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ON

TANA RIVER COUNTY CLIMATE CHANGE
FUND

FOR THE YEAR ENDED
30 JUNE, 2025

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TANA RIVER COUNTY CLIMATE CHANGE FUND

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

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

Tana River County Climate Change Fund
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1. Acronyms and Definition of Key Terms

A. Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
TRCCF	Tana River County Climate Change Fund

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

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2. Key Entity Information and Management

a) Background information

The Tana River County Climate Change Fund is established by and derives its authority and accountability from Tana River County Climate Change Fund Act, 2021 on 1st November, 2021. The Fund is wholly owned by the County Government of Tana River and is domiciled in Kenya.

The fund's objective is to provide funding for climate change activities identified in the County Climate Change Action Plan and County Climate Finance Framework and for connected purposes.

The Fund's principal activities are - climate resilience assessments implementation of climate change response projects proposed by ward planning committees and approved by the planning committee climate change research and knowledge management in the County, conduct public education, sensitization and awareness creation on climate change and its impacts and any other activity, projects and interventions recommended by the planning committee and approved by the steering committee.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide funding for Climate Change activities identified in the County Climate Change Action Plan and County Climate Finance Framework and for connected purposes.

c) Fund Administration Committee

Ref	Name	Position
1	H.E Mahat Loka	Chairperson
2	Mathew Babwoya	Secretary
3	Brenda Mokaya	Member
4	Mwanajuma Hiribae	Member
5	Joshua Jarha	Member
6	Huqa Gedho	County Director Environment NEMA
7	Adam Kheir	County Drought Coordinator NDMA
8	Said Bakari Komora	Private Sector Representative
9	Hasera Hiribae	Women Representative
10	Abdulrahman Hussein Roka	Youth Representative
11	Abdullahi Omar	Fund Administrator

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d) Key Management team

Ref	Name	Position
1	Abdullahi Omar Said	Fund Administrator
2	Kuso Hussein Kuso	Assistant Director Climate Change
3	Jillo M. Komora	Fund Accountant
4	Mohamed Korane	Procurement Officer
5	Komora Machafu	M&E Officer

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	CPA Charles Njuguna

f) Registered Offices

P.O. Box 29 - 70101
Trade Building
Posta Road
Hola, Kenya

g) Fund Contacts

Telephone: (254) 0723455097
E-mail: tanarivercounty.go.ke
Website: www.tanarivercounty.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
P.O. Box 100 – 70101
Hola

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Key Entity and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser




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

k) County Attorney




The County Attorney
County Government of Tana River
P. O, Box 29-70101
Hola, Kenya

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3. Board of Trustees/ Fund Administration Committee




Name	Details of qualifications and experience
<p>1. H.E Mahat Loka</p> 	<p>Holds a Degree in Business Management from the East African University Currently serving as the Deputy Governor of Tana River and Chairperson of the Steering Committee</p>
<p>2. Mathew Babwoya</p> 	<p>Holds Masters in Economics, Bachelor of Arts in Economics, Certified Public Accountant I Currently Serving as CECM Environment & Climate Change and the secretary to the Steering Committee.</p>
<p>3. Brenda Mokaya</p> 	<p>Holds MBA Finance, Certified Public Accountant of Kenya finalist and a member of ICPAK Currently serving as the CECM Finance and Economic Planning</p>
<p>4. Mwanajuma Hiribae</p>	<p>42 years old , Hold Bsc Mathematics. She is currently the serving CECM Lands & Physical Planning and acting County Secretary.</p>

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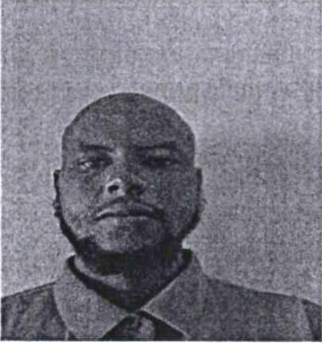
	
<p>5 Joshua Jarha</p> 	<p>Born in 1958. Holds Bsc Mathematics and Statistics Currently serving as CECM Department of Health</p>
<p>6. Abdullahi Omar</p> 	<p>Was born on 06/11/1972. Hold Bachelor in Bsc Environmental Health, Diploma in Environmental Health Science Currently serves as the Fund Administrator of Climate Change</p>

**Tana River County Climate Change Fund
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4. Management Team

Name	Details of qualifications and experience
<p>1. Abdullahi Omar Said</p> 	<p>Was born on 06/11/1972. Hold bachelor in Bsc Environmental Health, Diploma in Environmental Health Science</p> <p>Currently serves as the Fund Administrator of Climate Change</p>
<p>2. Jillo M Komora</p> 	<p>Was born on 25/05/1987. Bachelor of Commerce (Finance), CPA finalist and an ICPAK member number 24131</p> <p>Currently serving as the Fund Accountant of the Climate Change Fund</p>
<p>3. Kuso Hussein Kuso</p> 	<p>Holds Masters of Science in Environmental Studies Community Development and Bachelor Science in Environmental Horticulture and Landscaping a</p> <p>Currently serving as an Assistant Director in the Department of Environment and Climate Change</p>
	<p>Holds bachelor in economic and currently serving as</p>

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 <p>4. Komora Machafu</p>	<p>the M/E officer of the fund</p>
 <p>5. Mohamed Korane</p>	<p>Holds bachelor in Procurement and Supply Chain , KISM 76150 Currently serving as the Fund Procurement officer.</p>

5. Fund Chairperson's Report

Foreword Note by H.E. the Governor, Chairperson of the Fund Board

It is with great honor and responsibility that I present this Chairman's Report for the financial year 2024-2025 on behalf of the Tana River County Climate Change Fund. The Fund continues to be a critical instrument in building climate change resilience, coordinating response interventions, and safeguarding the livelihoods of our people against climate change that frequently affect our County.

