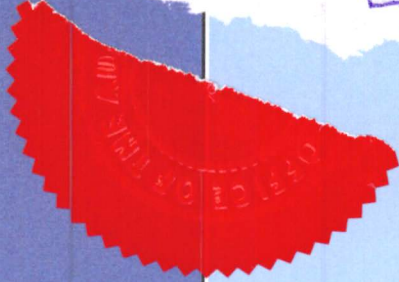
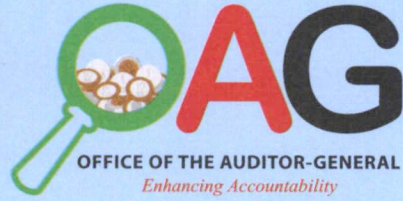


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MERU COUNTY CLIMATE CHANGE FUND

FOR THE YEAR ENDED
30 JUNE, 2025

MSW

Revised 30th June 2025



MERU 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)**

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
MCCCA	Meru County Climate Change Act, 2020,
FLLoCA	Financing Locally-Led Climate Actions
CCIS	Climate Change Institution support
CCRI	Climate Change Resilience Improvement
CCSC	Climate Change Steering Committee
CCPC	Climate Change Planning Committee

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Meru County Climate Change Fund is established by and derives its authority and accountability from Meru County Climate Change Act, 2020 put on effect on 27th January 2021 and the Meru Climate Change Fund Regulations, 2021. The Fund is wholly owned by the County Government of Meru and is domiciled in Kenya.

The Fund's objective is to mobilize and ring-fence financial resources to finance climate change mitigation and adaptation measures and actions in Meru County.

Pursuant to Section 2(g) of MCCA, 2020, the Fund's principal activity is primarily to provide a framework and a mechanism for mobilization and transparent and accountable management of financial and other resources for climate response in Meru County. It provides a financing mechanism for internally and externally mobilizes and ring-fence funds to ameliorate the effects climate change among the Meru residents.

b) Principal Activities

The principal activity and mandate of the Fund is to mobilize funds to support;

- i. mainstreaming climate change responses into development, planning, decision-making and implementation across all sectors of Meru County
- ii. implementation of coordinated and integrated response to climate change and its impacts in the county
- iii. promote and facilitate community-based and community-initiated mitigation and adaptation activities
- iv. awareness creation and capacity development for climate change mitigation and adaptation in the county
- v. Research and development, innovations, technology development in the county

c) Fund Administration Committee

Ref	Name	Position
1	Adv. Baptista Muriki Kanyaru	CEC- Water, Irrigation, Natural Resources, Environment and Climate Change and Chairman of the County Climate Change Steering Committee
2	Ms. Joyce Kaaria	Ms. Joyce Kaaria - Ag. Chief Officer - Water, Irrigation, Natural Resources, Environment and Climate Change
3	Ms. Evelyne Kaimenyi	Fund Administrator and Director incharge of Climate Change as well as FLLoCA - County Programme Coordinator (CPC)
4	Dr. Denis Muriungi Mugambi	CECM for Health Services

**Meru County Climate Change Fund
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5	Hon. Jenaro Guantai Githinji	CECM for Agriculture, Livestock and Fisheries
6	CPA Monica Kathono Kaithiori	CECM for Finance, Economic Planning and ICT
7	Mary Kanana Nteere	Chairperson, Maendeleo ya Wanawake Organization (MYWO), Meru Chapter
8	Thangicia M'irimbe	Chairman, Njuri Ncheke, Meru Chapter
9	Kanyi James	Private Sector Representative, Kenya Platform for Climate Governance
10	Paul Mbae	Youth Representative, Chairperson of Youth Caucus, South Imenti
11	Jessica Kahura	Director, NEMA Meru County
12	Justin Murithi	Director of Meteorology, Meru County
13	Mr. Nuru Godana	National Drought Coordinator, Meru County

d) Key Management team

Ref	Name	Position
1	Miss. Evelyn Kaimenyi	Fund Administrator and Director incharge of Climate Change as well as FLLoCA - County Programme Coordinator (CPC)
2	CPA. Floric Gaiti	Programme Accountant

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

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

SN	Position	Name
1	Directorate Internal Audit	Mr. Chrispus Mutoni

f) Fund Offices and Contacts

P.O. Box 120-60200
The Office of the Governor Building
Kenyatta Highway
Meru, KENYA
Website: www.meru.go.ke

g) Fund Bankers

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

2. Family Bank of Kenya (Meru)
P.O. Box 74145-00200
Nairobi...

h) Independent Auditors

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




i) Principal Legal Adviser




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




j) County Attorney



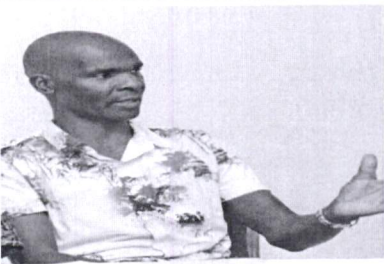
County Government of Meru
P.O. Box 120-60200
Meru, KENYA
Website: www.meru.go.ke

3. Fund Administration Committee

Name	Details of qualifications and experience
<p>Steering committee chairman</p>  <p>Adv. Baptista Muriki Kanyaru CEC- Water, Irrigation, Natural Resources, Environment and Climate Change and Chairman of the County Climate Change Steering Committee</p>	<p>Baptista Kanyaru holds a Bachelor of Laws degree from Moi University and a postgraduate Diploma in Law from Kenya School of Law.</p> <p>He is the current County Executive Committee Member (CECM) for Water, Irrigation, Environment, Natural Resources, and Climate Change in the county government of Meru. He is also an Advocate of the High Court, Commissioner of Oaths and a member of Law Society of Kenya. He is currently pursuing a Master's degree at Kenya Methodist University.</p> <p>He has worked both in private practice and in the public service. He has been serving as the Deputy Director Legislative, Procedural, Committee and Legal Services at the County Assembly of Meru.</p> <p>He is the Chairman of Igembe and Kiegoi tea factories and a board Member at Kenya Tea Development Agency Ltd</p>
<p>Steering Committee Secretary</p>  <p>Ms. Joyce Kaaria – Ag. Chief Officer – Water, Irrigation, Natural Resources, Environment and Climate Change</p>	<p>Ms. Joyce K. Kaaria was born in 1974. She is a holder of Masters in Education and Bachelor of Education.</p> <p>Currently Ms. Joyce is Chief Officer – Education and Vocational Training and the Acting Chief Officer – Water, Irrigation, Natural Resources, Environment and Climate Change, Chairperson to the County Climate Change Planning Committee and Secretary of the County Climate Change Steering Committee. Ms. Joyce has a wide experience in CSOs and donor programmes having a long service in SOS.</p>
<p>Fund administrator/ Ex-Official</p>  <p>Miss. Evelyn Kaimenyi - Director for Climate Change</p>	<p>Evelyn Kaimenyi was born in 1981 in Meru County. She is currently the FLLoCA Programme Coordinator in Meru County with over 10 years' experience in top county management. She holds a bachelor's degree in Arts from Kenyatta University, a master's degree in Project Planning and Management from the University of Nairobi, and a master's degree in Human Resource Management from Kenya Methodist University. A seasoned administrator and governance expert, she provides strategic leadership in climate change.</p>



