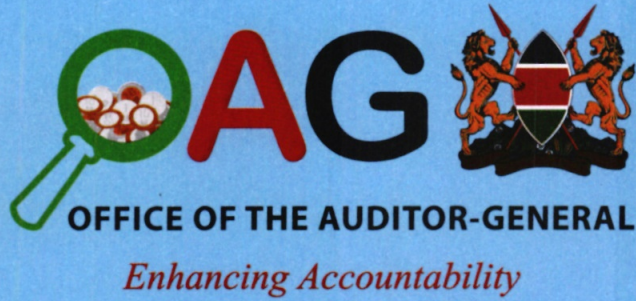


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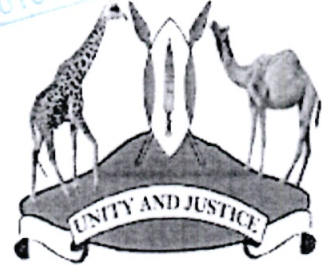
THE AUDITOR-GENERAL

ON

WAJIR COUNTY CLIMATE CHANGE FUND

**FOR THE YEAR ENDED
30 JUNE, 2023**

PAPERS LAID	
DATE	29/07/2024
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE & BUDGET
CLERK AT THE TABLE	POLYCARP



WAJIR COUNTY CLIMATE CHANGE FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

Wajir County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Table of Content	
1.Acronyms and Glossary of Terms	iv
2.Key Entity Information and Management	v
3.Fund Administration Committee	viii
4.Management Team	ix
6.Report of The Fund Administrator	xi
7.Statement of Performance Against the County Fund's Predetermined Objectives	xii
8.Corporate Governance Statement	xiv
9.Management Discussion and Analysis	xv
10.Environmental and Sustainability Reporting	xvi
11.Report of The Trustees	xviii
12.Statement of Management's Responsibilities	xix
13.Report of The Independent Auditor on the Financial Statements for Wajir county climate change fund for the year ended 30 th june 2023	xxi
14.Statement of Financial Performance for the Year Ended 30 th June 2023	1
15.Statement of Financial Position As At 30 June 2023	2
16.Statement Of Changes in Net Assets for the year ended 30 th June 2023	3
17.Statement of Cash Flows for The Year Ended 30 June 2023	4
18.Statement Of Comparison Of Budget And Actual Amounts For The Period	5
19.Notes to the Financial Statements	6
20.Annexes	21

1. Acronyms and Glossary of 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

b) Glossary of Terms

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

Wajir County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023

2. Key Entity Information and Management

a) Background information

Wajir County Climate Change Fund is established by and derives its authority and accountability from Wajir Climate Change Fund Act on 2019. The Fund is wholly owned by the County Government of Wajir and is domiciled in Kenya.

The fund's objective is to stabilize greenhouse gas concentrations at a level that would prevent dangerous human induced interference with the climate system.

b) Principal Activities

The County Climate Change Fund enhances the promotion and support of innovative adaptation options that address climatic risks along the livestock, agricultural inputs, and water value chains. This contributes to sustainable market development, improved agricultural productivity, food and nutrition security in Kenya. These innovative options cut across from practical activities e.g. adoption of solar water pumping for utilities, to research for policy influence, such as providing evidence on contribution of climate change to sectors to inform county on the same, especially activities to be prioritised for resilience creation.

c) Fund Administration Committee

Ref	Name	Position
1	Chairperson	Khalif Abdi Ali
2	Committee Member	Farah Ahmed Osman
3	Committee Member	Yahya Dahir
4	Fund Administrator	Dakane Shimoy Dugow

d) Key Management Team

Ref	Position	Name
1	CECM Energy, Environment & Climate Change	Khalif Abdi Ali
2	Fund Administrator	Dakane Shimoy Dugow
3	Fund Accountant	Adan Billow Mohamed

Wajir County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023

e) Fiduciary Oversight Arrangements

During the year under review, the County's management and operations were supported by a number of institutions which were established within the county to provide oversight role and ensure prudent management. These key fiduciary oversight bodies at the County for the year ended 30th June 2023 were;

S/N	Position	Name
1.	Directorate Internal Audit	Abdi G Omar
2.	County Assembly of Wajir.	Shalle Sheikh Mursal
3.	Public Investments Committee	Abdi Mohamed Abdi
4.	Budget and Appropriations Committee	Nimo Ahmed Saney