Changes in the Fund During the Year

During the year under review, the Fund maintained a strong governance structure anchored on a multi-stakeholder Board comprised of county leadership, representatives from the National Government, humanitarian partners, and technical officers. While the composition of the Board remained largely stable, there were notable improvements in strengthening the Secretariat through the appointment of additional technical officers in finance and climate change response coordination. These changes have enhanced efficiency in planning, reporting, and execution of Fund activities.

Review of the Fund's Performance

The 2024-2025 financial year was marked by both challenges and achievements. On one hand, the County continued to face recurrent climate change episodes. On the other hand, the Fund successfully:

- Facilitated timely rehabilitation of minor irrigation schemes to improve food security throughout the entire County.
- Supported installation of bore holes and water pans for provision of sufficient and clean water targeting the most vulnerable households/ clusters in drought-affected areas.
- Invested in preparedness initiatives, including capacity building of ward-level climate change committees.
- Strengthened financial accountability by developing and adopting a governance charter and improving internal controls.

Financially, the Fund achieved a prudent balance between resource mobilization and expenditure. Despite fiscal pressures, we recorded steady growth in resource inflows through county budget allocations and partnerships with national agencies and humanitarian actors.

Future Outlook of the Fund

Looking ahead, the Fund is committed to enhancing climate change resilience in Tana River County. Key priorities for the coming year will include:

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- Scaling up community-based early warning systems and climate change adaptation measures.
- Expanding investment in infrastructure for climate change preparedness, including storage facilities and water trucking capacity.
- Strengthening collaboration with both development partners and local communities to mobilize additional resources.
- Enhancing monitoring and evaluation frameworks to ensure transparency, accountability, and evidence-based decision making.

The Fund will also continue aligning its activities with both the County Integrated Development Plan (CIDP) and the national climate change management framework, ensuring synergy with broader development goals.

Other Matters

In the spirit of good governance, the Fund has remained compliant with statutory obligations, including timely financial reporting and regular board meetings. We have further embraced transparency by ensuring community engagement in decision-making and by committing to governance audits as part of continuous improvement.

Conclusion

I take this opportunity to sincerely appreciate the dedication of all Board members, the Secretariat, our partners, and the people of Tana River County for their continued trust and support. Climate change will continue to challenge us, but with resilience, collaboration, and accountability, we are confident that the Fund will continue to provide a robust safety net for our communities.

Together, we remain steadfast in our resolve to build a safer and more resilient Tana River County.

H.E. Mahat Loka
Deputy Governor, Tana River County, Chairperson of the Board



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Report of The Fund Administrator

Introduction

I am pleased to present the Fund Administrator's Report for the Tana River County Climate Change Fund (TRCCCF) for the financial year ended 30 June 2025. This report provides a detailed account of the Fund's financial performance, physical achievements, programme implementation status, value-for-money gains, challenges encountered.

The TRCCCF operationalizes the County's climate change legislation and aligns with the Climate Change Act (2016), the Public Finance Management Act, the County Governments Act, and the Tana River County Climate Change Fund Regulations. The Fund continues to promote locally-led climate actions that advance resilience and reduce vulnerability across the three sub-counties: Garsen, Bura, and Galole

During the financial year ended 30th June 2025, the Fund had expected to receive from our development partner a total Kshs. 146,513,697 where kshs. 11,000,000 being institutional support while Kshs. 135,513,697 meant for development. However by end of the year the fund received Kshs. Two Hundred Million Three Hundred Twenty-Three Thousand Seven Hundred Sixty Six only (kshs. 200,323,766) from which Kshs. 66,824,896 was for County contribution and Kshs. 133,498,870 for development and kshs. 11,000,000 recurrent expenditure closing the year Kshs. 13,014,827 undisbursed.

During the year the steering committee which was mandated to oversee and approve projects for the fund has conducted various meetings to ensure fund work plan approved, feedback from the previous projects and confirm as to whether there were any grievances and how resolved. Key responsibilities of the steering committee as per the Tana River County Climate Change Fund Regulations, 2021 include among others; Mobilization of funds and resources for climate change response projects approved by the planning committee, approve budget estimates of the Fund for each financial year, approve financial statements of the fund prepared by the Fund administrator before they are presented for audit.

The Fund also managed to train Climate Change Unit (CCU) staff whose main mandate is to sensitize citizens on climate change issues.

In the year 2024-2025 the Fund has laid out strategies to help combat climate change effects as per the approved County Climate Change Action Plan.

During the FY 2024-2025 the department through the Fund spent most of its money on the activities as listed

- Climate Change Related Activities including rehabilitation of dams, irrigation schemes, boreholes, greening projects among others.
- Capacity building on its staff and other personnel
- Purchase of fuel

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Challenges in implementation of the fund

- Untimely disbursement of funds that hinders operations.
- Too much political interference
- Increased Emerging needs the future of the Fund seems excellent assuming that the operating environment is improved. Due to the increased needs within the community, there is need to increase the funding.
- Insufficient funds that hinders operation

Conclusion

The 2024-2025 financial year marked significant progress for the Tana River County Climate Change Fund despite operational challenges. The Fund continues to deliver impactful, locally-led climate solutions that enhance resilience across the county. Strengthened governance, increased community participation, and prudent financial management remain central to our mandate as we advance towards a climate-resilient Tana River County.