	<p>Committee Member for Health Services, is a registered pharmacist with over 12 years of experience in the health sector. Armed with a Bachelor of Pharmacy from the University of Nairobi and pursuing a Master’s in Health Systems Management, he brings strong leadership and technical expertise to health system strengthening. His participation in the FLLoCA Steering Committee ensures the integration of climate-health linkages, focusing on climate-sensitive diseases, resilient health infrastructure, and improved public health preparedness across Meru County.</p>
<p>Dr. Denis Muriungi Mugambi – CECM for Health Services</p>	
	<p>Hon. Jenaro Guantai Githinji, the CECM for Agriculture, Livestock, and Fisheries, holds advanced degrees in education and over 16 years of leadership experience in public and private sectors. His deep understanding of agricultural systems and governance positions him to steer the integration of climate-smart agriculture, livestock resilience, and sustainable fisheries within the FLLoCA program, enhancing food security and rural livelihoods in Meru County.</p>
<p>Hon. Jenaro Guantai Githinji – CECM for Agriculture, Livestock and Fisheries</p>	
	<p>CPA Monica Kathono Kaithiori is an accomplished finance professional and Certified Public Accountant with extensive experience in fiscal management and public administration. Holding a Master’s degree in Finance and Investment, she plays a crucial role in ensuring financial transparency, effective budgeting, and accountability within the FLLoCA program. Her leadership supports prudent resource utilization, digital integration, and the sustainability of climate financing mechanisms in Meru County.</p>
<p>CPA Monica Kathono Kaithiori – CECM for Finance, Economic Planning and ICT</p>	

 <p>Mary Kanana Nteere – Chairperson, Maendeleo ya Wanawake Organization (MYWO), Meru Chapter</p>	<p>Mary Kanana Nteere, the Chairperson of MYWO Meru Chapter, is a passionate advocate for women’s empowerment and community development. Representing the county’s largest women’s organization, she ensures that women’s perspectives are incorporated into climate decision-making. Her role in the FLLoCA Steering Committee promotes gender equality, inclusive participation, and the strengthening of women-led climate adaptation initiatives across Meru County.</p>
 <p>Thangicia M’erimbe – Chairman, Njuri Ncheke, Meru Chapter</p>	<p>Thangicia M’erimbe, Chairman of the Njuri Ncheke Council of Elders, represents Meru’s traditional governance structure, known for integrity, unity, and cultural wisdom. His role in the FLLoCA Steering Committee ensures that local customs and indigenous knowledge are respected and integrated into climate actions, fostering community acceptance, ownership, and harmony in implementing adaptation and resilience initiatives</p>
 <p>Kanyi James – Private Sector Representative, Kenya Platform for Climate Governance</p>	<p>Kanyi James, representing the private sector through the Kenya Platform for Climate Governance, brings valuable experience in sustainable business practices and climate financing. His role in the FLLoCA Steering Committee ensures investments, innovation, and partnerships that support job creation, resource mobilization, and inclusive climate action within Meru County</p>
<p>bridges public and private efforts, promoting</p>	<p>Paul Mbae, the youthful Chairperson of the South Imenti Youth Caucus, champions youth participation in governance and development. His presence in the FLLoCA Steering Committee ensures that young people are meaningfully engaged in climate action, promoting innovation, entrepreneurship, and awareness among the</p>

 <p>gr</p> <p>Paul Mbae – Youth Representative, Chairperson of Youth Caucus, South Imenti</p>	<p>youth for a more resilient and sustainable future in Meru County.</p>
 <p>Jessica Kahura – Director, NEMA Meru County</p>	<p>Jessica Kahura, Director of the National Environment Management Authority (NEMA) in Meru County, has over a decade of experience in environmental governance and compliance. With advanced training in Urban Environment and Climate Change, she ensures that FLLoCA projects meet environmental and social safeguards. Her expertise strengthens sustainability, regulatory compliance, and climate resilience within county programs</p>
 <p>Justin Murithi – Director of Meteorology, Meru County</p>	<p>Justin Murithi, Director of Meteorology, provides scientific and technical support through weather forecasting and climate data analysis. His role in the FLLoCA Steering Committee ensures that planning and implementation of climate projects are guided by accurate meteorological information, enhancing evidence-based decision-making, early warning systems, and climate resilience in Meru County</p>
<p>Mr. Nuro Godana</p>	<p>Mr. Nuro Godana, the National Drought Coordinator for Meru County, plays a pivotal role in drought preparedness, early warning, and resilience-building. His vast experience in climate adaptation and humanitarian coordination enables the FLLoCA program to effectively integrate drought response strategies, enhance food security, and strengthen the county’s ability to cope with climate-induced shocks.</p>

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

4. Management Team

Name	Details of qualifications and experience
<p>Fund administrator</p>  <p>Miss Evalyne Kaimenyi - Director of Climate Change</p>	<p>Evelyn Kaimenyi was born in 1981 in Meru County. She is currently the FLLoCA Programme Coordinator in Meru County</p> <p>Currently he is the Director incharge of Climate Change and FLLoCA County Programme Coordinator. He is CCF Fund Administrator and Secretary to the County Climate Change Planning Committee.</p>
<p>. Meru climate change Fund Accountant</p>  <p>CPA Floric Gaiti</p>	<p>A certified public Accountant (CPA K) with a MBA (Finance), Bachelor of Commerce degree specializing in Accounting and a Diploma in applied statistics. Currently working at Meru County Government Financial Reporting unit and Program Accountant climate change fund.</p> <p>She has extensive experience working on donor- funded programs which includes FLLoCA, ASDSP and ABDP.</p>
<p>Note: The Fund Administrator will feature under both the 'Board' and 'Management'.</p>	

**5. Board/Fund Chairperson's Report
CEC - Water, Irrigation, Natural Resources, Environment and Climate Change Report**



Meru Climate Change Fund was established vide Section 4.7 of the Meru Climate Change Act, 2020 brought to effect on 27th January 2021. The primary object of the Act was to enhance climate resilience through development, management, implementation, regulation and monitoring of mitigation and adaptation measures and actions. The main objective of the Fund was to mobilize and ring-fence financial resources to finance climate change mitigation and adaptation in the County.

