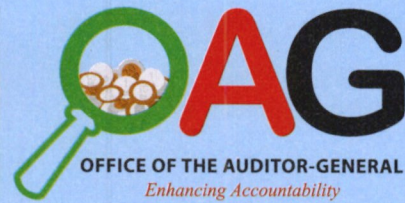
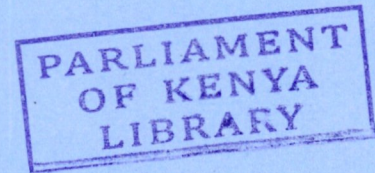


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

**THARAKA NITHI COUNTY
CLIMATE CHANGE FUND**

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

PAPERS LAID	
DATE	18.11.25.
TABLED BY	Deputy Chief Whip Ngũgĩ Pattar
COMMITTEE	-
CLERK AT THE TABLE	Tiffany.

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF THARAKA NITHI



THARAKA NITHI COUNTY CLIMATE CHANGE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

JUNE 30, 2025

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

Tharaka Nithi County Climate Change Fund
Annual Report and Financial Statements
For the Year Ended 30th June, 2025

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1. Acronyms and Definition of Key Terms

a) Acronyms

BOM	Board of Management
CCIS	County Climate Institutional Support
CCRIG	County Climate Resilience Investment Grant
FLLoCA	Financing Locally led Climate action
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Ksh	Kenya Shilling
WB	World Bank

b) Key Terms

Fiduciary Management	The key management personnel who had financial responsibility
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2. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Tharaka Nithi Climate Change Fund is established by and derives its authority and accountability from The Tharaka Nithi County Climate Change Fund Act, 2019 enacted on 5th July 2019. The Fund is wholly owned by the County Government of Tharaka Nithi and is domiciled in Kenya. The fund's objective is to Finance of climate change programs in the County with its principal activity being to finance priority climate change projects, programs and activities, including those required under The Climate Change Act, provided for in the Climate Finance Framework established under this Act. The Fund is financed through —

- (a) moneys appropriated by the County Assembly at least one percent of the county audited revenue account in a financial year;
- (b) grants and loans from the National Climate Fund;
- (c) climate finance from national and international entities;
- (d) moneys received from Public Benefit Organizations;
- (e) fees and charges from climate Change finance activities; and
- (f) grants and donations.

b) Principal Activities

The object of this Act that created fund in the County to provide was aimed at

- a) Financing of climate change programs;
- b) Initiating and coordinating of climate change adaptation and mitigation activities at the
- c) community level;
- d) Facilitating incorporation of Climate Finance in the county planning and budgetary framework
- e) enhancing Climate Finance mechanisms;
- f) Coordinating support from National Government climate change policy and legislative framework coordinating collection and dissemination of climate change information to the public to create awareness and preparedness.

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c) Tharaka Nithi Climate Change Fund Board

No.	Name	Position
1	Sarah Kaari Benjamin	Chairperson
2	Wycliffe Kinyua Kabinga	CO Finance and Economic Planning
3	Peterson Kathanya	CO Environment, Mining and natural resources
4	Rev. Patrick Kiriimi	Member
5	Joel Kithure	Member
6	Silas Njiru	Member
7	Assumpta Gabriel	Member
8	Stephen Kariuki Kiragu	Member
9	James Siaji	Member

d) Key Management Team

No.	Name	Position
1	Peterson Kathanya	Fund Manager/ Administrator
2	CPA Nduati E.K.	Director Accounting Services
3	Denis Kwendo	Project Coordinator
4	Isaac Njagi	Fund Accountant
5	Stephen Kimathi	Procurement Officer

e) Fiduciary Oversight Arrangements

No	Name	Designation
1	Public Investment Committee	Senate, National Parliament of Kenya
2	Public Investment Committee	County Assembly of Tharaka Nithi
3	Internal Audit Committee	County Government of Tharaka Nithi

f) Registered Offices

County Headquarters Building
Kathwana Town
P.O. Box 10-60406
KATHWANA

**Tharaka Nithi County Climate Change Fund
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g) Fund Contacts

Entity Contacts Telephone: 0728 853483

E-mail treasury@tharakanithi.go.ke

Website: www.tharakanithicounty.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Family Bank
Chuka Branch
P.O. Box 60000 – 00400
Chuka

i) Independent Auditors

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

j) Principal Legal Adviser- County Attorney

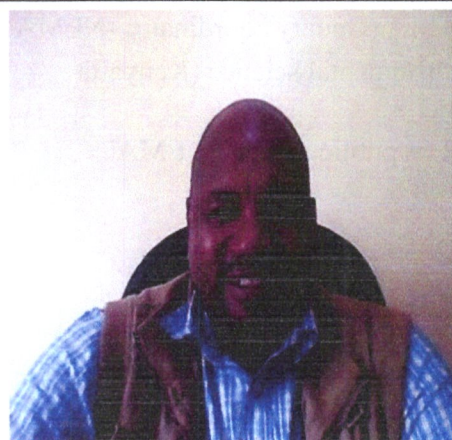
The County Attorney
County Government of Tharaka Nithi
P.O. Box 10- 60406
KATHWANA

**Tharaka Nithi County Climate Change Fund
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3. FUND ADMINISTRATION COMMITTEE

Name	Details of qualifications and experience
 Sarah Kaari Benjamin	Board member and chairperson, Maara constituency representative Degree in Bachelor of Education Arts (Moi university) majoring in Geography and Kiswahili Experience: Geography teacher in Secondary school since 2007 to date Year of birth:1977
 Wycliffe Kinyua Kabinga	Mr. Wycliffe Kinyua Kabinga is the County Chief Officer in charge of Finances and Economic Planning He holds a bachelor's degree in arts (Economics and Sociology) from the University of Nairobi. Has extensive trained in information technology locally and abroad. He has over 10 years work experience in the banking sector as Operations Manager. Year of birth 1982
 Peterson Mwirigi Katherinya Fund Administrator	Chief Officer - Environment, Mining and natural resources. He holds a bachelor's degree in Community Development (MKU). He has over 12 years work experience in public sector management and development. Year of birth 1980
 Rev Patrick kiriti Njoka	Board member, Chuka/Igambangombe Constituency representative . Clergy PCEA Magumoni, Moderator Magumoni presbytery. Eastern Region chairman, served the church as an evangelist for 20 yrs and a clergy for 8yrs now, Holds a diploma in theology from presbyterian university and now almost concluding my Bachelor of Religious Studies in Chuka university to graduate in December 2025. Date of Birth ; 1972

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Joel Kithure

Member and Civil society Representative

Employment: Head of Programmes at Caritas Tharaka Nithi Office.