External Institutions

1. Office of the Controller of Budget.
2. Public Sector Accounting Standards Board.
3. Commission on Revenue Allocation.
4. The National Treasury.
5. Office of the Auditor General.

f) Registered Offices

Department of Energy, Environment & Climate Change
County Government of Wajir
P.O. Box 9-7200
County Headquarters.
Wajir,
KENYA

g) Fund Contacts

Web: wajir.go.ke
E-mail: info@wajir.go.ke
Twitter @WajirCountyKE
Website: www.Wajir.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, Wajir.
Mandera Road
P.O. Box 201-70200
Tel: +254-46421536/0711087000
Email: Contactcentre@kcb.co.ke
Wajir, Kenya

3. Independent Auditors

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

4. Principal Legal Adviser

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





5. County Attorney

County Government of Wajir
P.O. Box 9-70200
County Government Headquarters,
WAJIR, KENYA

Wajir County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2023




3. Fund Administration Committee

Name	Details of qualifications and experience
<p>1. Khalif Abdi Ali</p> 	<p>Khalif was born in 1960 with bachelor of Arts (Governance and Development). He has over 40 years of experience in public sector rising from District Commissioner, Deputy County commissioner, County Chief officer and currently CECM for Environment & Climate change.</p>
<p>2. Farah Ahmed Osman</p> 	<p>Farah is an Accounting and finance professional with over 25 years of experience in the Government and International Non-government sectors.</p> <p>He holds an MBA and Bachelor of business administration.</p> <p>Farah also holds a Strategic Leadership Development Programme offered by Kenya School of Government (KSG).</p>
<p>3. Yahya Dahir</p> 	<p>Yahya was born in 1987. He has wealth of experience both in public and Humanitarian sector for over 10 years. Yahya hold Bachelor degree in Environmental Science.</p>
<p>4. Dakane Shimoy Dugow</p> 	<p>Dakane was born in 1977 and possesses Bachelor of Science –Medical Laboratory. Dakane has over 12 years of experience both in Public and private sector. He is currently the County Chief Officer Environment and Climate Change and is also the current Fund administrator.</p>

Wajir County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

4. Management Team

Name	Details of qualifications and experience
<p>1. Khalif Abdi Ali</p> 	<p>Khalif was born in 1960 with bachelor of Arts (Governance and Development). He has over 40 years of experience in public sector rising from District Commissioner, Deputy County commissioner, County Chief officer and currently CECM for Environment & Climate change.</p>
<p>2. Dakane Shimoy Dugow</p> 	<p>Dakane was born in 1977 and possesses Bachelor of Science –Medical Laboratory. Dakane has over 12 years of experience both in Public and private sector. He is currently the County Chief Officer Environment and Climate Change and is also the Fund administrator</p>
<p>3. Adan Billow Mohamed</p> 	<p>CPA Adan has over 10 years of experience in Finance and accounting. He started his career as a banker and later the county government as an Accountant and doubles up as the Fund Accountant. He holds bachelor degree in Commerce (Finance), MBA (Finance), CPA (k) and is a member of Institute of certified Public Accountant of Kenya (ICPAK).</p>


Wajir County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5. Board/Fund Chairperson's Report

Section 164 of the Public Finance Management Act, 2012 requires that, County Governments prepare financial statements with respect to the Fund by 30th September each year and submit the same to the auditor general with copies to the County Treasury, OCOB, and CRA and The National Treasury.

In view of the above, it is my pleasure to present the Wajir County Government financial statements for the period ending 30th June 2023. The financial statements present the financial performance of the County Government over the past year. The statements are prepared in accordance with the cash basis of accounting method under the International Public Sector Accounting Standards (IPSAS).

Statements presented include a statement of Receipts and Payments, a statement of Assets and Liabilities, Cash flow Statement, a statement of Comparative budget and actual amount and the Notes to the Financial Statements. The Financial Year 2022/2023 was the tenth full financial year under the devolved governance structure after the County government came into office in March 2013.