The governance structure of Fund as established in the law, is through layered committees at the Ward level(WCCPC), County level (CCCPC) and a Steering Committee (CCCSC) which is the apex and approving committee for all actions that can be funded under the Fund. The members of the Steering Committee pursuant to Section 7(1) of the Act are appointed by the Governor from the CECs and CEOs of relevant Departments of the County and National Government, Public Benefit Organizations in the County, Women Organizations in the County, Youth Organizations in the County and Private Sector. The County Climate Change Planning Committee is the technical arm of the Steering Committee and is appointed by the CEC (Section 15) in charge of Climate Change from Directors of relevant County and National Government, PBOs, Women, Youth, PWDs and private sector. The Ward Climate Change Planning (Section 23) is the lowest governance structure for the Fund whose members are nominated in a public meeting in the ward and serve for a term of 3year renewable once only. The Ward and County Planning Committees makes recommendations on the annual action plan to be funded from the fund and the Steering Committee approves and presents the same for assent by the cabinet and signed by the Governor. The CEC reports annually to the County Assembly on actions and measures funded under Fund.

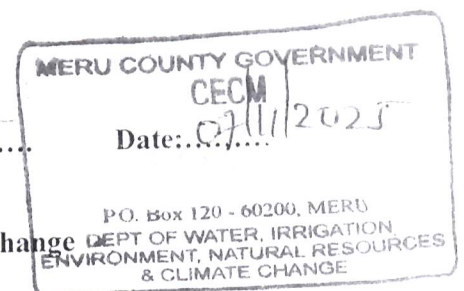
The year under review was the second active year of the Fund and there were only changes of the CPC in the Management of the CCF. The funds that the CCF received were the County CCRI contribution of 78 million and FLLoCA CCRI contribution of 188M which was used to construct and extend pipeline for existing boreholes, procure climate-smart kitchen gardening kit, procure and maintain the county dumpsites, storm water drainage management procure a skip loader and skip bins. CCIS grant of 11 million was also received from FLLoCA and was used in capacity development of CCU staff and general operational of CCU activities.

The fund presents a further fundraising basket for climate actions in Meru from other internal or external partners and stakeholders.

In conclusion the CCF has presented a well-coordinated and oversight opportunity for Meru County to address the challenges posed by the effects of climate change in the County.

Adv. Baptista Muriki Kanyaru
2025

Signature.....



CEC - Water, Irrigation, Natural Resources, Environment and Climate Change

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

6. Report of the Fund Administrator

Meru Climate Change Fund was established pursuant to Section 47 of the Meru Climate Change Act, 2020 brought to effect on 27th January 2021. The main objective of the Fund was to mobilize and ring-fence financial resources to finance climate change mitigation and adaptation in the County.

The main sources of resources to Fund (Section 47 a-f) county contribution of 2% of the total county development budget; b) grants and loans from the National Climate Fund; c) climate financing from the National and international agencies; d) contributions, grants from individuals and corporations; e) license fees and levies; and f) proceeds from investments by the Fund; among others.

The year under review was the base year for the Fund. The fund received Kshs. 11 million CCIS grant (FLLoCA and County) whose purpose was to facilitate the County Climate Change Unit (CCU) to build the capacity of the CCU staff, equip and operationalize the CCU as well as community sensitization on climate change.

The Fund received Kshs. 78 million from the County CCRI contribution and KSh 188M from FLLoCA CCRI which was used to fund community led proposal with the following fully done and paid projects

- Construction and extension of pipeline for existing of 10 boreholes
- Procurement of 900 pieces of climate-smart kitchen gardening kit
- Procurement and maintenance of the 2 county dumpsites (Murera and Nkunga)
- Storm water drainage management
- Procurement of 1 skip loader
- Procurement of 6 skip bins

All these projects were implemented through call for proposal from the community, vetting by the relevant governing structures for the county, that is Ward Climate change planning committee (WCCPC), County Climate Change Planning Committee (CCCPC) and County Climate Change Steering Committee (CCSC) and subsequent supervision by technical persons in the relevant sectors and Project Management Committees (PMC). This kind of funding represent a well-coordinated and oversight opportunity for Meru County to address challenges posed by climate change in the County.

In summary delivery of approved actions and projects under CCF is guaranteed because the funds are ring-fenced and can only be used for the intended and planned purposes. This mechanism is sure way of ensuring delivery of value to wananchi with requisite timelines. During the year under review all planned tasks were delivered on time and as a Fund Administrator I can attest there was value for money.

COUNTY GOVERNMENT OF MERU
COUNTY PROGRAMME COORDINATOR
Ms. Evelyn Kaimenyi
Signature: *[Handwritten Signature]* Date: 7/01/2025
Fund Administrator - Meru CCF
DEPARTMENT OF WATER
NATIONAL BUREAU OF

7. Statement of Performance Against the County Fund’s Predetermined Objectives

Introduction

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

During the year under review, the CCIS budget in CCF was Kshs. 11 M. The funds expenditure at the close of the years under review as per the approved work-plan and the conditions of FLLoCA programme are as follows:

- i. - Procurement of 900 pieces of climate-smart kitchen gardening kit, - 5,992,500
- ii. - Procurement and maintenance of the 2 county dumpsites (Murera and Nkunga),- 6,089,161.25
- iii. - Storm water drainage management - 4, 122,380
- iv. - Procurement of one skip loader - 13,283,000
- v. - Procurement of 6 skip bins - 2,999,970
- vi. Construction and extension of pipeline for existing of 10 boreholes – KSH. 30M

Progress on attainment of Strategic development objectives

Key Activity Area	Objective	Outcome	Indicator	Performance
Improve water access to rural communities	- Distance from households to a reliable water source is reduced - Household health indicators improved	No of HH and livestock having access to water improved	Commissioned and functional pipelines, storage tanks, water points, water intakes and water pans	planned activities initiated are complete
Promotion of climate smart Agriculture in the County	Kitchen gardens promoted (Climate-smart agriculture)	Procurement of 900 climate smart kitchen gardening equipment	Enhanced food security	Activity achieved
Environmental conservation and sustainable Environmental Management	To ensure that all degraded land is restored and enhanced. vulnerable and marginalized groups participate climate resilience actions	Procurement and maintenance of 2 county dumpsites, procurement of skip loader, storm water drainage and procurement of 6 skip bins.	50% of the targeted groups reached	Activity achieved.

8. Corporate Governance Statement

Pursuant to Section 47(3) of Meru County Climate Change Act (MCCCA), 2020, the apex management structure of CCF is the County Climate Change Steering Committee (CCCSC) and finances received into the Fund, should be applied to finance the capital and recurrent expenditure for activities arising from the functions of CCCSC (Section 6, MCCCA,2020). The CCCSC comprise of 13 members appointed by the Governor for 3 years renewable only once for members representing PBOs, private sector, women organizations, and youth organizations. The committee is chaired by the CEC in charge of the Department where climate change is domiciled. The Secretary is the Chief Officer in charge of climate change. Other members include County Directors of NEMA, Meteorology, NDMA and CECs for Treasury; Agriculture, Livestock and Fisheries; Health and Water and Irrigation. The Fund Administrator is an ex-official member of the committee. During the period under review, two CCSC meetings were held and all the members attended.