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

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 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 Act of 2021 for FY 2024-2025 is to provide funding for climate change activities identified in the County Climate Change Action Plan and County Climate Finance Framework.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Climate Change Adaptation activities 1. Drilling of boreholes 2. Rehabilitation of water pans 3. Minor irrigation Schemes 4. Animal vaccines	Enhance community resilience to climate-related risks	Improved adaptive capacity of vulnerable households to withstand climate change	Number of community-based adaptation plans implemented	More than 1000 households benefit, more than 500 animals vaccinated and now can withstand climate change
Climate Change Mitigation 1. Greening	Restore and conserve ecosystems	Enhanced ecosystem services	Number of community-led	More than 500 households

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program	and	that	conservation	that benefit
2. Tree planting	biodiversity	support	initiatives	
3. Energy saving jikos		livelihoods and buffer climate impacts	established	

8. Corporate Governance Statement

Introduction

The Tana River County Climate change Fund is guided by principles of accountability, inclusivity, and transparency in the utilization of public resources. In line with the Constitution of Kenya (2010), the Public Finance Management (PFM) Act (2012), and the Tana River County climate change Act, the Fund has established governance mechanisms that ensure effective oversight, prudent resource use, and delivery of its mandate. This corporate governance statement provides an overview of the Fund's governance practices during the financial year 2024-2025.

I. Appointment of Board Members

The governance of the Fund is vested in the Climate Change Fund Board, composed of both County and National Government representatives, as well as key partners in the Climate change management sector.

Composition of the Board:

- H.E. the Deputy Governor – **Chairman**
- CEC Member for Climate change– **Secretary**
- CEC Member for Finance – **Member**
- County Drought Coordinator, NDMA – **Member**
- CEC Member for Health– **Member**
- Coordinator from NEMA – **Member**
- CEC Member for Agriculture – **Member**
- Representation from private sector– **Member**
- Representation from Youth– **Member**
- Representation from Women– **Member**
- Chief officer in charge of climate change

This composition ensures a strong blend of political leadership, administrative oversight, technical expertise, and stakeholder collaboration.

Process of Appointment and Removal:

Board members are designated by virtue of their offices in the County and National Government or by institutional nomination. Any changes in representation are effected upon transfer, redeployment, or replacement of the officeholder, with due communication to the Board. Removal or replacement follows provisions under the PFM Act, County legislation, and the Fund's operational guidelines.

Diversity and Representation:

The Board reflects diversity in institutional representation, with a balance between government agencies and humanitarian organizations. Gender equity and inclusivity are also observed, in line with constitutional requirements.

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Board Charter:

The Board operates under a Charter that outlines its mandate, authority, code of conduct, and roles. The Charter provides a framework for accountability, ethical leadership, and transparent decision-making.

II. Roles and Functions of the Board

The Board provides leadership and oversight to ensure that the Fund achieves its objectives of financing climate change preparedness, mitigation, response, and recovery. Its responsibilities include:

- Approving work plans, budgets, and allocation of resources.
- Providing policy direction and ensuring alignment with national and county climate change strategies.
- Overseeing financial accountability and compliance with the PFM Act and other relevant laws.
- Coordinating multi-agency climate change management efforts for timely and effective response.
- Monitoring programme implementation and evaluating impact.
- Strengthening partnerships with humanitarian and development partners.

III. Induction, Training, and Development

All Board members are inducted upon assumption of office, ensuring familiarity with the Fund's governance framework, financial regulations, and operational mandate.

Continuous learning and exposure to global best practices remain a priority, especially in areas of climate change adaptation, early warning systems, and community resilience building.

IV. Board and Members' Performance

The performance of the Board is evaluated annually, focusing on governance effectiveness, policy guidance, oversight, and attendance. For FY 2024-2025, the Board demonstrated strong performance in the areas of resource mobilization, coordination of climate change response during climate change, and engagement with partners.

However, gaps were noted in strengthening monitoring and evaluation systems, particularly in digital reporting and data management, which the Board has committed to address in the subsequent year.

V. Succession Plan

The Fund has put in place a succession framework to guarantee continuity in leadership and governance. Since most Board members serve by virtue of their offices, succession planning is tied to institutional continuity. The plan ensures:

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- Smooth handover whenever there is a change in County or National Government officeholders.
- Proper orientation and induction of incoming members.
- Maintenance of institutional memory through structured record-keeping and capacity-building.
- Ongoing development of second-tier officers within the County Government to prepare them for future leadership roles in disaster risk management.

VI. Policy to Manage Conflict of Interest

The Board is yet to develop a **Conflict of Interest Policy** in line with the Public Officer Ethics Act (2003) and Leadership and Integrity Act (2012). Members are required to disclose any personal, financial, or institutional interest that may influence decision-making. Such disclosures are recorded in a Conflict of Interest Register. Where conflicts arise, the concerned member is excluded from deliberations and voting on the matter. This ensures fairness, impartiality, and trust in the Board's decisions.

VII. Board Remuneration

Board members do not receive direct salaries for their roles since their participation is tied to public service positions or institutional representation. However, they are entitled to allowances and reimbursements as guided by the Salaries and Remuneration Commission (SRC) circulars and applicable County regulations. Such remuneration is strictly limited to facilitation of meetings and official duties, ensuring prudent use of public funds.

VIII. Ethics and Conduct

The Fund has not yet established an established a **Code of Ethics and Conduct** that provides guidelines on professional behavior, integrity, confidentiality, and respect for the rule of law.

IX. Communication Policy

The Fund has a **Communication and Public Disclosure Policy** that promotes transparency and timely dissemination of information to stakeholders and the public. The policy provides for:

- Regular publication of financial and operational reports.
- Engagement with communities through barazas, public participation forums, and county media channels.
- Use of official communication channels (press releases, circulars, website updates) to ensure consistent messaging.
- Feedback and grievance-handling mechanisms to promote accountability.

X. Terms of Reference of Committees

The Board has established **specialized committees** to enhance oversight and efficiency in specific areas. These include:

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- **Finance and Audit Committee** – responsible for financial oversight, internal controls, risk management, and audit follow-up.
- **Programs Committees** – oversees planning, implementation, and monitoring of disaster preparedness, mitigation, and response activities.
- **Human Resource and Governance Committee** – responsible for succession planning, capacity-building, and governance compliance.

Each committee operates under approved **Terms of Reference (TORs)**, which define their mandates, reporting structures, and accountability to the Board.