C.E.C ENERGY, ENVIRONMENT
AND NATURAL RESOURCE
KHALIF ABDIALI
DATE: 21/10/23 SIGN:
CECM ENVIRONMENT, NATURAL RESOURCE & ENERGY

COUNTY GOVERNMENT WAJIR

Wajir County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Report of the Fund Administrator

The Wajir County Climate Change Fund draws its powers from the Wajir County Climate Change Act 2016, which was later amended in 2019 due its inconsistency with the National Climate Act. The Fund started its operation in the financial year 2017/2018. The fund has two levels of committee, that is, the County Climate change planning committee and lower level Ward Climate Change committee spread over the 30 wards in Wajir County. The ward committee identifies the priority list of climate change projects and forward to the County Climate Change Planning committee who allocate projects according to needs, population and budgetary allocations.

In the Financial Year 2022/2023 the disbursement to the Wajir County Climate Change Fund was Ksh 75,000,000 with an opening balance of Ksh 126,381. The fund has registered an impressive performance and is in consultation with National government for more transfers and support since the fund had tremendous positive impact on climate change issues and mitigation measures. Out of the available funds, Kshs 2,889,114 was spent on administration costs and Kshs 71,455,497 on climate change projects which were successfully implemented as planned. This is 99% absorption of the allocated budget for the financial year. This is considered an impressive performance despite the meager allocation for the fiscal year. The fund is discussion with National government for more transfers and support since the fund had tremendous positive impact on climate change issues and mitigation measures.


DAKANE SHIMOY DUGOW
FUND ADMINSTRATOR

7. Statement of Performance against the County Fund's Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government Entity 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.

Wajir County has a vision to be

'A Secure, Resilient and Globally Competitive First-Class County in Service Delivery for All'

This vision will be achieved through the county's strategic objectives in the various sectors listed here after

The County Government prepared the CIDP 2018-2022 which is the county development blue print for the five years plan period from 2018-2019 to 2022-2023. Tracking of programmes and projects implementation status is done through a number of activities including: field inspection reports, quarterly M&E reports and annual M&E reports. Annual reports are carried out as per Section 164 (2) (f) of the Public Finance Management Act, 2012.

Moreover, the CIDP 2018-2022 is tracked through a CIDP Mid Term Review slated for the Financial Year 2020-2021, which indicates performance after two and a half years of the 2nd Generation County Government. The County Government of Wajir plans to undertake a CIDP Mid-Term Review during the current Financial Year. Similarly, we also prepare County Annual Progress Reports (C-APR) on Yearly basis from the data collected during the M & E exercise. Yet, the County has developed a Counter Indicator Handbook from the Wajir CIDP 2018 – 2022 Indicator that is used to review performance outcomes against the CIDP target outcomes.

Strategic development objectives

The County government of Wajir 2018-2022 CIDP has identified Twenty-three key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, Vision 2030 & the National Government's "Big Four" Agenda, SDGs and the MTP III.

**Wajir County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks and plans, and are summarised here-in-under;

- a) Stabilize greenhouse gas concentrations at a level that would prevent dangerous human induced interference with the climate system.
- b) Provide housing to staff and management.
- c) the promotion and support of innovative adaptation options that address climatic risks along the livestock, agricultural inputs, and water value chains
- d) Harness the renewable energy resources like solar and wind.
- e) Increase forest cover through afforestation and agroforestry.

Below we provide the progress on attaining the stated objectives, particularly on matters Environment and climate adaptation.

Department	Objective	Outcome	Indicator	Performance
Energy, Environment and Natural Resources	Harness the renewable energy resources like solar and wind	Increased street lighting using solar power	% of towns with solar street lights	25
			% of HH Connected to green electricity	30
	Conserve biological, environmental and wildlife resources for the benefit of the residents	Improved conservation	Conservancies operational	3
	Increase forest cover through afforestation and agroforestry	Increased forest cover	Proportion (Ha) of land under forest cover	3.5

8. Corporate Governance Statement

The Wajir County Climate Change Fund is made up of two levels of administration committees known as the County Planning Committee and Ward Planning Committees. The Ward Planning Committee members based at each of 30 wards in the county wide. The committees/elders identify the priority needs of each ward on matters environment and its sustainability. The County planning committee members do meet to deliberate on the priority list submitted to them by the lower level committees from the grassroots level. The county Planning committee do prepare the final Climate change projects list by evaluating and considering the sustainability of the climate change projects and impact they have on their environment with regards to budgetary allocation to the Fund. The allowances of the County Planning Committee and the Ward Planning Committees are determined by the Salaries and Remuneration Commission. The number of Fund Administration Committee meetings held and the attendance to those meetings by members,

- a) Succession plan,
- b) Existence of a service charter,
- c) Process of appointment and removal of Administration Committee members,
- d) Roles and functions of the Administration Committee members,
- e) Induction and training, Administration Committee members and member's performance,
- f) Conflict of interest,
- g) Board remuneration,
- h) Ethics and conduct as well as governance audit undertaken if any.