The CCCSC is three years renewable only once, almost half of the members hold that position based on the office they occupy in the relevant County and National Departments. The other half comes from outside government and it is these four members that shall require to be replaced every 3 or 6 years. This provides an easy to manage succession plan for the CCCSC. The appointment, composition, functions, powers, privileges, term, secretariat, conduct of meetings, allowances and removal of the committee members is governed by the Sections 6-13 of MCCCA, 2020.

The CCCSC majorly approves policies, activities and plans that have inputs and recommendations of the CCCPC and WCCPC. This guards the committee from biases and conflicts of interest. However, where approvals done by the committee places a member in conflict of interest, the national laws governing integrity, leadership, finance and/or procurement applies.

Pursuant to Section 12 of MCCA, 2020, the members of the committee are paid allowances as per the Salaries and Remuneration guidelines.

9. Management Discussion and Analysis

Pursuant to Section 2(g) of MCCA, 2020, the Fund's principal activity is primarily to provide a framework and a mechanism for mobilization and transparent and accountable management of financial and other resources for climate response in Meru County. It provides a financing mechanism for internally and externally mobilize and ring-fence funds to ameliorate the effects climate change among the Meru residents, through the following principal activities that mandate the Fund to mobilize funds to support;

- i. mainstreaming climate change responses into development, planning, decision-making and implementation across all sectors of Meru County
- ii. implementation of coordinated and integrated response to climate change and its impacts in the county
- iii. promote and facilitate community-based and community-initiated mitigation and adaptation activities
- iv. awareness creation and capacity development for climate change mitigation and adaptation in the county
- v. Research and development, innovations, technology development in the county

To Realize the above principal fund activities and mandate the following key projects were implemented through the fund, during year under review and as per the identified risks during the Participatory Climate Risks Assessment and the subsequent County Climate Change Action Plan 2023-2027, National Climate Change Action plan, International agreement such as the Paris Agreement of 2015 and the Bottom-Up Economic Transformation Agenda. Key projects or investment decisions implemented during the year under review are: -

- i. Improving water access to the rural communities through pipeline extension of the existing boreholes.
- ii. Environmental conservation and protection- provision of garbage truck and skip bins
- iii. Climate smart agriculture – provision of climate smart gardening kits.
- iv. Climate proofing of rural infrastructures and disaster risks management.
- v. CCRI project management, support, monitoring and evaluation through capacity building and training of CCU staff and other stakeholders on project implementation tracking and reporting through participatory monitoring, supporting CCU with office equipment and general supplies, Environmental and social safeguard of the funded project and documentation, sharing and maintenance of best practices for replication and up scaling

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

Global sustainability has emerged as a critical focus in response to escalating environmental, social, and economic challenges worldwide. There is a growing recognition of the need for sustainable development practices across sectors, such as energy, agriculture, transportation, and waste management. However, significant challenges persist in achieving sustainability. These include economic inequalities, inadequate policy frameworks, and limited access to resources and technologies in developing countries. Consequently, addressing complex issues such as climate change adaptation, biodiversity conservation, and social equity requires coordinated international, national, regional and county cooperation and innovative solutions. To achieve global sustainability, concerted efforts are required from governments, businesses, civil society, and individuals both locally and internationally. Addressing the interconnected challenges of environmental degradation, social inequality, and economic development, we can build a more resilient and equitable future for all. In this case sustainability of the project funded under this fund is guided by Meru County climate change policy 2019, Meru climate change Act, 2020 and its supplementary Meru climate change fund regulation of 2020. Within the Meru Climate Change Act, 2020 it has established structure for governance, communication media and disclosure of information to the public on matters relating to climate change in the county. Call for proposals is normally made through the grassroots tier of the governance, they vet them and transmit them to higher tiers of governance for due diligence and technical feasibility scanning. After the project has been okayed by the governing structures, it is at this stage that the project is subjected to screening for Environment and social sustainability.

Policy Frameworks

The sub-projects in the four thematic areas funded under the program address the needs of the community by linking with global, Regional National and sub-national legal requirements such as the Sustainable Development Goals (SDGs), Paris agreement on the Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), National Climate Change Action Plan (NCCAP), County Climate Change Action plan (CCCAP- 2023-2027), Constitution of Kenya 2010, Environmental Management and Coordination Act CAP 387, Meru County climate change policy 2019, Meru climate change Act, 2020 and its supplementary Meru climate change fund regulation of 2020, Participatory Climate Risk Assessment (PCRA) Report 2023, Third

Generation County Integrated Development Plan (CIDP - 2023 -2027) and the subsequent Annual Development Plan (ADP) that support the CIDP among other relevant Policy.

The essence of this proposed projects was to address drought, flooding, whirlwind and landslides in the identified areas. Drought being the predominant hazard identified in the 45 wards of the county, water accessibility was identified as the major challenges to the communities and majority of the proposals revolved around providing water to the communities. Majorly the proposed projects sought to reduce the distance trekked and time lost by the communities when going to look for water, caution communities against flooding in the areas where construction of bridges was proposed, enhance soil conservation which improves the soil holding capacity, enhancing food security on project regarding Environmental conservation and enhance food security for project that were agricultural based.

In Summary, the project aimed at improving the general population health, wellbeing and sanitation status of the community will be improved and thirdly community members may engage in less water consuming agriculture like kitchen garden, dairy farming, car wash, salons thus improved nutrition, income, and security at the household level due to reduced conflict over the resource. This will address SDG 1 on poverty alleviation, SDG 2 on zero hunger , SDG 3 on health and wellbeing, SDG 4 on quality education due increased water accessibility by learners whether at home or in school, SDG 5 on Gender equality as women and girls will be empowered by reduced distance trekked to look for water and WASH activities in general , SDG 6 clean water and sanitation within the project area, SDG 8 descent work and economic growth, SDG 9 on Industry, Innovation and Infrastructure (Water), SDG 10 on reduced inequalities to women and VMGs, SDG 11 on sustainable cities and communities, SDG 12 on Responsible consumption and production, SDG 13 on Climate Actions, SDG 15 on life on land, SDG 16 on Peace, Justice and strong institution with access to water there will be little conflict between communities and institution or communities and communities, and SDG 17 on Partnership between government, communities and donors/funding organization. On NCD the project will build resilience of the communities to drought by accelerating conservation and promoting climate smart agriculture and agroforestry thus helping to increase forest cover and subsequent reduction of emissions due to increased carbon sink. In the county CIDP water accessibility, Climate smart agriculture and circular economy are the main target to accelerate county economy amid Climate Change crisis experienced by the communities.