XI. Policy on Related Party Transactions

The Fund has adopted a policy to regulate related party transactions in line with the PFM Act and international best practices. All transactions involving Board members, their relatives, or institutions they represent must be disclosed and approved by the full Board. Such transactions are only permitted if they are in the best interest of the Fund, conducted transparently, and on arm's-length terms. A register of related party transactions is maintained and reviewed periodically to ensure compliance.

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9. Management Discussion and Analysis

Introduction

The Tana River County Climate Change Fund (TRCCF) was established to coordinate and finance locally led climate resilience actions across the County. Although the Fund became fully operational in FY 2023-24, the County had already been undertaking climate-related resilience activities in FY 2022-23, which provides the baseline for this three-year analysis.

This MD&A summarizes the operational performance, financial performance, budget absorption, key projects, compliance, risks, and future outlook as required under the Public Finance Management Act and Auditor-General reporting guidelines.

Operational and Financial Performance

During the financial year 2024-2025, the Fund recorded significant progress in climate change mitigation, preparedness, response, and recovery activities across Tana River County.

Operational Performance (3-Year Trend)

Table 1: Key Operational Indicators

Indicator	2022-2023	2023-2024	2024-2025
Climate Projects Implemented	-	17	25
Wards Benefiting	-	15	15
Estimated Beneficiaries	-	12,000	28,000
Funds Utilized (Kshs)	1,499,900	105,238,994.50	204,408,015.75
Project Completion Rate (%)	-	88%	96%

Narrative

- ❖ Operational output has increased sharply since the Fund became active in 2023-24.
- ❖ Ward coverage remain constant 15 wards from 2023-24 to 2024-25
- ❖ Beneficiaries increased over the three-year period.
- ❖ Higher completion rates reflect improved coordination through CCPCs and WCCPCs.

Financial Performance (3-Year Trend)

Table 2: Revenue and Expenditure Summary

Item	2022-2023	2023-2024	2024-2025
Approved Budget (Kshs)	61,000,000	72,000,000	213,338,593
Actual Revenue (Kshs)	50,000,000	72,000,000	200,323,766
Actual Expenditure (Kshs)	1,499,900	105,238,994.50	204,408,015.70

Narrative

- ❖ Revenue increased from FY 2022-23 to FY 2023-24 due to operationalization of TRCCF and IDA funding.
- ❖ Expenditure increased as more community projects were implemented.

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- ❖ Surpluses were generated each year due to delayed project procurement and phased execution.

Budget Performance (2024-25)

Table 3: Budget vs Actual Performance

Category	Budget (Kshs)	Actual (Kshs)	Variance(Kshs)
Revenue	238,715,215.75	225,700,388.75	13,014,827
Total Expenditure	238,715,215.75	204,408,015.70	34,307,200.05

Narrative

- ❖ Recurrent expenditure remained within the 20% ceiling provided by the Programme Operations Manual (POM).
- ❖ Donor disbursement timing contributed to the revenue shortfall.

Key Projects and Investment Decisions

The following flagship projects were implemented during the year:

1. Rehabilitation of water pans within the entire county
2. Drilling, Installation of water bore holes within the county
3. Greening programs and Tree nursery establishment across the county
4. Rehabilitation and expansion of minor irrigation schemes
5. Fodder cropping
6. Supply and Delivery of vaccine drugs

Compliance with Statutory Requirements

The Fund operated in full compliance with:

- **Public Finance Management (PFM) Act, 2012** – ensuring accountability and reporting.
- **Public Procurement and Asset Disposal Act, 2015** – adherence to procurement standards.
- **County Governments Act, 2012** – stakeholder participation and inclusivity.
- All financial statements were prepared in accordance with **International Public Sector Accounting Standards (IPSAS)**.
- Tana River County Climate change Act 2021
- Tana River County Climate change Regulations

Major Risks Facing the Fund

Despite progress, the Fund faced several challenges:

Risk Factor	Severity (1–10)	Mitigation Strategy
Unpredictable climate change	8	Scaling up early warning systems/ measures

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Delayed disbursements	7	Engagement with County/National Treasury
Compliance gaps	6	Strengthened internal controls
Resource constraints	7	Diversification of funding sources

See Figure 1: Major Risks Facing the Fund

Material Arrears and Financial Obligations

By the close of the financial year, the Fund had **no material arrears** in statutory remittances such as PAYE, NSSF, and NHIF contributions since the fund has no employees.

Generally, the financial year 2024-2025 marked a period of growth, resilience, and improved service delivery for the Tana River County Climate change Fund. Through prudent financial management, timely response interventions, and strengthened governance structures, the Fund made notable contributions to safeguarding livelihoods and building resilience in the County.

The Fund remains committed to continuous improvement, stronger partnerships, and innovative approaches to climate change and address the growing vulnerabilities posed by recurrent climate change.

10. Environmental and Sustainability Reporting

To protect and improve the environment and natural resources for the people Tana River County and Kenya, through environmental awareness, execution of laws and regulations, social contribution and strengthening initiatives for sustainable environmental and natural resources management

1. Sustainability strategy and profile

Tana River County Government through its mission statement aims to ensure effective and accountable leadership, promote just, democratic and secure environment and establish strong governance institutions to empower citizens, for the achievement of socio-economic development. It aims to realize a democratic political system founded on issue-based politics, respect to the rule of law and protection of the rights and freedoms of every individual espousing principle of good governance by advocating for integrity, transparency, accountability, devolution of power and sustainability in implementation of all development programs and projects.

2. Environmental performance

The purpose of the Tana River County Climate Change Act is meant to address the growing environmental and mitigation of climate change. This will protect the environment for the current and future generations and progressively strive to meet the realization of the right to healthy and clean environment.