**Wajir County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

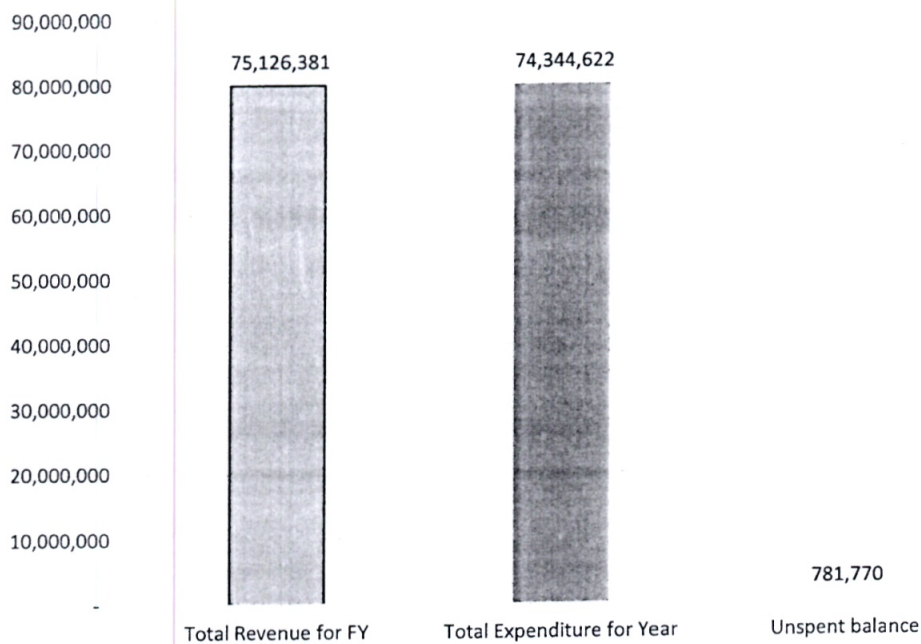
9. Management Discussion and Analysis

During the financial year under review, Ksh 75,000,000 was disbursed to the Wajir county Climate change fund for facilitating community initiated climate change adaptation and mitigation activities in the county, establishing Climate finance mechanisms in the county as well as coordinating support from the National government climate change policy and legislative framework. Thus, improving the general wellbeing of the environment for maximum benefit of the current and future generations. The County Climate change committees in consultation with the parent ministry at the national Government for additional funding in the future mitigation measures

The Climate change framework shall be developed through consultative process spearheaded by the County Climate Change Planning committee.

Below is graphical representation of financial performance of the Wajir Climate Change Fund for Financial Year 2022/2023.

**Climate Change fund's performance FY
2022/2023**



10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

The Wajir County Development Agenda is informed by the need to increase and expand sustainable development opportunities and build people's capacities to enable them create wealth and transform their lives for growth and prosperity. The County Envisions being a competitive, industrialized and socio-economically self-sustaining and securing county. This will be attained by providing quality and efficient services through innovative and sustainable utilization of resources for a better quality of life of all citizens of Wajir County. The county intends to attain and sustain it through creation of a county culture anchored on; Transparency; Inclusiveness and Equity; Empowerment; Quality and result oriented in provision of the county services.

2. Environmental performance

As outlined in the County 2018-2022 CIDP, Environment is one of the key thematic areas that the county has put a lot of focus in its development's agendas. Land is a natural resource which can be sustainably used to satisfy man's unlimited needs and wants as long as the concept of scarcity is recognized. Cognizant of the need for responsible land use for environmental sustainability, The County has developed a number of policies, programmes and structures guiding environmental matters within the County.

3. Employee welfare

Wajir County Recognises the value of its employees in the implementation and long-term sustainability of its development strategy. As a result, it has always ensured a fair recruitment process where competences and qualification has been key in hiring of its employees to ensure value from its human resource. All recruitments observe the one third Gender rule and the inclusivity. All senior management staff from the level of county directors and above is placed under performance Contract while the junior staff are under performance Appraisal system.