Entity delivery charter

The delivery and allocation of the projects in the program were awarded as guided by the Climate Change Resilience Investment disbursement policy passes by the governing structure of the Act I.e. County Climate Change Planning committee the second most upper tier of governance, composed of technical officers/ director from the department affected mostly by the climate change as per the Meru climate Change Act ,2020 section 17 and the County Climate Change Steering Committee the upper most tier composed of the County Executive Committee Member from select department that are mostly affected by climate change as per the Meru climate Change Act ,2020 section 7. The policy outlined 1 project per ward in the 45 wards with amount limit of between 2.5M to 3M, crossroads project, and project to uplift the VMGs. The tendering and procurement of the program strictly adhered to AGPO rules and regulation when awarding to contractors.

ii) *Environmental performance*

The world bank Environment and Social Safeguard (ESS 1,2,3,4 and 10) all deals with aspect of environmental Assessment, and management of Environmental, labor and working conditions, Resource efficiency and pollution prevention, community health and safety, biodiversity conservation and sustainable management of living resources and stakeholder engagement and information disclosure. Environmental Management and Coordination Act (EMCA), Cap 387, Section 58, and the amended Regulation 7(4) of the Environmental (Impact Assessment and Audit) Regulations, 2003, as revised under Legal Notice No. 32 of 2019 categorizes project in three classes (High risk, Medium risks and Low risks). These provisions mandate the early identification of potential environmental and social risks and impacts, along with suitable mitigation measures, during the initial stages of project planning. All development projects were subjected to screening process and Environmental and Social Impact Assessment (ESIA) reports generated for the same to safeguard the environment and social aspect of the Project Affected Persons (PAPs). Based on the screening results, the projects were classified as low-risk project, thus required the preparation of Summary Project Report (SPR). This process supports the project's sustainability, legal compliance and public acceptability.

Also the Program has functional six (6) appointed key focal persons I.e. Programme coordinator who is also the fund administrator, Program accountant, Environmental safeguard officer, Social

safeguard officer, Grievance Management officer, and Monitoring and evaluation Officer who work seamless to address the project concerns.

The funded project involved pipeline extension, provision of storage tanks both corrugated or HDPE, Environmental conservation, Climate proofing of rural infrastructure and disaster risks reduction through construction of bridges in flood prone areas and climate smart agriculture through provision of irrigation kit and drought tolerance crop variety.

In this case, officer for the Climate Change Unit (CCU) are employed by the county government of Meru using the laid down procedure under employment Act by the Public Service commission and are safeguarded by employment Act and other labour related laws.

Procurement of goods and services follows the normal procurement and disposal of public asset legal guidelines and AGPO guidelines for inclusivity and compliance. The program being an entity of government undertaking the corporate services is normal service delivery to the citizen of Meru County through public participation of various county policies and programs.

iii) *Employee welfare*

In this case, officer for the Climate Change Unit (CCU) are employed by the county government of Meru using the laid down procedure under employment Act by the Public Service commission and are safeguarded by employment Act and other labour related laws.

11. Report of the Trustees

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

Principal activities

The principal activities of the Fund are to mobilize funds to support;

- i. mainstreaming climate change responses into development, planning, decision-making and implementation across all sectors of Meru County
- ii. implementation of coordinated and integrated response to climate change and its impacts in the county
- iii. promote and facilitate community-based and community-initiated mitigation and adaptation activities
- iv. awareness creation and capacity development for climate change mitigation and adaptation in the county
- v. Research and development, innovations, technology development in the county

Results

The results of the Fund for the year ended June 30, 2025 are set out on page x

Trustees

The members of the Board of Trustees who served during the year are shown on page vi and page vii (*refer to the key entity information and management page*). The changes in the Board during the financial year is only change of Fund Administrator in the Management of the CCF

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. OR [XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board

For 

Chair of the Board/Fund Administration Committee

Date: 25/11/2025

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Meru Climate Change Act 2020, shall prepare Financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

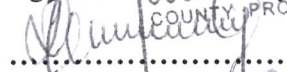
The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*quote the applicable legislation establishing the County Public Fund*). The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 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

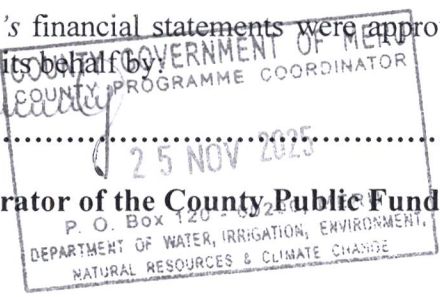
Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 25/11 2025 and signed on its behalf by


.....

Administrator of the County Public Fund



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MERU 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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Meru County Climate Change Fund set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Meru 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 Meru County Climate Change Act, 2020 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Omission of Completed and Incomplete Civil Works in County Climate Change Fund

Audit review revealed that the Fund's financial statements for the year under review did not disclose civil works amounting to Kshs.188,347,038 funded by the County Climate Change Fund (CCCF), despite evidence indicating that some of the projects had been completed while others were still in progress. Although Management has indicated that the projects were completed and handed over to the community to manage, no evidence was provided to confirm the same. Further, completed civil works were neither transferred from Work in Progress (WIP) to Property, Plant, and Equipment (PP&E) accounts, nor were they depreciated as required under IPSAS 45. In addition, ongoing works were not recorded under WIP, resulting in understatement of assets.

Further, the approved budget allocations for the respective projects were not provided for audit review, limiting verification of budgetary compliance and accountability over project expenditures.

This omission contravenes the requirements of IPSAS 1 on Presentation of Financial Statements, which requires financial statements to present a true and fair view of an entity's financial position.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Unsupported Procurement and Unverified Fuel Consumption

Note 7 to the financial statements revealed expenditure amount of Kshs.51,659,815 in respect of use of goods and services which includes an amount of Kshs.10,000,000 for fuel and oil. However, the procurement process for the supplier could not be confirmed due to the absence of a valid framework contract agreement and supporting procurement documentation. This contravenes the provisions of the Public Procurement and Asset

Disposal Act, 2015, which requires that procurement of goods and services be conducted through a competitive process unless otherwise provided by law.

Further, audit noted that no comparison was conducted between the quantity of fuel consumed and the corresponding vehicle mileage to assess the reasonableness of fuel consumption per kilometer.

In the circumstances, the accuracy and completeness of expenditure amount of Kshs.10,000,000 could not be confirmed.

3. Unsupported Inventory

Audit review established that the Fund procured skip bins at a contract sum of Kshs.2,948,246. However, key records, including stores receipt vouchers (S13), to account for the goods received were not provided. Additionally, no reliable or auditable documentation was provided to indicate the specific locations where the newly procured bins were distributed.

Further, in the absence of unique serial numbers or other identifiers, it was not possible to distinguish the newly procured skip bins from those purchased in previous financial years.