Education Background – Undergraduate in Agriculture at Meru University (3rd year); Holds Diploma in General Agriculture from Meru University, holds a Certificate in Dryland Agriculture (KNEC) from Ukamba Agricultural Institute; Holds a Diploma in Organization Growth and Development (OD) from EASUN College, Tanzania.

Work Experience: Over 15 years' experience in designing, coordinating, and overseeing implementation of livelihoods projects - agriculture, livestock, NRM and climate change, humanitarian – including staff capacity needs assessment and capacity building, development of master work plans and budgets; liaison person between stakeholders and the organization; advocacy work including policy and legislation processes; monitoring and evaluation of projects; reporting and documentation.

Year of Birth: 1969



Silas Njiru

Board member

Tharaka Constituency representative

Kenya Certificate of secondary Education holder

Year of birth 1994



Assumpta Mukwanjeru Gabriel

Members and Special interest representative

Education

Muthambi Girls High School O'level certificate

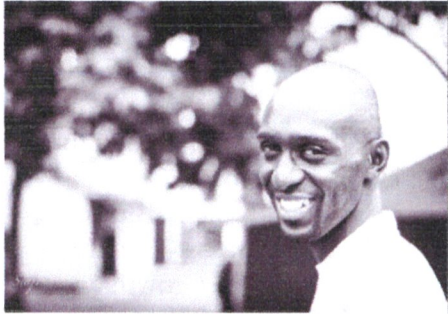
Work experience

Over 20 years in community advocacy and human Rights

Nominated Member of County Assembly

Year of birth 1968

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	Member representing NEMA (County coordinator -NEMA) Bachelor's degree in environmental science (Kenyatta university) Fifteen years' experience in public service, NEMA Year of birth 1981
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James Siaji

**Tharaka Nithi County Climate Change Fund
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4. FUND MANAGEMENT TEAM

Name	Details of qualifications and experience
 Peterson Mwirigi Kathenya Fund Administrator	Chief Officer - Environment, Mining and natural resources. He holds a Bachelor's Degree in Community Development (MKU), M.A. Economic policy management (Makerere University). He has over 12 years work experience in public sector management and development. Year of birth 1980
 CPA, CS Nduati E.K. Director Accounting Services	CPA, CS Nduati is the County Director - Accounting Services . He is qualified Accountant and registered professional member of ICPAK (6720) and Certified Secretary, registered member ICPSK (2253). He holds Master's Degree in Finance (UON), B.A. Economics (UON). He has over 15 years work experience in public sector finance management and specialist in public accounting. Year of birth 1980
 Denis Nabiswa Kwendo Project Coordinator	Denis Kwendo is an Assistant Director - Climate Change He holds a Bachelor's Degree in Applied Statistics (Maseno University), M.A. Economic policy management (Makerere University). He has over 14 years work experience in public sector planning and policy management. Year of birth 1984.

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 Issac Njagi Muriungi Project Accountant	Isaac Njagi is an Accountant-Climate Change He holds a Bachelor's Degree in Business Administration (Accounting option), Certified Public Accountant (part II). He has over 7 years work experience in public sector accounting service. Year of birth 1992
 Stephen Kimathi Mwangangi Procurement Officer	Stephen Kimathi Mwangangi is Ass director-supply chain management services Qualified procurement registered with Kenya Institute of Supplies Management (KISM NO: 86416) Holds a degree in purchasing and supplies management Has over 6 years work experience in public sector as a procurement officer Year of birth 1987

5. FUND CHAIRPERSON'S REPORT

During the current financial year under review, the County Government of Tharaka Nithi allocated an amount of Ksh. 325,850,000 to the County Climate Change Fund comprising of balance brought forward, Ksh. 94,071,772 donor grant amounting to Ksh. 139,246,228 and counter funding contribution Ksh. 92,532,000. By the end of the year, Ksh 161,071,772 had been received to the Fund including balances from the previous year.

During the year ended 30th June 2025, the Fund continued with implementation of the ongoing projects with an amount of Ksh. 161,069,637 on expenditure.

During the year ended 30th June, 2025, the fund implemented projects cutting across the Agriculture and livestock, Environment, water and energy sectors in 7 Wards.



Sarah Kaari Benjamin
Board Chairperson

Date: 07th July 2025

6. REPORT OF THE FUND ADMINISTRATOR

Tharaka Nithi Climate Change Fund is established by and derives its authority and accountability from The Tharaka Nithi County Climate Change Fund Act, 2019). The fund's objective is to Finance of climate change programs in the County. The Fund's principal activity is to finance priority climate change projects, programs and activities, including those required under The Climate Change Act, provided for in the Climate Finance Framework established under this Act.

Financing Locally Led Climate Action (FLLoCA) is a government Program co-funded by the World Bank and other bilateral partners, including the Governments of; Sweden, Denmark, Netherlands and Germany. The Program is being implemented by the National Treasury and Economic Planning in collaboration with the Ministry of Environment, Climate Change and Forestry, Council of Governors, County Governments, and other line Ministries. The Program became effective on 1 February 2022 and was expected to run for five (5) years until 30 June 2027 with a funding component of USD297 million.

The development objective of the Program is to deliver locally led climate resilience actions and strengthen County and National Government's capacity to manage climate risks. The Program focuses on:

- I. Capitalizing the National and County Climate Change Funds.
- II. Building county level capacity for planning, budgeting, reporting and implementation of local climate actions in partnership with communities; and
- III. Strengthening of national level capacity for coordination, monitoring and reporting.