This is aimed at inculcating a results culture and also helps to identify skills gap for capacity building and future development the County staff as they inform approvals for Promotion and training for carrier growth. For a better and health work force, the county has also placed all staff under a medical cover which on terms as provided by the Salaries and Remuneration Commission's guideline of Employee Medical benefits.

**Wajir County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

4. Market place practices-

The County embraces diversity and offers services to all county residents without discrimination. All county fees and charges are levied after wide consultation with the citizens through public participation

5. Community Engagements

The County has been engaging its citizens in all its development programmes through public participation in all the county plans, Budget and legislations. This participation ensures that the views of the citizen are included from planning to implementation stages. Participation is done by the county through its established participation structures such as, the County Budget and Economic Forum, The County Citizen education and Civic Education Unit etc.

By Order of the Board


MR. KHALID ABDULLA
CEC ENVIRONMENT, ENERGY AND NATURAL RESOURCES & CHAIRPERSON
OF THE BOARD

CEC ENVIRONMENT, ENERGY AND NATURAL RESOURCES

**Wajir County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

11. Report of the Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The Fund's principal activity is to facilitate community initiated Climate Change Adaptation and mitigation activities as appropriated in the County's Approved budget estimates and disburse the funds as stipulated in the Act by establishing climate finance mechanisms in Wajir County.

Results

The results of the Fund for the year ended June 30, 2023, are set out from page 1 of this report.

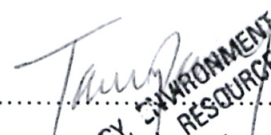
Trustees

The members of the Administration Committee who served during the year are shown on page VII. There were no changes in the administration Committee during the financial year.

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


.....
MR. KHALID ABDIALI
CEC ENVIRONMENT, ENERGY AND NATURAL RESOURCES & CHAIRPERSON OF THE BOARD
DATE: 21/11/23

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 Wajir County Climate Change Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of 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, 2023. 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 of the financial position of the fund;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the fund;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Wajir County Climate Change Fund Act 2019. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, 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.

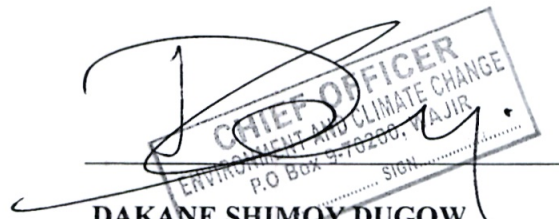
Wajir County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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 1st September 2023 and signed on its behalf by:


DAKANE SHIMOY DUGOW

ADMINISTRATOR OF THE CLIMATE CHANGE FUND

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON WAJIR COUNTY CLIMATE CHANGE FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 Wajir County Climate Change Fund set out on pages 1 to 21, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of cash flows,

Report of the Auditor-General on Wajir County Climate Change Fund for the year ended 30 June, 2023

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Wajir County Climate Change Fund as at 30 June, 2023 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 Public Finance Management Act, 2012 and the Wajir County Climate Change Fund Act, 2019.

Basis for Qualified Opinion

Irregular Expenditure and Non-Compliance with Wajir County Climate Change Fund Act, 2019

The Act requires that 10% of the funds be spent on administration costs. However, the administrative cost as reported in the financial statements amounts to Kshs.2,889,114 which is 3.8% of the funds available for disbursement. Further, no documentation was provided to support the expensing of the fund in line with the Act which require 20% of the funds to be used on Countywide Project as approved by County Planning Committee and 70% to be used at the wards and as approved by the Ward Planning Committee.

There was no evidence that the expenditure incurred was linked to any County Climate Change Framework as required by the Act as no climate change framework was availed for audit verification. In addition, there being no existing approved budget the expenditure is irregular and has no requisite supporting documentation.

In the circumstances, the accuracy and validity of the expenditure reported in the statement of financial performance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Wajir County Climate Change Fund Management in accordance with ISSAI 130 on 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 judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare Estimates of Income and Expenditure

The Fund did not prepare estimates of income and expenditure and submit the same to the County Executive Committee Member for Finance as required. This was contrary to Section 149(2) (h & i) of the Public Finance Management Act, 2012 which provides that an accounting officer shall, in respect of the entity concerned prepare estimates of expenditure of the entity in conformity with the strategic plan of the entity and submit the estimates of an entity, which is not a county corporation to the County Executive Committee Member for Finance. Although the statement of comparison of budget and actual amounts was included in the financial statements, the source of budget amounts reflected in the statement could not be confirmed.