In the circumstances, accuracy and completeness of the capital expenditure amount of Kshs.2,948,246 could not be confirmed. Further, the Fund has undermined the principles of accountability, transparency, and proper asset management, reflecting poor internal controls and inadequate risk management over the safeguarding and utilization of assets.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Meru 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 qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totaling to kshs.320,449,203 and Kshs.302,365,756 respectively resulting into underfunding of Kshs.18,083,447 or 6% of the final receipt budget. Similarly, the Fund Management expended Kshs.117,857,035 against actual receipts of Kshs.302,365,756 resulting to under absorption totaling to kshs.184,508,721 or 61% of the actual receipts.

The underfunding and under absorption of the budget affected the planned activities and impacted negatively on service delivery to the public.

My opinion is not modified in respect of the above 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. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to report in the year under review.

Other Information

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

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

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 thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Approval of Procurement Plan Contrary to PPADA Requirements

Audit review revealed that the procurement plan for the Meru County Climate Change Fund was approved only one month to the end of the financial year. This was contrary to the requirements of Section 53(8) of the Public Procurement and Asset Disposal Act, 2015, which stipulates that an accounting officer shall ensure that all procurement plans

are prepared and approved prior to the commencement of the financial year to which they relate.

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

2. Commitments Made After the Statutory Cut-Off Date

Audit review of expenditure records revealed that the Fund Management made financial commitments amounting to Kshs.14,997,924 after 31 May, 2025. However, no documentation was provided to justify the delay or to authorize the late commitments. This was contrary to Section 50(1) of the Public Finance Management Act, 2012 (Revised 2015), which prohibits Accounting Officers from making commitments to spend public funds after the closure of the financial year's commitment period unless expressly authorized by The National Treasury.

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

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

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

Conclusion

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

Basis for Conclusion

Non - Delivery to Beneficiaries of Kitchen Garden Kits and Seeds

Audit review established that two contracts were awarded for the supply of the following:

- a) 1,000 units of vertical multi-storey kitchen garden kits (CGM/RFQ/FLLoCA/021/2024-2025), valued at Kshs.2,995,000; and
- b) 1,000 units of kitchen garden start-up seeds (CGM/RFQ/FLLoCA/022/2024-2025), valued at Kshs.2,997,500.

However, audit verification revealed that none of the contracted items had been delivered to the intended beneficiaries as at date of audit. Additionally, a distribution list provided indicated only nine hundred (900) beneficiaries, leaving 100 units of each item without

identified recipients. Given that these were ward-initiated projects, beneficiaries should have been identified prior to procurement to ensure proper targeting and accountability.

In the circumstances, the non-delivery of procured items undermined the objectives of the contracts and intended service delivery, reflecting inadequate internal controls over procurement planning, beneficiary identification, and contract management.

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 the Fund Administration Committee

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

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

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

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

The Fund Administration Committee is responsible for overseeing the Funds' 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 Fund'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

27 November, 2025

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations		-	-
Transfers From the County Government	6	107,083,447.00	248,152,328.00
Transfers From the County Government		-	-
Fines, Penalties and Other Levies		-	-
TOTALS		107,083,447.00	248,152,328.00
Revenue From Exchange Transactions			
Interest Income		-	-
Other Income		-	-
Total Revenue		107,083,447.00	248,152,328.00
Expenses			
Employee Costs		-	-
Use of goods and services	7	51,659,815.45	43,814,602.60
Depreciation and Amortization Expense	8	5,019,055.38	6,199,850.10
Finance Costs			
Total Expenses		56,678,870.83	50,014,452.70
Surplus (Deficit) for the Period		50,404,576.17	198,137,875.30


 COUNTY GOVERNMENT OF MERU
 COUNTY PROGRAMME COORDINATOR
 25 NOV 2025
 Name: Evelyn Kaimenyi
 Administrator of the Fund
 DEPARTMENT OF WATER, INDUSTRY AND NATURAL RESOURCES


 Name: Floric Gaiti
 Fund Accountant
 ICPAK Member Number: 31046

15. Statement of Financial Position As at 30 June 2025

Description	Note	FY 2024/2025	FY2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	9	184,508,721.20	213,365,756.00
Current Portion of Long- Term Receivables From Non Exchange Transactions	12	18,083,447.00	-
Inventories			-
Investments in financial assets			-
Total current assets		202,259,168.20	213,365,756.00
Non-Current Assets			
Property, Plant and Equipment	10	31,385,106.52	20,121,191.90
Long Term Receivables from Exchange Transactions			-
Investment Property			-
Total non- current assets		31,385,106.52	20,121,191.90
Total Assets (A)		233,977,274.72	233,486,947.90
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	11	-	19,218,078.60
Employee Benefit Obligations	-	-	-
Social benefit liabilities	-	-	-
Total current liabilities			19,218,078.60
Non-Current Liabilities			
Non-Current Provisions	-	-	-
Social benefit liabilities	-	-	-
Total Liabilities (B)			19,218,078 .60
Net Assets (A-B)		233,977,274.72	214,268,869.30
Represented By:			
Revolving Fund	-	-	-
Reserves	-	-	-

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

Description	Note	FY 2024/2025	FY2023/2024
		Kshs	Kshs
Accumulated Surplus		233,977,274.72	214,268,869.30
Net Assets		233,977,274.72	214,268,869.30

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 22nd Aug 2025



.....
Name: Evelyn Kaimenyi
Administrator of the Fund

.....
Name: Floric Gaiti
Fund Accountant
ICPAK Member Number: 31046

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023/24	-	-	16,130,994.00	16,130,994.00
Surplus/(Deficit) For the Period	-	-	198,137,875.30	198,137,875.30
Funds Received During the Year	-	-		-
Transfers	-		-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June (2023/24)	-	-	214,268,869.30	214,268,869.30
Balance As At 1 July (2024/2025)	-	-	214,268,869.30	214,268,869.30
Surplus/(Deficit) For the Period	-	-	50,404,576.17	50,404,576.17
Funds Received During the Year	-	-	-	-
Transfers			-30,696,170.75	-30,696,170.75
Revaluation Gain	-	-	-	-
Balance As At 30 June (2024/2025)	-	-	233,977,274.20	233,977,274.20

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

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

Description	Note	2024/2025	2023/24
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government		89,000,000.00	248,152,328.00
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		89,000,000.00	248,152,328.00
Payments			
Employee costs			
General expenses		70,877,894.05	24,596,524.00
Finance cost		-	-
Other payments		-	-
Net cash flows from operating activities		18,122,105.95	223,555,804.00
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-46,979,140.75	-26,321,042.00
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-46,979,140.75	-26,321,042.00
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		-28,857,034.80	197,234,762.00
Cash and cash equivalents at 1 July 2024		213,365,756.00	16,130,994.00
Cash and cash equivalents at 30 June 2024		184,508,721.20	213,365,756.00