The Program is aimed at strengthening local resilience to the negative impacts of climate change, through two (2) result areas: -

Result Area 1: County Institutional Capacity Building for Locally Led Climate Action

Under this Result Area, a conditional County Climate and Institutional Support (CCIS) Grant of approximately Kshs. 11 million per annum is provided for three (3) years to county governments to finance the strengthening of climate risk management capacity of counties. This is achieved through establishment of Climate Change Units and Climate Change Funds, and adoption of supporting legislation. The Grant also aims at development and implementation of community education and awareness raising Programs and establishment of business and information centers in counties with information flows to the Maarifa Center and the Kenya Climate Change Knowledge Portal (KCCCKP). In addition, CCIS Grant is meant to enhance the capacity of County Climate Change Units (CCCU) and County Assemblies for supporting local participatory climate action prioritization and implementation response, developing bankable projects, and monitoring and reporting on county-level climate finance and actions. Further, the Grant is meant for development of climate information services and early warning systems to communities and other local stakeholders and establishment of monitoring and evaluation systems for climate resilience actions and climate finance in counties.

**Tharaka Nithi County Climate Change Fund
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Result Area 2: Locally Led Climate Resilience Action

Result Area 2 aims at financing low-emission climate resilience actions through a conditional County Climate Resilience Investment (CCRI) Grant of approximately Kshs.137,500,000 annually. The resilience actions are identified through a facilitated participatory process which begins with science-based participatory climate risk assessments of counties to identify, estimate, map, and rate climate change risks and other hazards. The participatory climate risk assessment is a necessary step for the adoption of risk reduction measures and proportionate response measures while enhancing the awareness of communities and county governments about potential risks and needed actions. Counties are required to prioritize critical sectors for climate resilience investment support. As per the Scoring Guide, counties would earn points if they had allocated at least 20% of the County Climate Resilience Investment (CCRI) Grant to each of the following sectors:

- a. Agriculture, including Livestock
- b. Water; and
- c. Environment and Energy.

During the FY 2024/25 The County Government of Tharaka Nithi had provided Ksh. 325,850,000 (three hundred and twenty-five Million, eight hundred and fifty thousand only) for allocation to Tharaka Nithi County Climate Change Fund during. This comprised Ksh 297,500,000 under development and Ksh 28,350,000 for recurrent budget. By the end of the year the Fund had received a total of Ksh 161,071,772 to the funds. The funds available for use included balance brought forward Ksh 94,071,772 and 11,000,000 for the CCIS which was disbursed in July 2024 as the third and final disbursement. The County contribution to the climate change fund was Ksh. 90 million Ksh. And 56 million had been disbursed by the end of the financial year. The key projects that are being implemented in the first tranche of the CCRIG are a shown in the table below.

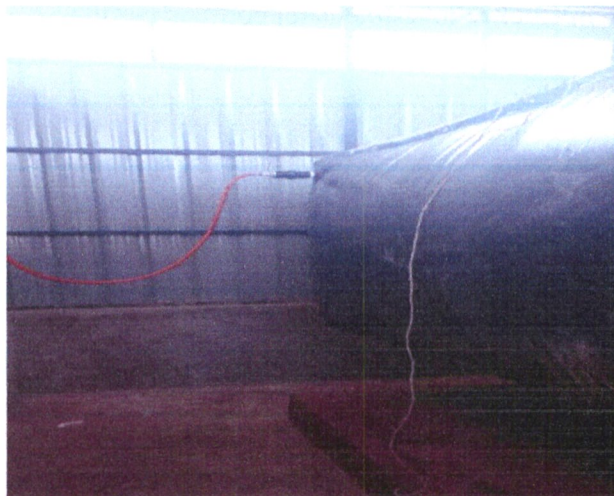
SNO	Name of the project	Contract cost (Ksh)	Status	Remarks
1	Gatonto gravity dam	24,045,439.00	Complete	Implementation ended in march 2025
2	Nandora spring protection and ecosystem restoration	15,018,989.33	Ongoing	40% Complete
3	Muthambi- Gitije irrigation project	16,994,455.00	Complete	Implementation completed in January 2025
4	Construction of Naikara-Thingithu Sand dam	16,526,866.10	Ongoing	95% complete
5	Construction of Kierera Check Dam	17,791,125.14	Ongoing	90% complete
6	Construction of Biogas plant at Kimuchia Day Sec. School	8,548,100.00	Complete	Completed in March 2025
7	Construction of Biogas plant at Kieni High School	7,967,880.00	Ongoing	Completed in May 2025

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8	Distribution of drought resistant seeds	55,390,000	100% complete	Seeds distributed during the last two planting season
	Total	162,282,854.57		

Key Project status -Photos

Kieni biogas ballon room



Kieni Kitchen



Gatonto dam diversion channel



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The projects currently under survey and design are as shown in the table below.

S.No	Project area location	Project name	Survey Status
1	Gatunga	Kathangachini water supply	Done
2	Igambangombe	Kamutiria check dam	Done
3	Mariani-Karongoni	Manyaga Water Project	Done
4	Karingani/Mariani	Manyaga water project	Done
5	Muthambi	Kajiunduthuji Secondary biogas	Not done
6	Mugwe	Ikawa secondary biogas	Not done
7	Marimanti-Marimanti	Nthaara water project	Done
8	Gatunga	Gachoroni Borehole -equipping	Done
9	Mukothima	Gapuruni borehole equipping	Not done
10	Gatunga-Maragwa	Manduru earth dam rehabilitation	Not done
11	Igambang'ombe-Kamwimbi	Gatonto Gravity Dam -Phase 2	Not done
12	Nkondi	Giekuri Rainwater Harvesting & Solar Installation/ Turima Tweru water project	Not done
13	Ganga	Mikui secondary Biogas	Not done
14	Tharaka and Igambangombe	Drought resistant seeds distribution program	

The Climate Change Unit undertook implementation of the ongoing projects. The County has also received the final disbursement of the CIS grant which will enhance the ability of local stakeholders to make informed decisions that can reduce climate risks and promote sustainable development through accessing and utilizing climate related data and services.