The key interventions the county will focus on are:

- Increasing forest cover
- Control of air, land and water pollution.
- Management and conservation of environment and natural resources
- Law enforcement on climate change mitigations
- Control of noise pollution
- Control and management of sand harvesting

The overriding policy goal is to entrench the rights to clean and healthy environment, which is sustainable and renewable. The policy goal is to enhance climate resilience through development, management, implementation, regulation and monitoring of adaptation and mitigation measures and actions.

3. Employee welfare

Tana River County Government has put in place robust policies and frameworks to promote employee welfare, guided by the Constitution of Kenya 2010, the County Government Act 2012, and the Employment Act 2007. Recruitment is carried out by the Tana River County Public Service Board (TRCPSB) through an e-recruitment portal, ensuring openness, fairness, and merit-based selection. This digital system also enhances accessibility and transparency, allowing applicants across the county to participate equally in the recruitment process.

To promote inclusivity, the County has integrated affirmative action measures into its various service delivery practices. The Gender and Social Services Directorate was established specifically to address gender equity and social inclusion in employment and service delivery. Efforts are made to maintain a fair gender ratio, while also increasing opportunities for youth and marginalized groups. In addition, compliance with the Persons with Disabilities Act, 2019 ensures that PWDs are fairly represented in county, with attention given to accessibility of workplaces and equal opportunities for advancement.

The County also places emphasis on skills development and career management. Each department conducts Training Needs Assessments (TNAs) to identify capacity gaps and tailor programs to address them. Employees are regularly sponsored to attend short courses such as the Senior Management Course and the Strategic Leadership and Development Program Course at Kenya School of Government (KSG), which enhances leadership capacity and service delivery skills. Continuous professional development, in-service training, and workshops help staff remain competent and aligned with evolving professional standards. Career progression is guided by structured frameworks, while performance appraisal systems are in place to evaluate staff achievements and link performance to rewards (such Best Employee Award), promotions, or additional training opportunities.

On workplace safety, the County strictly adheres to the Occupational Safety and Health Act (OSHA) 2007. Risk assessments and safety audits are routinely carried out by multi-stakeholder teams, including the Department of Environment and Climate Change, Department of Public Works, Health and Sanitation Department, County Fire Department, the National Environment Management Authority (NEMA), and other relevant agencies. These audits ensure hazards are identified and mitigated across county facilities. Employees, particularly those working in high-risk areas such as health, construction, and engineering, are provided with personal protective

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

equipment (PPE) and trained in occupational safety, including first aid, fire safety, and emergency preparedness.

Work-related injuries are monitored and documented through HR and departmental safety systems. County strives to strengthen its preventive measures to minimize risks. Injured employees receive immediate medical support and, where applicable, insurance or rehabilitation assistance to enable them to resume duty.

4. Market place practices

As a public institution, the Tana River County Climate Change Fund is committed to integrity, fairness, and transparency in all its operational and procurement practices.

a) Responsible competition practice.

Tana River County has outlined strong efforts toward responsible competition in marketplace practices by adopting policies and initiatives that enhance transparency, accountability, and fairness in service delivery. A key focus is the fight against corruption and misuse of resources. To achieve this, the County enforces strict financial management regulations in line with the Tana River County Finance Act of 2016 and the Finance Bill of 2024. In addition, procurement processes are subjected to regular audits and close monitoring as guided by the Public Procurement and Asset Disposal Act of 2015. These measures are designed to safeguard public resources and strengthen public confidence in the County's operations.

The County also emphasizes responsible political involvement. Political activities are separated from public service delivery to safeguard impartiality and ensure that citizen needs remain at the center of development. To reinforce this, the County has put in place codes of conduct for staff, which highlight honesty, integrity, professionalism, and accountability while upholding patriotism, political neutrality, and impartiality. These values provide a strong ethical foundation for the conduct of public officers and help build a culture of trust and responsibility in governance.

In matters of procurement, Tana River County adheres strictly to the provisions of the Public Procurement and Asset Disposal Act, 2015 by ensuring that all goods, services, and works are acquired through open and competitive tendering. The use of e-procurement platforms minimizes human interference, thereby enhancing fairness, while the publication of awarded contracts and

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tenders ensures transparency. This open system fosters an environment where all players have confidence in the fairness of the processes.

Respect for competitors and a service provider is another principle the County upholds. Equal opportunities are given to all qualified bidders, including local enterprises as well as youth, women, and persons with disabilities (PWDs). Furthermore, grievance redress mechanisms (GRM) have been strengthened to provide an avenue for addressing complaints from contractors, suppliers, and citizens, which in turn promotes harmony and fairness in the marketplace.

Beyond competition, Tana River County has invested in improving citizen-centered service delivery. Service charters are displayed in all county offices, outlining expected services, timelines, and mechanisms for lodging complaints. These charters not only improve accountability but also empower citizens by educating them on their rights and responsibilities.

The County has also embraced service automation and self-service platforms. Through its ICT department, it has introduced digital systems for license applications, revenue permit payments, and record keeping. To further enhance efficiency and reduce corruption risks, cashless payment systems have been expanded, including mobile money, pay bills, and bank transfers. This innovation makes service delivery more convenient and transparent for residents.

Public sensitization and outreach remain central to the County's strategy. Civic education and community forums are conducted regularly to inform the public about available services and their entitlements. In addition, partnerships with civil society organizations have been strengthened to enhance awareness on transparency, accountability, and responsible governance.

b) Responsible Supply chain and supplier relations

In maintaining good business practices, the County emphasizes integrity and respect for contractual agreements. Once contracts are awarded, suppliers are engaged in a transparent manner, with clear terms of reference and obligations outlined to minimize disputes. The County has strengthened its contract management systems, ensuring that services and goods are delivered as agreed and that suppliers receive fair treatment throughout the implementation period. The County also strives to honor payments within the stipulated timelines to minimize pending bills issues in order to build trust and encourage stronger partnerships with suppliers.

c) Responsible marketing and advertisement or Responsible engagement with the citizens.