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

2. Failure to Enact Climate Fund Regulations

The Fund Regulations provided were not enacted as required by the Wajir County Climate Change Fund Act, 2019. This is contrary to Section 32 of the Act which provides that the Executive Member in charge of Finance shall make regulations for all matters necessary for the proper administration of the Act including: (a) sitting allowances for the County Planning Committee and the Ward Planning Committees, (b) the banking arrangements for the Fund and (c) the disbursement for funds for approved projects.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, 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 control, 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance 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 the 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 December, 2023

Wajir County Climate Change Fund


Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	75,000,000	-
Total Revenue		75,000,000	-
Expenses			
General expenses	2	2,889,114	307,425
Climate Change Projects	3	71,455,497	-
Total Expenses		74,344,611	307,425
Surplus/(Deficit) for the Period		655,389	(307,425)

The notes set out on pages 18-20 form an integral part of these Financial Statements


Name: Dakane Shimoy Dugow
Administrator of the Fund



Name: Adan Billow Mohamed
Fund Accountant
ICPAK Member Number: 31083


Wajir County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Financial Position as at 30 June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	781,770	126,381
Total current assets		781,770	126,381
Non-Current Assets		-	-
Total Assets		781,770	126,381
Liabilities			
Current Liabilities			
Non-Current Liabilities			
Total Liabilities		-	-
Net Assets		781,770	126,381
Accumulated Surplus		781,770	126,381
Total Net Assets and Liabilities		781,770	126,381

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 21/11 2023 and signed by:


Name: Dakane Shimoy Dugow
Administrator of the Fund



Name: Adan Billow Mohamed
Fund Accountant
ICPAK Member Number: 31083


Wajir County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	-	-	433,806	433,806
Surplus/(Deficit) For the Period	-	-		
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-		
Balance As At 30 June 2022	-	-	126,381	126,381
Balance As At 1 July 2022	-	-	126,381	126,381
Surplus/(Deficit) for the Period	-	-	655,389	655,389
Balance As At 30 th June 2023	-	-	781,770	781,770


Name: **Dakane Shimoy Dugow**
Administrator of the Fund



Name: **Adan Billow Mohamed**
Fund Accountant
ICPAK Member Number: 31083


Wajir County Climate Change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	75,000,000	-
Total receipts		75,000,000	-
Payments			
General expenses		2,889,114	307,425
Climate Change Projects		71,455,497	-
Total Payments		74,344,611	307,425
Net cash flows from operating activities		655,389	(307,425)
Cash flows from investing activities		-	-
Cash flows from financing activities		-	-
Net increase/decrease in cash & cash Equivalents		655,389	(307,425)
Cash and cash equivalents at 1 July		126,381	433,806
Cash and cash equivalents at 30 June		781,770	126,381


Name: **Dakane Shimoy Dugow**
Administrator of the Fund


Name: **Adan Billow Mohamed**
Fund Accountant
ICPAK Member Number: **31083**

**Wajir County Climate Change Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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

Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance Difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers From County Govt.	75,000,000	-	75,000,000	75,000,000	-	100%
Total Income	75,000,000	-	75,000,000	75,000,000	-	100%
Expenses						
General Expenses	3,126,381	-	3,126,381	2,889,114	237,267	92%
Climate Change Projects	72,000,000	-	72,000,000	71,455,497	544,503	99%
Total Expenditure	75,126,381	-	75,126,381	74,344,611	781,770	99%
Surplus For the Period				655,389		

.....
Name: Dakane Shimoy Dugow
Administrator of the Fund

.....
Name: Adan Billow Mohamed
Fund Accountant
ICPAK Member Number: 31083

Wajir County Climate change Fund
Annual Report and Financial Statements for the year ended June 30, 2023
19. Notes to the Financial Statements

1. General Information

Wajir County Climate Change Fund is established by and derives its authority and accountability from Wajir County Climate Change Fund Act, 2019. The Fund is wholly owned by the County Government of Wajir and is domiciled in Kenya. The Fund's principal activity is to stabilize greenhouse gas concentrations at a level that would prevent dangerous human induced interference with the climate system.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2023 The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of a Fund's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

Wajir County Climate change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Fund; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Fund's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

Wajir County Climate change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	<p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Wajir County Climate change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact:
for Sale and Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

(i) Early adoption of standards

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

Wajir County Climate change Fund
Annual Report and Financial Statements for the year ended June 30, 2023

1. 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 Fun and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for Financial Year 2022/2023 was approved by the County Assembly on 30th November 2022. 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 Fund upon receiving the respective approvals in order to conclude the final budget.