Key Achievements

- i. Implementation of the 8 investments
- ii. Preparation of County Climate Change Action Plan
- iii. Design and preparation of project designs.
- iv. Capacity building the technical members.
- v. Community engagement in matters climate change.
- vi. Formation of technical working committees and ward level climate change committees
- vii. Distribution of drought resistant seeds

Major Challenges

- a) Challenges in management of social and environmental issues
- b) Delay in counterpart funding due to budget constraints.
- c) Competing priorities for the available resources.

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- d) Delay in release of the CCCRI grant hence slowing down the implementation process.
- e) Inadequate funds to support the civil society engagements.
- f) Inadequate resources to fund planned activities in county action plan.
- g) Risk in reduction in County allocation due to failure in enacting the 2024 finance bill.

Lessons learned.

- a) Community engagements in project identification helps enhance project success.
- b) There is need to enhance resource mobilization for climate action.
- c) Continuous monitoring and evaluation through the project cycle can help provide valuable insights hence allowing timely adjustments to strategies.
- d) Project screening helps mitigate social and environmental risks in projects.

Environmental and social safeguards actions by the County

- 1. Formation of the PMC committees.
- 2. PIU support mission visited the county.
- 3. Environmental impact assessment undertaken.
- 4. PMC training on environmental and social safeguards.
- 5. Project Screening carried out.
- 6. NEMA approval for ongoing projects.

Recommendations

- a. Need for improved allocation to the county climate change fund.
- b. Continuous stakeholder engagement and capacity assessments needed.
- c. Diversify funding sources.
- d. Develop robust monitoring and evaluation framework.
- e. Enhanced resource mobilization needed.

Conclusion

In conclusion, the county's implementation of FLLoCA projects has significantly advanced our county's efforts in building resilience to climate change while fostering sustainable development within our communities. Through active collaboration with stakeholders, effective resource management and adherence to environmental and social safeguards, we have been able to achieve key milestones while identifying areas for improvement. Moving forward, we will continue to make use of lessons learned, adapt our strategies and seek additional resources to ensure the successful completion of ongoing projects hence fostering a resilient community and creating a sustainable future.

**Tharaka Nithi County Climate Change Fund
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**7. STATEMENT OF PERFORMANCE AGAINST THE COUNTY FUND'S
PREDETERMINED OBJECTIVES**

Introduction

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

The key development objectives of the Fund as per the County Climate change Action plan for (2023-2027) are to:

- a) Capitalizing the National and County Climate Change Funds.
- b) Building county level capacity for planning, budgeting, reporting and implementation of local climate actions in partnership with communities; and
- c) Strengthening of national level capacity for coordination, monitoring and reporting.

Progress on attainment of Strategic development objectives

Program	Objective	Outcome	Indicator	Performance
County climate Change fund	To strengthen local resilience to the negative impacts of climate change	Improved Agriculture and Livelihoods	Number of farmers receiving drought resistant seeds	60,000 farmers received drought resistant seeds
County climate Change fund	To strengthen local resilience to the negative impacts of climate change	Participatory scenario planning for the 2024 OND ran season	Number of plans and bulletins prepared	Two plan prepared 35 bulletins issued
County climate change fund	To strengthen local resilience to the negative impacts of climate change	Enhanced access to water for domestic and irrigation use	Number of housing with access to irrigation water	400 household connected to irrigation water
County climate change fund	To strengthen local resilience to the negative impacts of climate change	Enhanced access to water for domestic and irrigation use	Number of housing with access to domestic water	3,500 households provided with water
County climate change fund	To strengthen local resilience to the negative impacts of climate change	Improved capacity for water harvesting	Capacity of the dams constructed in cubic metres	2000 cubic metres constructed

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County climate change fund	To strengthen institutional capacity of the County climate change unit	Enhanced capacity and awareness on climate change matters	Number of technical and community members trained	• Board members trained • 25 technical members trained • 25 CECs and Chief officers • 25 ward administrators trained • 75 ward committees trained
County climate change fund	To strengthen institutional capacity of the County climate change unit	Enhanced capacity for project monitoring	Number of project committees established	7 project committees formed
County climate change fund	To strengthen institutional capacity of the County climate change unit	Enhanced capacity for project monitoring	Number of monitoring visits carried out	52 monitoring visits carried out for the 7 project
County climate change fund	To strengthen institutional capacity of the County climate change unit	Enhanced capacity for project supervision	Number of supervision visits carried out	95 supervision visits carried out for the 7 project
County climate change fund	To strengthen institutional capacity of the County climate change unit	Enhanced participation of civil society organizations on climate change matters	Number of CSOs trained and engaged in climate change matters	25 CSOs trained
County climate change fund	To strengthen institutional capacity of the County climate change unit	Establishment of climate change committee	Number of committees established	15 ward committees established
County climate change fund	To strengthen environmental and social safeguard mechanism	Enhanced monitoring of social and environmental actions	Number of ESS reports prepared	2 reports prepared

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8. CORPORATE GOVERNANCE STATEMENT

The Fund is managed in accordance with the Tharaka Nithi County Climate Change Fund Fund Act, 2019. The Act establishes a Board which shall be known as the Tharaka Nithi County Climate Change Fund Board (TNCCFB) to oversee the fund activities. It also establishes the County Climate Change Unit (CCU) shall be the lead agency of the county government on climate change plans and actions to deliver operational coordination and shall report to the County Chief Officer in charge of climate change. The Unit serves as the management team and secretariat of the Board and the County Climate Change Planning Committee (CCCPC).