To strengthen public participation and community engagements, the County makes use of a wide range of communication channels, including local media such as Tana Broadcasting Service (TBS), Tana River County Press, Imani Radio, and Tana FM, which are widely accessible to residents. In addition, the County has adopted social media platforms to share timely updates, engage in two-way dialogue with citizens, and increase transparency in governance. These platforms ensure that information reaches diverse audiences, including youth and tech-savvy populations, thereby broadening citizen participation in governance processes.

Consultative forums and community barazas are also held regularly in various events like CFSP, ADP, and CIDP public participation to provide face-to-face platforms where citizens can directly express their views and contribute to development priorities. This participatory approach respects diversity and ensures that marginalized groups such as women, youth, and persons with disabilities are actively involved in decision-making.

d) Product stewardship or Awareness creation

The County is working with the Office of the Ombudsman (CAJ) to implement the Access to Information Act, which enables citizens to obtain timely, accurate, and transparent information on county services and decisions. This ensures that residents are well-informed on matters such as business licenses, water connections, health services, and other essential permits, thereby reducing misinformation and enhancing accountability.

The County has also strengthened mechanisms for dispute resolution and grievance redress. Through the Kenya Devolution Support Program II (KDSP II), Grievance Redress Mechanisms (GRM) are mainstreamed into all county projects and programs, ensuring that citizens have clear avenues to raise complaints and seek redress in a fair and transparent manner. These systems build trust between the County Government and the public, as concerns can be addressed effectively without bias.

In promoting social protection, Tana River County has integrated initiatives that safeguard vulnerable households from shocks and disasters. A key example is the Index-Based Flood Insurance scheme implemented by Britam, which provided cash transfer services to over 5,000 households affected by floods. This intervention not only cushioned families from the devastating

impacts of disasters but also demonstrated the County's commitment to building resilience and protecting livelihoods.

Beyond service delivery, Tana River County emphasizes supporting access to justice and linking citizens to national social protection schemes. Working with local administration (Sub-County and Ward Administrators), chiefs, and civil society organizations, the County sensitizes communities on their rights to legal representation, ensuring fairness within the justice system. At the same time, the County actively promotes enrollment in national programs such as the Social Health Insurance Fund (SHIF) and the National Social Security Fund (NSSF), with a focus on vulnerable groups such as pastoralist households, fisher folk, and communities frequently affected by floods. Through targeted outreach and registration drives, residents are empowered to benefit from healthcare, pensions, and other financial safety nets. These initiatives complement County-specific interventions like the Index-Based Flood Insurance scheme, creating a comprehensive approach to social protection tailored to Tana River's unique risks and vulnerabilities.

5. Corporate Social Responsibility / Community Engagements

During the reporting period, the County implemented several Corporate Social Responsibility (CSR) and community engagement initiatives aligned with its core mandate of promoting sustainable environmental management and enhancing community resilience to climate change. It collaborated with local community groups, schools, and women/youth groups to establish tree nurseries. The county supported these groups in marketing of seedlings propagated in these nurseries were purchased back distributed for afforestation and agroforestry programs of the County. Over 7000 seedlings were planted in public institutions other areas. This not only contributed to increasing county forest cover but also generated income for local groups. To reduce deforestation and reliance on unsustainable wood fuel, the County also facilitated the distribution of over 1000 energy-saving jikos to households in the Wards. This initiative reduced household fuel costs, improved indoor air quality, and supported conservation of community woodlands.

The County continued to prioritize public participation and civic education as a cornerstone of its operations. In line with constitutional requirements, the County actively engaged communities in the formulation of county environmental by-laws, budget-making processes, and the prioritization of climate action projects. To further enhance awareness, targeted campaigns were carried out on sustainable charcoal production, waste management, and climate change adaptation.

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

11. Report of The Trustees

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

Principal activities

The principal activities of the Fund is to create climate change mitigation as well as build community resilience against climatic hazards including drought, floods, sea water intrusion etc.

Results

The results of the Fund for the year ended June 30, 2025 are set out on pages 1 to 5 of the Financial Statement provided

Trustees

The members of the Board of Trustees who served during the year are shown on pages iii to vii of Financial Statement.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



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

Date: 4/7/2025

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

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Tana River County Climate Change Fund Act, 2021 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Tana River County Climate Change Fund Act, 2021. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

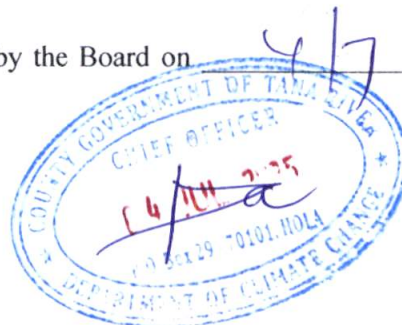
Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on _____ 2025
and signed on its behalf by:

..... ABDIKHALIF OMAN SAD

Administrator of the County Public Fund



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 TANA RIVER COUNTY CLIMATE CHANGE FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tana River County Climate Change Fund set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tana River 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 Tana River County Climate Change Act, 2021 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Climate Change Related Costs

The statement of financial performance reflects use of goods and services expenditure totalling Kshs.204,408,016 as disclosed in Note 8 to the financial statements. The expenditure includes climate change related costs totalling Kshs.170,117,010 while the corresponding vote book amount was Kshs.193,761,154 resulting to unreconciled variance of Kshs.23,644,144. In addition, the expenditure of Kshs.170,117,010 includes tax payments of Kshs.10,462,564 that have not been matched against any invoice or payment receipts.

In the circumstances, the accuracy and completeness of the climate change related costs totalling Kshs.170,117,010 could not be confirmed.

2. Inaccurate Net Assets Balance

The statement of financial position reflects net assets balance of Kshs.35,207,201. However, the corresponding statement of net assets balance is Kshs.Kshs.34,307,200 resulting to a variance of Kshs.900,001.

In the circumstances, the accuracy, completeness and existence of net assets balance of Kshs.35,207,201 could not be confirmed.