Wajir County Climate change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

The Fund'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.

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

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

c) Property, plant and equipment

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

d) 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,

Wajir County Climate change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

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.

e) Investment property

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

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

Wajir County Climate change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

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 Fund 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.

Financial liabilities

Classification

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

f) 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

Wajir County Climate change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

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

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

g) Provisions

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

h) Social Benefits

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

Wajir County Climate change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

i) Contingent liabilities

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

j) 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.

k) 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.

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

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these

Wajir County Climate change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

financial statements, cash and cash equivalents also include short term cash imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

n) Comparative figures

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

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.

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 Fund based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity

Wajir County Climate change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

- The nature of the asset, its susceptibility and adaptability to changes in technology and processes

- The nature of the processes in which the asset is deployed

- Availability of funding to replace the asset

- Changes in the market in relation to the asset

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Wajir County Climate change Fund
Annual Report and Financial Statements for the year ended June 30, 2023
6. Notes to the Financial Statements

1. Transfers from County Government

Description	2022/2023	2021/2022
	Kshs	Kshs
Transfers from County Govt. – operations	75,000,000	-
Total	75,000,000	-

2. General Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Administration Expenses	2,875,740	-
Printing and Stationery Expense	-	300,000
Bank Charges	13,374	7,425
Total	2,889,114	307,425

3. Climate Change Projects

Description	2022/2023	2021/2022
	Kshs	Kshs
Climate Change Projects	71,455,497	-
Total	71,455,497	-

4. Cash and cash equivalents

Description	2022/2023	2021/2022
	Kshs	Kshs
Current account	781,770	126,381
Total cash and cash equivalents	781,771	126,381

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

Financial Institution	Account number	2022/2023	2021/2022
		Kshs	Kshs
a) Current Account			
Kenya commercial bank	1224515609	781,770	126,381
Total		781,770	126,381

**Wajir County Climate change Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

5. Related party balances

a) Nature of related party relationships

Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) Key management;
- c) Administration Committee

b) Related party transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Transfers From the County Government	75,000,000	-
Transfers To Related Parties	-	-

6. Financial risk management

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

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

a) Credit risk

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

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

Wajir County Climate change Fund

Annual Report and Financial Statements for the year ended June 30, 2023

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.

c) Market risk

i. Interest rate risk

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

**Wajir County Climate change Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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:	Timeframe:
Unresolved prior year Audit Matters	Various prior year audit matters remained unresolved as 30th June 2023	Management responded to the audit issues.	Not resolved	31 st December 2023



Fund Manager

Date..... 31/11/23.....

Wajir County Climate change Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Annex 2: Inter-Fund Confirmation Letter

COUNTY GOVERNMENT OF WAJIR



DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

Wajir County Climate Change Fund
 P.O Box 9-70200,
Wajir.

The County Government of Wajir wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column D in the table below Please sign and stamp this request in the space provided and return it to us.

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Amount Received by beneficiary Fund (KShs) as at 30 th June 2023 (D)	Differences (KShs) (E)=(C-D)
FT231730520 C	22-Jun-23	-	75,000,000	75,000,000	75,000,000	-
Total			75,000,000	75,000,000	75,000,000	-

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

Head of Accountants department of beneficiary Fund:

Name Adnan Billal Mohamed,

Sign [Signature]

Date 21/11/23

**Wajir County Climate change Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Annex 3: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q4		
Wajir county climate change adaptation.	Ward based climate change adaptive interventions.	Building community resilience through community prioritised climate adaptation projects such as water, agriculture and solar.	Installation of solar, construction of water infrastructure, establishment of irrigation systems to increase food production.	-	-	-	75,000,000	County Exchequer.	County Government of Wajir Climate Change unit.