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9. MANAGEMENT DISCUSSION AND ANALYSIS

The Tharaka Nithi Climate Change Fund as established via the Tharaka Nithi Climate Change Fund Act 2019 has been capitalized by funding from the Financing locally Led Climate Action and the counterpart funding from the county allocation. Tabulated below are the County Climate change fund summary of income and expenditure for the year ended **30th June 2025**

a. Income

Description	Original Budget (Ksh)	Budget Adjustment (Ksh)	Revised Approved Budget (Ksh)	Actual Cumulative Expenditure (Ksh)	Level of Funds Performance (%)
Transfer from County Government	146,000,000	85,778,228	231,778,228	67,000,000	29%
Unspent Balance Brought Forward	-	94,071,772	94,071,772	94,071,772	100%
Total	146,000,000	179,850,000	325,850,000	161,071,772	49%

b. Expenditure

Description	Original Budget (Ksh)	Budget Adjustment (Ksh)	Revised Approved Budget (Ksh)	Actual Cumulative Expenditure (Ksh)	Level of Funds Absorption (%)
Use of Goods and Services	11,000,000	17,350,000	28,350,000	23,001,395	81%
Grants and Transfers	25,000,000	151,000,000	176,000,000	55,390,000	31%
Property, Plant and Equipment	110,000,000	11,500,000	121,500,000	82,678,242	68%
Total	146,000,000	179,850,000	325,850,000	161,069,637	49%

During the year under review the County continued with the implementation of the CCRIG funding after the preparatory phase in the previous financial year. The fund also received funding for the third and final tranche of the CCIS grant which has supported in institutional strengthening and climate change implementation preparedness. The county's implementation of County climate fund through FLLoCA program has significantly advanced our county's efforts in building resilience to climate change while fostering sustainable development within our communities. Through active collaboration with stakeholders, effective resource management and adherence to environmental and social safeguards, we have been able to achieve key milestones while identifying areas for improvement. Moving forward, we will continue to make use of lessons learned, adapt our strategies and seek additional resources to ensure the successful completion of ongoing projects hence fostering a resilient community and creating a sustainable future

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The fund has implemented Environmental and Social Safeguards (ESS) policies, standards and operational procedures designed to first identify and then try to avoid, mitigate and minimize adverse environmental and social impacts that may arise in the implementation of development projects. All national regulations pertaining to E&S governance have been applicable while carrying out E&S due diligence as per the program operation manual (POM) guidelines. The County Climate Change Unit is to be responsible for the overall Program coordination and stakeholder management and oversees day-to-day Program operations and management at the county level. The CCCU plays a significance role to ensure adherence to and implementation of environmental and social standards. The role entails

- i) oversee inclusion and management of ESHS.
- ii) overseeing and management of GRM issues within the county; and,
- iii) monitoring, evaluation, reporting and learning of ESHS.

These roles are distributed among the environmental safeguards specialist, the social safeguards specialist, the GRM specialist, and an SRM specialist.

1. Sustainability strategy and profile -

The Fund management has put plans for fund sustainability through active community engagement in project identification, design and implementation. The County Climate Change Act also provided for annual allocation to the Fund to be a minimum of 1.5 of the development budget of the County. The County Climate change resource mobilization strategy and financing strategies have put in place measures to capitalize the fund from the sources.

2. Environmental performance

The project activities to be financed through this program have been screened for adverse environmental, social, health, and safety impacts, noting that some of the activities are likely to generate notable ESHS benefits and risks. The potential ESHS risks and impacts associated with activities are linked to new construction, rehabilitation, or expansion of existing infrastructure.

Consistent with the requirements of the World Bank's PforR Policy, the proposed Program will not finance activities that pose high ESHS risks. Prioritization and selection of the investments will consider key issues such as citizen engagement, public participation, gender, and vulnerable groups inclusion, climate change, and disaster adaptation. Implementation of ESHS is supported by the various Lead government agencies. These include Ministry of Environment (MoE), National Environment Management Authority (NEMA) National Commission on Gender and Equality, Directorate of Occupational Safety and Health Services (DOSHS), National Construction Authority (NCA), County Governments departments, Department of Public Health, National Land Commission, Commission of Administrative and Justice (CAJ), National Council for Persons with Disability (NCPWD), and department of social services. The CCU conducted the E&S screening process and Environmental impact assessments for all the prioritized investments prior to the commencement of detailed design.

3. Employee welfare

The project policy on employee welfare is guided by the Project manual as outlined by the Directorate of Occupational Safety and Health Services (DOSHS). Through DOSHS the CCU carried out a risk assessment and all contractors are required to obtain a workplace registration certificate in addition to insurance cover for the workers.

4. Community Engagements

The CCU has ensured that stakeholder engagements are appropriate, effective, meaningful and meet the expected objectives. Community engagement activities are preceded by an analysis of the proposed project, its context, and potential impacts, who the relevant stakeholders are, and followed by genuine consideration of stakeholders' views and concerns in decisions related to project planning design, and implementation. Stakeholder consultation was implemented through a systematic approach, and the process should started as early as possible in the project cycle. The timing of consultation events and how they were coordinated with various project milestones were carefully mapped out, so delays or inadequate consultation do not turn into bottlenecks for the implementation of the subprojects. .

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11. REPORT OF THE ADMINISTRATION COMMITTEE

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

Principal activities

The Fund's principal activity is to finance priority climate change projects, programs and activities, including those required under The Climate Change Act, provided for in the Climate Finance Framework established under this Act.

Results

The results of the Fund for the year ended **30th June, 2025** are set out on page 1 - 5

Administration Committee

The members of the Administration Committee who served during the period are shown on page iii There were no changes in the Administration Committee during the period.

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 for the year ended June 30, 2024 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



Peterson Mwirigi Katheria
Fund Administration Committee
Date: 07th July 2025

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12. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 (1) of the Public Finance Management Act, 2012 requires that, at the end of financial year, the Administrator of a County Public Fund established by the Constitution, an Act of Parliament or County Legislation shall prepare annual financial statements for the Fund in form prescribed by the Public Sector Accounting Standards Board

The Administrator of the Tharaka Nithi County Climate Change 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 year ended on **30th June, 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 Tharaka Nithi County Climate Change 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 Tharaka Nithi Climate Change Fund Act, 2019. 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 year ended **30th June, 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 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.