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

Key Audit Matters

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

Other Matter

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Fund in 2024/2025 revealed that the following four (4) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2024/2025	Inaccuracies in the statement of changes in net assets
2	2024/2025	Inaccurate total assets opening balance
3	2024/2025	Unsupported current portion of long-term receivables from exchange transaction balance
4	2024/2025	Unaccounted for goods and services

Other Information

The Management is responsible for the Other Information set out on page iii to xxx which comprise of Key Entity Information and Management, Board of Trustees/Fund Administration Committee, Management Team, Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with the Public Sector Accounting Standards Reporting Template

Review of the annual reports and the financial statements revealed that the Fund Chairperson's Report reflects foreword Note by H.E the Governor, but the report is instead signed by the Deputy Governor. In addition, Management Discussion and Analysis on page xxii excludes figure 1 on major risks facing the Fund while the statement of financial position is not signed by the Fund Accountant and ICPAK No. also not reflected.

In the circumstances, Management did not comply with the Public Sector Accounting Standards Reporting Template guidelines

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and 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.

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


Auditor-General's Responsibilities for the Audit

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

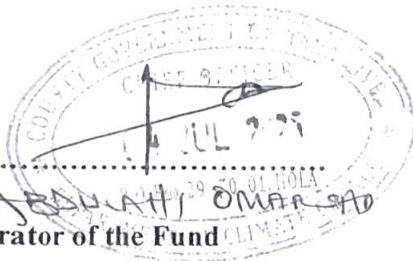

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 December, 2025

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public contributions and Donations	6	146,513,697	-
Transfers From the County Government	7	66,824,896	72,000,000
Total Revenue		213,338,593	72,000,000
Expenses			
Use of goods and services	8	(204,408,015.70)	(105,238,994.5)
		-	-
Total Expenses		(204,408,015.70)	(105,238,994.5)
Other Gains/Losses		-	-
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		8,930,577.30	(33,238,994.5)



Name: **ABDULHI OMAN AD**
 Administrator of the Fund

[Handwritten Signature]
 Name: **JILCA M. HOSMORA**

Fund Accountant


ICPAK Member Number: **24131**


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

15. Statement of Financial Position As at 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	9	21,292,373.75	25,376,622.75
Receivable from Non Exchange Transactions	10	13,014,827	-
Total Current Assets		34,307,200.75	25,376,622.75
Non-Current Assets			
Property, Plant and Equipment	11	900,000	900,000
Total non- current assets		900,000	900,000
Total Assets (A)		35,207,200.75	26,276,622.75
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions			-
Total current liabilities			-
Non-Current Liabilities			
Long Term Portion of Borrowings		-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		35,207,200.75	26,276,622.75
Net Assets and Liabilities		35,207,200.75	26,276,622.75

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 4/7 2025 and signed by:


 Name: ABDI AHMED SMIR SAN
 Administrator of the Fund


 Name: Jillo M. Komora
 Fund Accountant
 ICPAK Member Number: 29131

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023		-	58,615,617.25	58,615,617.25
Surplus/(Deficit) For the Period		-	-	
Funds Received During the Year		-	72,000,000	72,000,000
Transfers		-	(105,238,995)	(105,238,995)
Revaluation Gain		-	900,000	900,000
Balance As At 30 June 2024		-	26,276,622.75	26,276,622.75
Balance As At 1 July 2024		-	26,276,622.75	26,276,622.75
Surplus/(Deficit) For the Period		-	8,930,577.30	8,930,577.30
Prior year adjustment			(900,000)	(900,000)
Balance As At 30 June 2025		-	34,307,200.05	34,307,200.05

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

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and Donations		133,498,870	-
Transfers from the county government		66,824,896	72,000,000
Total receipts		200,323,766	72,000,000
Payments			
Fund administration expenses		-	-
Use of goods and services		(204,408,015.70)	(105,238,994.5)
Finance cost		-	-
Total payments		(204,408,015.70)	(105,238,994.5)
Net cash flows from operating activities	12	(4,084,249.70)	(33,238,994.5)
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets	-	-	-
Purchase of office furniture			
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(4,084,249.70)	(33,238,994.5)
Cash and cash equivalents at 1 July 2024	9	25,376,622.75	58,615,617.25
Cash and cash equivalents at 30 June, 2025	9	21,292,373.05	25,376,622.75

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	B	C=(a+b)	D	e=(c-d)	f=d/c*100
Budget Carryovers b/d	25,376,622.75	-	25,376,622.75	25,376,622.75	-	100%
Receipts						
Public contributions and Donations	146,513,697		146,513,697	133,498,870	13,014,827	91%
Transfers From County Govt.	66,824,896	-	66,824,896	66,824,896	-	100%
Other Income		-	-	-	-	
Total Income	238,715,215.75	-	238,715,215.75	225,700,388.75	13,014,827	95%
Expenses						
Use of goods and services	238,715,215.75	-	238,715,215.75	204,408,015.70	34,307,200.05	86%
Other Expenses	-	-	-	-	-	-
	-				-	
Total Expenditure	238,715,215.75	-	238,715,215.75	204,408,015.70	34,307,200.05	86%
Surplus for the Period	-	-	-	21,292,373.05	-	-

*Tana River County Climate Change Fund
Annual Report and Financial Statements For the year ended 30th June 2025*

Budget Reconciliation

	Description of Particulars	Amount in Kshs
1	Actual Surplus Amounts as per the statement of Budget	(4,084,249.70)
2	Budget Carry over for FY 2023-2024	25,376,622.75
3	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	21,172,373.05

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Tana River County Climate Change Fund is established by and derives its authority and accountability from Tana River County Climate Change Act. The entity is wholly owned by the County Government of Tana River and is domiciled in Kenya. The Fund principal activity is provide funding for climate change activities identified in the County Climate Change Action Plan and County Climate Finance Framework.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities. <i>State the expected impact of the standard to the Fund if relevant</i>
IPSAS 44: Non- Current	<i>Applicable 1st January 2025</i> The Standard requires,

