	
			Wautu/ Kyangaati sand dam water project	-		9,573,334	4,050,430	FLLoCA grant and County Contribution	
			Kyandulu/Ndovoini Livelihood enhancement project	-				FLLoCA grant and County Contribution	
			Enhancement of Athi Mavindini water project	-	5,269,305		50,000	FLLoCA grant and County Contribution	
			Implementation of Kinze earth dam water project	-		5,965,738	3,859,699	FLLoCA grant and County Contribution	

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

			Control of gulleys at Kwe Kuyu Kalembwani					FLLoCA grant and County Contribution	
			Construction of gabions along Mbeetwani Road					FLLoCA grant and County Contribution	
			Climate Change initiative- Agroforestry- Muvau kikumini				369,384	FLLoCA grant and County Contribution	
			Forest conservation and awareness (Tree planting/water weirs/sand dams) in Nzakika	-		152,920	1,845,470	FLLoCA grant and County Contribution	
			Construction of londokwe - Kitise Earthdam, Check dam, sustainable land management - Kitise/Kithuki				1,838,400	FLLoCA grant and County Contribution	

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

			Environmental Impact Assessment NEMA Fee	-					FLLoCA grant and County Contribution	NEMA
			Environmental Impact Assessment Consultancy	-	2,389,460		70,104		FLLoCA grant and County Contribution	
			Environmental and Social Screening and proposal development			482,180			FLLoCA grant and County Contribution	NEMA
			Designing and feasibility studies				1,642,140		FLLoCA grant and County Contribution	
			Tendering Process				286,003		FLLoCA grant and County Contribution	

*Makueni County*

*Makueni County Climate Change Fund*

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

			Technical Supervision	-		4,022,976	1,917,080	FLLoCA grant and County Contribution	
			Monitoring and Evaluation	-	616,520	1,166,430	858,190	FLLoCA grant and County Contribution	
			Community Outreach	-	609,800	600,580	551,219	FLLoCA grant and County Contribution	
			Project Management Committee	-		750,000	450,000	FLLoCA grant and County Contribution	
			Grievance Redress Mechanism	-	1,859,280	190,000		FLLoCA grant and County Contribution	
			<b>TOTALS</b>	<b>1,088,500</b>	<b>43,908,444</b>	<b>58,781,626</b>	<b>77,005,936</b>		

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

---