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 **07th July 2025** and signed on its behalf by:



Peterson Mwirigi Katherinya
Fund Administrator

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 THARAKA NITHI 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.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Tharaka Nithi County Climate Change Fund set out on pages 1 to 24, 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, the financial statements present fairly, in all material respects, the financial position of Tharaka Nithi 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 Tharaka Nithi County Climate Change Fund Act, 2019 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.325,850,000 and Kshs.161,071,772 respectively resulting to an under-funding of Kshs.164,778,228 or 51% of the budget. Similarly, the Fund spent Kshs.161,069,637 against actual receipts of Kshs.161,071,772 resulting to an under-utilization of Kshs.2,135 of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Prior Year Audit Matters

Review of the progress on follow up on prior year auditor's recommendations reveal that, an issue on failure to establish a Board to administer the Fund was raised under Report on Effectiveness of Internal Controls, Risk Management and Governance which remained unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding.

However, the issue recurred during the year under review and was reiterated as a substantive paragraph.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure by Climate Change Fund to Transfer Funds to Finance Projects at Ward Level

The statement of financial performance for the year under review shows that the project total expenditure amounted to Kshs.87,918,927 and a further amount of Kshs.88,045,262 for civil works as disclosed in Note 12 – property, plant and equipment all totaling to Kshs.175,964,189. The Wards were therefore entitled to get 131,973,142 or 75% of the funds.

However, Management of the project did not send any money to the wards to finance projects initiated from the Ward level which was contrary to Part 1. (c) of the Second schedule on sharing of funds of Tharaka Nithi County Climate Change Fund Act, 2019 which states that seventy five percent of the available funds shall be allocated to projects received by the Ward Planning Committee and approved by the County Planning Committee.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in 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 effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Operating Without a Board

As previously reported, Board minutes, attendance registers, notices of Board meetings, schedule of allowances paid to Board Members were not provided for audit. The functions of the Board as outlined in Section 6 of the Tharaka Nithi County Climate Change Fund Act, 2019 which includes preparation of the County Climate Finance Budget, oversee the execution of the County Climate Finance Budget and to approve the Ward and County disbursement proposals by the Fund Administrator, were therefore, not performed.

In the circumstances, the Fund lacked proper oversight.

2. Lack of Ward Planning Committees

The statement of financial position reflects property, plant and equipment balance of Kshs.86,387,330 as disclosed in Note 12 of the financial statements which further includes an amount of Kshs.88,045,262 in respect of additions to civil works. However, there is no evidence that there were Ward Planning Committees in the various wards within Tharaka Nithi County to initiate the civil works projects. Further, there is no proof that there were community consultation forums to deliberate on the climate agenda at different locations in the ward.

In addition, there is no evidence that there were reports submitted to the County Planning committee with views from the Ward Members as required by law.

In the circumstances, project conceptualization may not have been effective.

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

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

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

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

Fund Administration Committee is responsible for overseeing the Fund's, financial reporting process, reviewing the effectiveness of how Management monitors compliance

with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

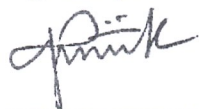
04 November, 2025

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14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2025

	Note	2024/2025	2023 / 2024
		Ksh	Ksh
Revenue from Non-Exchange Transactions			
Transfer from County Government	6	67,000,000	149,927,586
Expenditure			
Use of Goods and Services	7	29,920,395	22,835,364
Grants and Transfers	8	55,390,000	32,190,000
Depreciation	9	2,608,532	407,400
Total Expenditure		87,918,927	55,432,764
Surplus for the Period		(20,918,927)	94,494,822

Tharaka Nithi Climate Change Fund Financial Statements were approved on 07th July 2025 and signed by:



Peterson Mwirigi Katheria
Fund Administrator



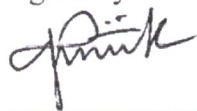
CPA Nduati E.K
Director Accounting Services
ICPAK No. 6720

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15. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2025

	Note	2024/2025	2023 / 2024
		Ksh.	Ksh
Assets			
Current assets			
Cash and Cash Equivalents	10	2,135	94,071,772
Account Payable	11	12,813,570	527,550
Net Asset		(12,811,435)	93,544,222
PPE	12	86,387,330	950,600
Total Assets		73,575,895	94,494,822
Financing			
Accumulated Surplus and Reserves		73,575,895	94,494,822
Total Net Assets and Liabilities		73,575,895	94,494,822

Tharaka Nithi Climate Change Fund Financial Statements were approved on **07th July 2025** and signed by:



Peterson Mwirigi Katheranya
Fund Administrator



CPA Nduati E.K
Director Accountant Services
ICPAK No. 6720

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16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30th JUNE 2025

	Accumulated Surplus	Total
	Ksh.	Ksh.
Balance as at 1st July 2023		
Surplus/(deficit) for the Year	94,494,822	94,494,822
Funds received during the Year		
Balance as at 30th June 2024	94,494,822	94,494,822
Balance as at 1st July 2024	94,494,822	94,494,822
Surplus/(deficit) for the Year	(20,918,927)	(20,918,927)
Funds received during the Year		
Balance as at 30th June 2025	73,575,895	73,575,895

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17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th JUNE 2025

	Note	2024/2025	2023/2024
		Ksh	Ksh.
Cash Flows from Operating Activities			
Receipts			
Transfer from County Government		67,000,000	149,927,586
Total Receipts		67,000,000	149,927,586
Payments			
Use of Goods and Services		23,001,395	22,835,364
Grants and Transfers		55,390,000	32,190,000
		78,391,395	55,025,364
Adjusted:			
Increase in Account Payable		-	527,550
Net Cash Flows from Operating Activities		(11,391,395)	95,429,772
Acquisition of Assets		(82,678,242)	(1,358,000)
Net Increase / (Decrease) in Cash and Cash Equivalents		(94,069,637)	94,071,772
Cash and Cash Equivalents Beginning of the Year		94,071,772	-
Cash and Cash Equivalents at End of Year		2,135	94,071,772

