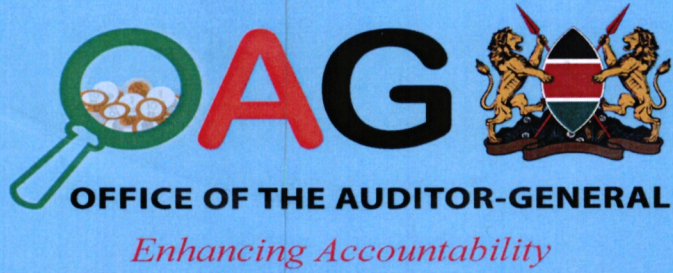


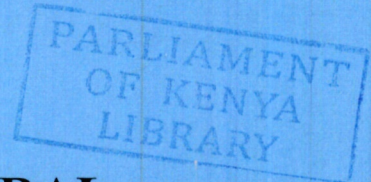
REPUBLIC OF KENYA



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DATE	31/5/2023
TABLED BY	Majority Leader
COMMITTEE	—
CLERK AT THE TABLE	Chania

**REPORT**

**OF**



**THE AUDITOR-GENERAL**

**ON**

**CLIMATE CHANGE FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

**COUNTY GOVERNMENT OF VIHIGA**

Revised 30th June 2022



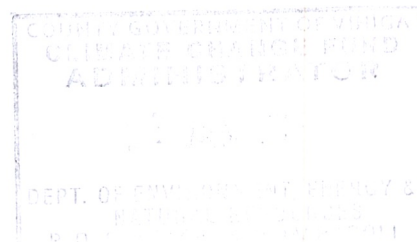
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# VIHIGA COUNTY CLIMATE CHANGE FUND

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022

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







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***Vihiga County Climate Change Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**Table of Content**

1. Key Entity Information and Management	iii
2. County Steering Committee	vi
3. County Planning Committee	viii
5. Report of The Fund Administrator	xii
6. Statement of Performance Against the County Fund's Predetermined Objectives	xvii
7. Corporate Governance Statement	xviii
8. Management Discussion and Analysis	xix
9. Environmental and Sustainability Reporting	xxi
10. Report of The Trustees	xxiii
11. Statement of Management's Responsibilities	xxiv
12. Report of The Independent Auditor	xxv
13. Statement of Financial Performance for The Year Ended 30th June 2022	1
14. Statement of Financial Position as at 30 June 2022	2
15. Statement of Cash Flows for The Year Ended 30 June 2022	3
16. Statement of Comparison of Budget and Actual Amounts for the Period	4
17. Notes to the Financial Statements	5
18. Progress On Follow Up of Prior Year Auditor's Recommendations	23



**Vihiga County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

**1. Key Entity Information and Management**

**a) Background information**

Vihiga County Climate Change Fund(CCCF) is established by Vihiga County Climate Change Fund Act,2019 date which came into force on 19<sup>th</sup> November 2019. The Vihiga County Climate Change Directorate ifs the implementing entity of the fund which domiciled in the Department of Environment, Energy Water and Natural Resources.

The fund's broad objective is to facilitate and coordinate finance for community- initiated climate change adaptation and mitigation projects.

The principal mandate of the Fund is to finance climate change programs, projects and activities as provided for in the Climate Finance Framework.

**b) Principal Activities**

The principal mandate of the Fund is to finance climate change programs, projects and activities as provided for in the Climate Finance Framework.

The Fund exists to:

- i. Initiate and coordinate finance for climate change adaptation and mitigation activities at community level
- ii. Establish a climate finance mechanism (which includes the fund itself and its supporting structures)
- iii. Facilitate community-initiated Climate Change Adaptation and Mitigation
- iv. Facilitate planning of climate change adaptation and mitigation and budgetary framework
- v. Seek and receive grants from international sources, the national government and other organizations

**c) Fund steering Committee**

Ref	Name	Position
1	Dr. Wilbur Ottichilo	H.E The Governor – Chairperson
2	Pro. Justus Inonda Mwanje	A.G. CECM in Charge of Health – Member
3	Geoffrey Vukaya	A.G. CECM in Charge of Environment
4	Alfred Indeché	CECM in Charge of Finance – Member
5	Dr. Richard Boiyo	C.O in Charge of Environment – Secretary



*Vihiga County Climate Change Find*

**Annual Report and Financial Statements for the year ended June 30, 2022**

**d) County Planning Committee**

Ref	Name	Position
1	Dr. Ephraim Mukisira	Chair of the Climate Change Planning Committee
2	Dr. Richard Boiyo	Member – C.O – Environment, Energy and Natural Resources
3	Dominic Luvavo	Member – C.O – Agriculture, Livestock and Fisheries
4	Clement Manyulu	Member – C.O – Lands, Physical Planning and Urban Development
5.	Mary Anyienda	Member – C.O – Health
6.	Geofrey Omusonga	Member – County Director – Meteorology Services
7.	Hesbon Monda	Member – County Director Environment - NEMA
8.	Winstone Atamba	Secretary – County Director - Climate Change
9.	Evans Kisambo	Co-Secretary- Fund Administrator



**Vihiga County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

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**e) Registered Offices**

P.O. Box 344 50300  
Maji House  
Maragoli

Mbale KENYA

**f) Fund Contacts**

Website: [www.vihiga.go.ke](http://www.vihiga.go.ke)