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<p>Assets Held for Sale and Discontinued Operations</p>	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Fund if relevant</i></p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Fund if relevant</i></p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Fund if relevant</i></p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Fund if relevant</i></p>

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<p>IPSAS 48: Transfer Expenses</p>	<p><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. <i>State the expected impact of the standard to the Fund if relevant</i></p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><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>State the expected impact of the standard to the Fund if relevant</i></p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <i>State the expected impact of the standard to the Fund if relevant</i></p>

(i) Early adoption of standards

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

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 Fund'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 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of on the FY 2024-2025 budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Fund 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 amortized cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the fund's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

The Fund 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 labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

e) Provisions

Provisions are recognized when the Fund 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 Fund 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 recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

The Fund 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 Fund 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 fund 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 Fund creates and maintains reserves in terms of specific requirements.

i) Changes in accounting policies and estimates

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

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

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

The Fund 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 Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

n) Cash and cash equivalents

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

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

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

c) Provisions

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

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

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Notes To the Financial Statements Continued

6. Public contributions and donations

Description	2024-2025	2023-2024
	Kshs	Kshs
Donation From Development Partners	146,513,697	-
Contributions From the Public	-	-
Total	146,513,697	-

7. Transfers from County Government

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From County Govt. –Operations	66,824,896	72,000,000
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	66,824,896	72,000,000

8. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
General Office Expenses	9,771,631.00	-
M & E Costs	4,785,200.00	-
Consultancy Services Costs	6,052,024.15	-
Administration Fees	8,819,455.60	-
Committee Allowances	2,395,600.00	-
Conference services costs	1,456,500.00	-
Fuel And Oil Costs	1,000,000.00	-
Bank Charges	10,595.00	-
Climate change related costs	170,117,009.95	-
Total	204,408,015.70	105,238,994.50

9. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	21,292,373.05	25,376,622.75
Others (<i>Specify</i>)	-	-
Total Cash and Cash Equivalents	21,292,373.05	25,376,622.75

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

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current Account			
Central Bank OF Kenya	1000591463	21,252,027.3	9,405,776.00
Kenya Commercial Bank Ltd	1312883324	40,345.75	15,970,846.75
Grand Total		21,292,373.05	25,376,622.75

10. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Other Debtors from non-exchange transactions	13,014,827	-
Less: Impairment Allowance	-	-
Total Current Receivables	13,014,827	-

11. Property, plant and equipment

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2024	-	-	900,000	-	900,000
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2024	-	-	900,000	-	900,000
At 1st July 2024	-	-	900,000	-	900,000
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2025	-	-	900,000	-	900,000
Depreciation And Impairment	-	-	-	-	-
At 1 st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
At 1st July 2023	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2025	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June 2024	-	-	900,000	-	900,000
At 30th June 2025	-	-	900,000	-	900,000

12. Cash generated from operations.

Description	2024-2025	2023-2024
	Kshs	Kshs
Receipts		
Donations	133,498,870	-
Transfers from County Government	66,824,896	72,000,000
Other receipts	-	-
Payments		
Use of goods and services	(204,408,015.70)	(105,238,994.5)
Other payments	-	-
	-	-
Net Cash Flow From Operating Activities	(4,084,249.70)	(33,238,994.5)

13. 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 fund'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 fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performi ng Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	21,292,373.05	-	-	-
Total	21,292,373.05	-	-	-
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	13,014,827	-	-	-
Bank Balances	25,376,622.75	-	-	-
Total	38,391,449.75	-	-	-

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

The Fund has significant concentration of credit risk on amounts due

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

b) Liquidity risk management

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

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

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

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the fund 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 fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and

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control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the fund's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	Other currencies		Total
	Kshs	Kshs	Kshs
At 30 June, 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/deficit	Effect on equity
	Kshs	Kshs	Kshs

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2025				
Euro	10%	-	-	-
USD	10%	-	-	-
2024				
Euro	10%	-	-	-
USD	10%	-	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

d) Capital risk management.

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	%	%

14. Events after the reporting period

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

15. Ultimate and Holding Entity

The Fund is a County Public Fund established by Tana River County Climate Change Act under the Department of Environment. Its ultimate parent is the County Government of Tana River.

16. Currency

The financial statements are presented in Kenya Shillings (Kshs)

20. Annexes

Annex I: Progress On Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Inaccuracies in the statement of Changes in Net Assets	Prior year adjustment done	Not Resolved	
2	Inaccurate Total Assets Opening balance	Corrected the amounts and balances internally	Not resolved	
3	Unaccounted for goods and services s13, s11 not availed	S13, S11 availed for audit review	Not Resolved	

.....
Fund Administrator

Date.....



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Annex II: Inter-Fund Confirmation Letter

Tana River County Climate Change Fund

P. Box 29- 70101, Hola

The County Treasury of Tana River wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Tana River County Climate Change Fund] as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [County Government of Tana River] (Kshs) as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
1		11,000,000	189,323,766.00	-	200,323,766.00	200,323,766.00	-
Total		11,000,000	189,323,766.00		200,323,766.00	200,323,766.00	-

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

Head of Accountants department of beneficiary Fund:

Name Dhidha Timona Jarka Sign [Signature] Date 1/7/2025

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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
1	Minor Irrigation Schemes	Increased food security	Rehabilitation of minor irrigation scheme					Climate Change Fund	
2	Water pans, dams	Increased water access	Drilling boreholes, dams					Climate Change Fund	
3	Tree planting	Ensure climate mitigation	Tree planting, nurseries					Climate Change Fund	
4	Vaccines	Increased food security	Livestock vaccines					Climate Change Fund	
5	Removal of Prosopis	Ensure climate mitigation	Removal of prosopis					Climate Change Fund	

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