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2025

	Original Budget	Adjustments	Final Budget	Actual on comparable Basis	Performance Difference	% Utilisation
Revenue	Ksh	Ksh	Ksh	Ksh	Ksh	
Donor Grant - CCIS	0	11,000,000	11,000,000	11,000,000	0	100%
Donor Grant - CCRI	86,000,000	42,246,228	128,246,228	0	(128,246,228)	0%
County County Funding	60,000,000	32,532,000	92,532,000	56,000,000	(36,532,000)	61%
Balance Brought Forward	0	94,071,772	94,071,772	94,071,772	(0)	100%
Total Revenue	146,000,000	179,850,000	325,850,000	161,071,772	(164,778,228)	49%
Use of Goods and Services	11,000,000	17,350,000	28,350,000	23,001,395	(5,348,605)	81%
Grants and Transfers	25,000,000	151,000,000	176,000,000	55,390,000	(120,610,000)	31%
Property, Plant and Equipment	110,000,000	11,500,000	121,500,000	82,678,242	(38,821,758)	68%
Total Expenditure	146,000,000	179,850,000	325,850,000	161,069,637	(164,780,363)	49%
Surplus / (Deficit)	0	0	0	2,135	2,135	

Explanation Notes

1. The Fund recorded low level of revenue realization and funds absorption at 49% due to delayed disbursement donor grants with funds not yet received by end of the financial year.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Tharaka Nithi Climate Change Fund is established by and derives its authority and accountability from Tharaka Nithi Climate Change Act, 2019. The entity is wholly owned by the County Government of Tharaka Nithi and is domiciled in Kenya. The entity's principal activity is finance priority climate change projects, programs and activities, including those required under The Climate Change Act, provided for in the Climate Finance Framework established under this Act.

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

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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

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Standard	Effective date and impact:
	under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

(i) Early adoption of standards

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

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Notes to the Financial Statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 18th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

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

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (continued)

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)

Financial liabilities

Classification

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

d) Inventories

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

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

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

**Tharaka Nithi County Climate Change Fund
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Notes to the Financial Statements (continued)

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

e) Provisions

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

f) Social Benefits

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

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements

**Tharaka Nithi County Climate Change Fund
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Notes to the Financial Statements (continued)

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

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Notes to the Financial Statements (continued)

n) Cash and cash equivalents

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

o) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. This is the first set of financial statement for the Fund and hence no comparative figure indicated.

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

**Tharaka Nithi County Climate Change Fund
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Notes to the Financial Statements (continued)

c) Provisions

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

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

6. Transfers from County Government

Description	2024/2025	2023/2024
	Ksh	Ksh
Donor Grant - CCIS	11,000,000	11,000,000
Donor Grant - CCRI		94,127,586
County Counter Part Contribution	56,000,000	44,800,000
Total	67,000,000	149,927,586

7. Use of Goods and Services

Description	2024/2025	2023/2024
	Ksh	Ksh
Domestic Travel and Accommodation Allowances	2,080,076	4,826,600
Catering and Hospitality	24,389,750	10,185,860
Other Operating Expenses	2,992,000	7,813,010
General Office Supplies	457,000	-
Bank Charges	1,569	9,894
Total	29,920,395	22,835,364

8. Grants and Transfers

Description	2024/2025	2023/2024
	Ksh	Ksh
Purchase of Seeds	55,390,000	32,190,000
Total	55,390,000	32,190,000

9. Depreciation

Description	2024/2025	2023/2024
	Ksh	Ksh
Depreciation	2,608,532	407,400
Total	2,608,532	407,400

**Tharaka Nithi County Climate Change Fund
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Notes to the Financial Statements (Continued)

10. Cash and cash equivalents

Description		2024/2025	2023/2024
	Account Number	Ksh	Ksh
Tharaka Nithi County Climate Change Account - Family Bank	54000008746	-	305,569
Tharaka Nithi County Climate Change Fund - CBK	1000368675	2,135	93,766,203
Total cash and cash equivalents		2,135	94,071,772

11. Account Payable

Description	2024/2025	2023/2024
	Ksh	Ksh
Kenya Revenue Authority Withholding Taxes	527,550	527,550
Catering and Hospitality	4,548,600	-
General Office Supplies	457,000	-
Contracted Professional Services	1,493,000	-
Domestic Travel	420,400	-
Civil Works and Infrastructure (PPE)	5,367,020	-
Total	12,813,570	527,550

12. Property, Plant and Equipment

	Computers and Office Equipments	Civil Works	Total
	Ksh	Ksh	Ksh
At 1st July 2024	1,358,000	-	1,358,000
Additions	-	88,045,262	88,045,262
Disposals	-	-	-
At 30th June 2025	1,358,000	88,045,262	89,403,262
Depreciation	30%	2.5%	
At 1st July 2024	407,400	-	407,400
Depreciation	407,400	2,201,132	2,608,532
At 30th June 2025	814,800	2,201,132	3,015,932
Net Book Values At 30th June 2025	543,200	85,844,130	86,387,330

**Tharaka Nithi County Climate Change Fund
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Notes to the Financial Statements (Continued)

13. Cash Generated from Operations

Description	2024/2025	2023/2024
	Ksh	Ksh
Surplus/ (Deficit) For the Year	(20,918,927)	94,494,822
Adjusted For Non Cash Expenditure:		
Depreciation	2,608,532	407,400
Working Capital Adjustments:		
Increase In Receivables	-	-
Increase In Payables (excluding Investments Payables)	6,919,000	527,550
Net Cash Flow From Operating Activities	(11,391,395)	95,429,772

14. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2024/2025	2023/2024
	Ksh	Ksh
Transfers From Related Parties'	67,000,0000	149,927,586
Total	67,000,0000	149,927,586

c) Key management remuneration

Description	2024/2025	2023/2024
	Ksh	Ksh
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

**Tharaka Nithi County Climate Change Fund
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Notes To The Financial Statements (Continued)

d) Due from related parties

Description	2024/2025	2023/2024
	Ksh	Ksh
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

e) Due to related parties

Description	2024/2025	2023/2024
	Ksh	Ksh
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total		