Meru County Climate Change Fund

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

18. 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
Budget carryovers from the previous year*	213,365,756.00	-	213,365,756.00	213,365,756.00	-	100%
Receipts	-	-	-	-	-	-
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.	107,083,447.00		107,083,447.00	89,000,000.00	18,083,447.00	83%
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Income	320,449,203.00		320,449,203.00	302,365,756.00	18,083,447.00	94%
Expenses						
Fund Administration Expenses	-	-	-	-	-	-
General Expenses	70,877,894.00		70,877,894.00	70,877,894.00	-	100%
Finance Cost	-	-	-	-	-	-
Total Expenditure	70,877,894.00		70,877,894.00	70,877,894.00	-	100%
Capital expenditure	249,571,309.00	-	249,571,309.00	46,979,141.00	202,592,168.00	19%
Surplus For the Period	-	-	-	184,508,721.00	-	

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

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Meru county climate change fund is established by and derives its authority and accountability from Meru County Climate Change Act, 2020. The entity is wholly owned by the Meru County Government and is domiciled in Kenya. The entity’s principal activity is primarily to provide a framework and a mechanism for mobilization and transparent and accountable management of financial and other resources for climate response in Meru County.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

(When an IPSAS becomes effective on 1st January 20xx, it is applicable in Kenya from 1st July 20xx)

(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.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The

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	<p>objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent

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	<p>measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. 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.

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	<p>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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
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(i) Early adoption of standards

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

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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

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The original budget for FY 2024/2025 was approved by the County Assembly on Meru. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded no additional appropriations on the FY 2024/2025 budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

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

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.

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a) Intangible Assets

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

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

b) Investment property

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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at 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

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subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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.

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.

d) 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

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reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

e) 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 recognizes 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.

f) 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.

g) Nature and purpose of reserves

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

h) 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.

i) 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.

j) 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.

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Summary of Significant Accounting Policies (Continued).

k) 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.

l) 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.

m) 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.

n) 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



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c) Provisions

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

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

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Notes to the Financial Statements Continued

6. Transfers from County Government

Description	F/ Y 2024/2025	F/Y 2023/2024
	Kshs	Kshs
Transfers From County Govt. –Operations	107,083,447.00	248,152,328.00
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	107,083,477.00	248,152,328.00

7. Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
General Office Expenses	567,550.00	1,126,476.00
Loan Processing Costs	-	-
Professional Services Costs	552,900.00	2,546,700.00
Administration Fees/ other operating exp	10,738,640.00	-
Committee Allowances	4,067,665.00	1,308,265.00
Electricity And Water Expenses	-	-
Fuel And Oil Costs	10,000,000.00	5,150,000.00
Insurance Costs	-	-
Training costs/ capacity building	3,591,669.20	7,076,610.00
Repair and Maintenance	10,201,541.25	22,994,596.60

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Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Printing And Stationery	26,470.00	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	575
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other Inventories Agricultural materials	5,992,500.00	
Other (<i>Specify</i>)Domestic travel Allowances	2,643,880.00	3,611,380.00
Other (<i>Specify</i>)information supplies	3,277,000.00	-
Social benefit expenses*	-	-
Total	51,659,815.45	43,814,602.60

8. Depreciation and Amortization Expenses

Description	FY 2024/2025	FY 2024/2025
	Kshs.	Kshs.
Property Plant and Equipment	5,019,055.38	6,199,850.10
Intangible Assets		-
Total	5,019,055.38	6,199,850.10

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9. Cash and cash equivalents

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current Account	184,508,721.20	213,365,756.00
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	184,508,721.20	213,365,756.00

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

Financial Institution	Account number	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
a) Current Account			
Central Bank Of Kenya (CBK)	1000553057	184,508,718.20	213,081,478.00
Family Bank		3.00	284,278.00
Sub- Total		184,508,721.20	213,365,756.00

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10. Property, plant, and equipment

	Land and Buildings	Motor vehicles	Specialised Equipments	Furniture and fittings	Computers and office equipment	INFRASTRUCTURE	TOTALS
Cost	Kshs	Kshs	Kshs	Kshs	Kshs		Kshs
At 1st July (23/2024)	-	11,052,750.00	4,199,562.50	598,500.00	4,270,379.40		20,121,191.90
Additions	-	-		-	-		-
Disposals	-	-		-	-		-
Transfers/Adjustments	-	-		-	-		-
At 1st July (23/2024)	-	-	-	-	-		-
At 1st July (24/2025)	-	-	-	-	-		-
Additions	-	13,283,000.00	2,999,970.00			30,696,170.75	46,979,140.75
Disposals	-	-		-	-		-
Transfer/Adjustments	-	-	-	-	-	-30696170.75	-
At 1st July (24/2025)		24,335,750.00	7,199,532.50	598,500.00	4,270,379.40	0.00	20,121,191.90
Rate	0.05	0.25	0.125	0.125	0.3		
Depreciation And Impairment							
At 1st July (23/2024)	-	3,684,250.00	599,937.50	85,500.00	1,830,162.60		6,199,850.10
Depreciation	-						

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At 1st July (23/2024)	-	3,684,250.00	599,937.50	85,500.00	1,830,162.60		6,199,850.10
At 1 st July (24/2025)	-	-	-	-	-		-
Depreciation	-	2,763,187.50	899,941.56	74,812.50	1,281,113.82	0.00	5,019,055.38
Disposals	-	-		-	-		-
At 1 st July (24/2025)	-	2,763,187.50	899,941.56	74,812.50	1,281,113.82	0.00	5,019,055.38
Net Book Values							
At 1 st July (23/2024)	-	11,052,750.00	4,199,562.50	598,500.00	4,270,379.40		20,121,191.90
At 1 st July (24/2025)		21,572,562.50	6,299,590.94	523,687.50	2,989,265.58	0.00	31,385,106.52

11. Trade and other payables from exchange transactions

Description	F/Y 2024/2025	F/Y 2023/24
	Kshs	Kshs
Trade Payables	-	19,218,078.60
Refundable Deposits	-	-
Accrued Expenses	-	-
Other Payables	-	-
Total Trade and Other Payables	-	19,218,078.60

12. Receivables from non- exchange transactions

Description	F/Y 2024/2025	F/Y 2023/24
	Kshs	Kshs
Current receivables		
Transfer from County Government	18,083,447.00	-
Total Current receivables	18,083,447.00	-

13. Cash generated from operations.

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	32,321,129.17	198,137,875.30
Adjusted For:		
Depreciation	5,019,055.38	6,199,850.10
Amortisation	-	-
	37,340,184.55	204,337,725.40
Working Capital Adjustments		
Increase In Inventory		
Increase In Receivables		
Increase In Payables	-19,218,078.60	19,218,078.60
Net Cash Flow From Operating Activities	18,122,105.95	223,555,804.00

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

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

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

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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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

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

b) Liquidity risk management

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

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

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

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.