15. Financial risk management

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

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

a) Credit risk

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

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Notes To The Financial Statements (Continued)

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances	94,071,772	94,071,772		
Total	94,071,772	94,071,772		
At 30 June 2025				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances	2,135	2,135		
Total	2,135	2,135		

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

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

b) Liquidity risk management

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

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

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Notes To The Financial Statements (Continued)

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	527,550	527,550		
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total	527,550	527,550		
At 30 June 2025				
Trade Payables	12,813,570	12,813,570		
Current Portion of Borrowings				
Provisions				
Employee Benefit Obligation				
Total	12,813,570	12,813,570		

c) Market risk

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

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

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

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

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Notes To The Financial Statements (Continued)

d) Interest rate risk

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

Management of interest rate risk

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

e) 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:

	2024/2025	2023/2024
Description	Ksh	Ksh
Revaluation reserve		
Revolving fund		
Accumulated surplus	73,575,895	94,494,822
Total Funds	73,575,895	94,494,822
Total Borrowings	12,813,570	527,550
Less: Cash and Bank Balances	2,135	94,071,772
Net debt/(excess cash and cash equivalents)	12,114,435	93,544,222
Gearing	17%	0%

16. Events after the reporting period

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

17. Ultimate and Holding Entity

The entity is a County Public Fund established by Thraka Nithi County Climate Change Fund Act, 2019 under the Ministry of Environment and Natural Resources. Its ultimate parent is the County Government of Tharaka Nithi.

18. Currency

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

20. APPENDICES

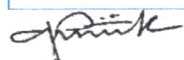
Appendix I. Progress on Follow Up of Prior Year Auditor's Recommendation

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved as per the Auditor General Report FY 2023/2024

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)
2. Budget Control and Performance	The statement of comparison of budget and actual amounts reflects final budget on total receipts and actual on comparable basis of Ksh 205,050,000 and Ksh.149,927,586 respectively resulting to underfunding of Ksh. 55,122,414 or 27%. The statement further reflects a final payment budget of Ksh. 205,050,000 against actual payments of Ksh. 56,383,364 resulting to 27.50% absorption of the budget. The underfunding and under absorption may affect the planned activities of the and may have impacted	The underperformance and under expenditure under the climate change fund was occasioned by the following factors. The estimated allocation from the Climate Change grant was initially budgeted and estimated at Ksh. 137,000,000. After the Annual Performance Assessment and eventual application of the County allocation criteria of the CCRI grant the County received an allocation of Ksh 93, 620,428. leading to a revenue short fall of about Ksh 43M. further an amount of Ksh. 11,000,000 conditional grant for the County Climate change institution support grant for the FY 2023/24 was not disbursed. The delay in the enactment of the Additional Conditional Allocations Act 2024 led to delay in the disbursement of fund and approval of county investments. The final disbursement happened on 25th June 2024. The implementation of the project in currently ongoing after the approval of project concepts, project screening, design and procurement process	Not Resolved	30 th June 2025

**Tharaka Nithi County Climate Change Fund
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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)
	negatively on service delivery to the public.			
Failure to Establish a Board to Administer the Fund	Tharaka Nithi County Executive had not yet established a board to administer the fund during the year under review. The operations of the fund were being carried out by the Fund Administrator. This was contrary to Section 4(1) of Tharaka Nithi Climate Change Fund Act, 2019 which states that there is established a board known as Tharaka Nithi County Climate Change Fund Board. In the absence of a Board, the Fund may lack proper steering and direction	The Management confirms that in accordance to the Tharaka Nithi Climate Change Act. 2019, the Fund Management Board was appointed in June 2021 with the nomination of the relevant representatives as per the Act. The Fund shall be administered by a Board of Directors which shall consist of— a) One-person shall be appointed by the Governor from each constituency within the county and approved by the County Assembly, one of them shall be the Chairperson.; b) the Chief Officer in charge of Finance who shall be the fund administrator c) the Chief Officer in charge of matters relating to climate change shall be the secretary. d) the County Director of the National Drought Management Authority in the County. e) one person representing Public Benefit Organizations operating in the County dealing with climate change issues. f) One representative of the special groups (PLWD) woman or Youth). g) A representative from NEMA	Resolved	30 th June 2025



Peterson Mwirigi Katherinya
Fund Administrator

Date: 07th July 2025

Tharaka Nithi County Climate Change Fund
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For the Year Ended 30th June, 2025

Appendix II: Reporting of Climate Relevant Expenditures

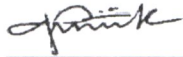
Project Name	Project Description	Project Objectives	Project Activities	Q1	Q2	Q3	Q4	Source of Funds	Implementing Partners
Seed Distribution	Provide farmers with drought resistant planting seeds	Promote climate resilience and food security	Purchase and distribution of planting seeds			Done		County funds	Department of Agriculture
Agroforestry	Purchase and distribution of fruit tree and tree seedlings	Increase the forest cover within the County	Purchase and distribution of seedlings		Done			County funds	Department of Environment

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Appendix III. Inter – Entity Confirmation Letter

	ENTITY NAME:	THARAKA NITHI COUNTY CLIMATE CHANGE FUND		
	Break down of Transfers from the County Executive of Tharaka Nithi County Government			
	FY 2024/2025			
a.	Grants	Bank Statement Date	Amount (Ksh)	Relate to FY
	Donor Grant	16 th Aug 2024	11,000,000	FY 2023/2024
	Counter Funding	20 th Feb 2025	26,000,000	FY 2024/2025
	Counter Funding	09 th May 2025	30,000,000	FY 2024/2025
		Total	67,000,000	
b	Direct Payments	Bank Statement Date	Amount (Ksh)	Relate to FY
		Total		

The above amounts have been communicated to and reconciled with the County Government of Tharaka Nithi

Sign: 
Peterson Mwirigi Katheriya
Fund Administrator
Climate Change Fund

Date: 07th July 2025

Sign: 
Humphrey Gitonga Kinyua
Director Finance
County Government of Tharaka Nithi

Date: 07th July 2025