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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.

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

i. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20xx: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx – Kshs xxx).

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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	Current FY	Comparative FY
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

15. Events after the reporting period

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

16. Ultimate and Holding Entity

The entity is a County Public Fund established by and derives its authority and accountability from Meru County Climate Change Act, 2020. Its ultimate parent is the County Government of Meru.

17. Currency

The financial statements are presented in Kenya Shillings (Kshs)

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20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1	Late submission of financial statements	There was no clear guidance on preparation of accounts for Flocca	Resolved	August 2025
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
	Lack of ownership documents	The management has since acquired the ownership documents	Resolved	April 2025

Guidance Notes:

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

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

Date.....

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

*Meru Climate Change Fund
P.O BOX 120-60200*

The Meru Climate change fund wishes to confirm the amounts disbursed to you as at 30th 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 [Insert name of beneficiary Fund] as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [CC/SAGA/Fund] (Kshs) as at 30 th June 20xx				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT2427702KD6 FT242773TDKY	03-Oct-24	11,000,000.00	78,000,000.00	-	89,000,000	89,000,000.00	-
Total		11,000,000.00	78,000,000.00	-	89,000,000	89,000,000.00	-

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

Head of Accountants department of beneficiary Fund:

Name CPA Floric GATI Sign [Signature] Date 25/11/2025

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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Murera	Procurement and maintenance of the 2 county dumpsites (Murera and Nkunga)	To enhance environmental sanitation and reduce emissions	Fencing, murraming, gravelling and provision of service utilities such as ablution block	Q1	Q2	Q3	Q4	County Co-funding	County Government of Meru (CCU and CPC)
Nkunga	Procurement and maintenance of the 2 county dumpsites (Murera and Nkunga)	To enhance environmental sanitation and reduce emissions	Fencing, murraming, gravelling and provision of service utilities such as ablution block			Q3	Q4	County Cofunding	County Government of Meru (CCU and CPC)
Climate smart kitchen gardening kit	Procurement of Climate smart kitchen gardening kit	To build community resilience and enhance food security	Procurement, delivery and distribution				Q4	FLLoCA and County cofunding	County Government of Meru (CCU and CPC)
Unclogging of drainage	Unclogging of drainage	To control flooding in markets and towns	Unclogging of drainage			Q3		County cofunding	County Government of Meru (CCU and CPC)
Skip loader	Procurement of skip loader	To enhance environmental sanitation and emission reduction	Procurement and delivery			Q3		County cofunding	County Government of Meru (CCU and CPC)

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		through timely transportation of waste to the landfill							
Skip bins	Procurement of six skip bins	Waste-free working and business environment guaranteed	Procurement, delivery and distribution			Q3		County cofounding	County Government of Meru (CCU and CPC)
Kibachia Community Borele	Construction of pipeline extension for Kibachia community borehole Nyaki West ward	To enhance water accessibility	Construct and pressure test a 2.7km water distribution pipeline using straight upvc pipes and supply materials and construct a 2x2m fabricated steel water kiosk with a walling 5ft high				Q4	FLLoCA and County cofounding	County Government of Meru (CCU and CPC)
Mukongorone Pry School community borehole	Construction of pipeline extension for Mukongorone pry sch community borehole Nyaki East ward	To enhance water accessibility	Construct and pressure test a 2.8km water distribution pipeline using straight upvc pipes and establish three (2-taps) fetching bays (400mm x				Q4	FLLoCA and County co-funding	County Government of Meru (CCU and CPC)

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			400mm x 1000mm reinforced concrete pedestal on a 1000 x 1000 x 200mm base)						
Njukinjiru community water project	Construction of three branch pipe lines for Njukinjiru water project Ntima East ward	To enhance water accessibility	Construction of three branch pipe lines for Njukinjiru water project Ntima East ward				Q4	FLLoCA and County cofunding	County Government of Meru (CCU and CPC)
Subuiga Dispensary community borehole	Construction of pipeline extension and fetching bays for Subuiga dispensary community borehole Kisima ward	To enhance water accessibility	Construct and pressure test a 2.9km water distribution pipeline using straight upvc pipes and establish three (2-taps) fetching bays (400mm x 400mm x 1000mm reinforced concrete pedestal on a 1000 x 1000 x 200mm base)				Q4	FLLoCA and County cofunding	County Government of Meru (CCU and CPC)
Mashaka community borehole	Construction of pipeline extension and fetching bays for	To enhance water accessibility	Construct and pressure test a 2.6km water				Q4	FLLoCA and County cofunding	County Government of Meru (CCU and CPC)

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	Mashaka community borehole Kibirichia ward		distribution pipeline using straight upvc pipes and establish three (2-taps) fetching bays (400mm x 400mm x 1000mm reinforced concrete pedestal on a 1000 x 1000 x 200mm base)						
Ruiru water project	Expansion and rehabilitation of Ruiru water project main gravity line in Ruiru Rwarera Ward	To enhance water accessibility	Supply and deliver to point of use (ruiru water project) and construct a 0.3km water distribution pipeline using 315mm and 280mm upvc pipes				Q4	FLLoCA and County cofunding	County Government of Meru (CCU and CPC)
Kirwiro pry school community borehole	Construction of pipeline extension for Kirwiro pry school community borehole Mwanganthia ward	To enhance water accessibility	Construct and pressure test a 2.6km water distribution pipeline using straight upvc pipes, establish 2				Q4	FLLoCA and County cofunding	County Government of Meru (CCU and CPC)

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			(2-taps) fetching bays (400mm x 400mm x 1000mm reinforced concrete pedestal on a 1000 x 1000 x 200mm base), construct a 10000l water tank platform and supply and install the 10000L tank						
Ntonyero pry sch community borehole	Construction of pipeline extension for Ntonyero pry sch community borehole Abothuguchi Central ward	To enhance water accessibility	Construct and pressure test a 2.5km water distribution pipeline using straight upvc pipes, establish 2 (2-taps) fetching bays (400mm x 400mm x 1000mm reinforced concrete pedestal on a 1000 x 1000 x 200mm base), construct a 10000l water				Q4	FLLoCA and County cofounding	County Government of Meru (CCU and CPC)

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			tank platform and supply and install the 10000L tank.						
makandune market community borehole	Construction of pipeline extension for makandune market community borehole kiagu central ward	To enhance water accessibility	Construct and pressure test a 2.9km water distribution pipeline using straight upvc pipes and establish three (2-taps) fetching bays (400mm x 400mm x 1000mm reinforced concrete pedestal on a 1000 x 1000 x 200mm base)				Q4	FLLoCA and County cofunding	County Government of Meru (CCU and CPC)
Kianjogu water project	Construction of Kianjogu water project pipeline works Igoji East ward	To enhance water accessibility	Intake construction, pipeline				Q4	FLLoCA and County co-funding	County Government of Meru (CCU and CPC)