**g) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Equity Bank  
Mbale Branch  
P.O. Box 545  
Maragoli 50300

**h) Independent Auditors**

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

**i) Principal Legal Adviser**

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

**h) Independent Auditors**

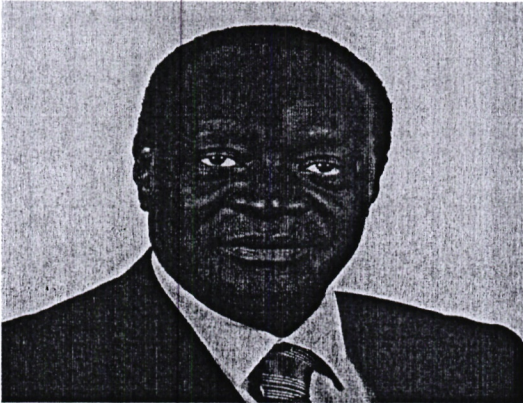


Auditor General  
Kenya National Audit Office  
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Nairobi, Kenya

**i) Principal Legal Adviser**



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



**2. County Steering Committee**

Name	Details of qualifications and experience
<p>1. </p> <p><b>H.E. Dr. Wilbur Ottichilo Governor Vihiga County, Chairperson</b></p>	<p>Wilber Ottichilo was born on September 23, 1952 he is the current governor of Vihiga County. He attended Makerere University from 1974 to 1977, the University of Nairobi from 1981 to 1983, as well as Colorado State University from 1984-1986.</p> <p>He is the current chairman of Council of Governors committee on Environment.</p>
<p>2. </p> <p><b>Pro. Justus Inonda Mwanje- Member</b></p>	<p>CECM in Charge of Health – Member PhD Medical Geography, a lecturer at Kenyatta University B.Sc. (Nairobi), Kenya. Forestry. Thesis: Rapid Forage Inventory of Kenyan Rangelands</p>
<p>3. </p> <p><b>Geoffrey Vukaya</b></p>	<p>CECM in Charge of Environment, Water, Energy and Natural Resources – Member He was born in 1980 he is a graduated from Egerton University with a Bachelor of Arts degree in Mathematics and Economics in the year 2004.</p>






<p>4.  <i>Alfred Indeche</i></p>	<p>CECM in Charge of Finance – Member he has MBA (finance)BBA, CPAK</p>
<p>5.  <i>Dr. Richard Boiyo</i></p>	<p>Chief officer in Charge of Environment, Energy and Natural Resources and Secretary to the steering committee, he has a Phd.in, Absorptive aerosol Optical Properties</p>






**Vihiga County Climate Change Find  
Annual Report and Financial Statements for the year ended June 30, 2022**

**3. County Planning Committee**

Name	Details of qualifications and experience
<p>1. </p> <p><b><i>Dr. Ephraim Mukisira</i></b> Chairman</p>	<p><b><i>Dr. Ephraim Mukisira Chairman</i></b> of the CCCF planning committee, he holds a PhD in Animal Science from McGill University in Canada, a MSc in Animal Science from Louisiana State University in Baton Rouge, USA. He has a long experience in Agricultural research and animal science. He previously worked as a, Director/CEO, Kenya Agricultural Research Institute he also worked as the Assistant Director, KARI, in-charge of the Animal Production/Health Research Division in May 2000-July, 2001. He is serving as the Nominations and Governance Committee member within the Board.</p>
<p>2. </p> <p><b><i>Dr. Richard Boiyo</i></b>- Member</p>	<p>Member – Chief officer in Charge of Environment, Energy and Natural Resources and Secretary to the steering committee, he has a Phd.in, Absorptive aerosol Optical Properties</p>
<p>3. </p> <p><b><i>Dominic Luvavo</i></b>- Member</p>	<p>Member – Chief Officer – Agriculture, Livestock, Fisheries and Cooperative Development, he is a graduate in economic and business studies</p>



***Vihiga County Climate Change Find***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

<p>4. </p> <p><b><i>Livingstone Imbayi</i></b></p>	<p>Member - Chief Officer – Finance and Economic Planning, has Masters in business administration in finance bachelor of business management and banking, CPA K</p>
<p>5. </p> <p><b><i>Mary Susan Anyianda</i></b></p>	<p>Member – Chief Officer – Health Service          Has Phd, Masters in education and Bachelor of education</p>
<p>6. </p> <p><b><i>Clement Wyckliffe Manyulu</i></b></p>	<p>Member – Chief Officer – Physical, planning, Lands and Housing has Bachelor of science in Disaster preparedness and environment technology</p>



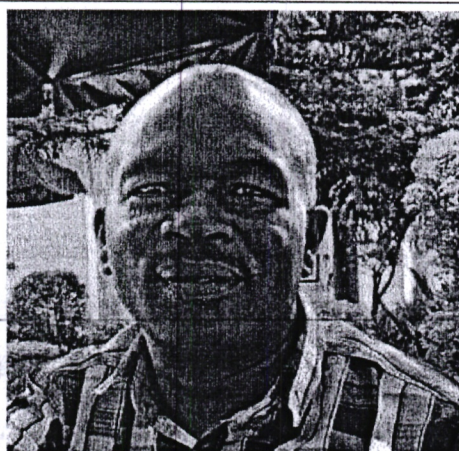
**Vihiga County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**



7.

***Winstone Atamba***

Secretary – Director - Climate Change was born in 1990 graduated in environment planning and management, currently pursuing masters of science in climate change



8.

***Evans Kisambo***

Co-Secretary- Fund Administrator was born in 1971, has a graduate in economics and Business Studies from Kenyatta university



#### **4. Planning Committee Chairperson's Report**

Vihiga Climate Change Fund Act 2019 established Vihiga Climate Change Fund, with three level structure namely, the steering committee, the county planning committee and the ward climate change planning committee. During 2021/2022 financial year there has been no change in terms of key management team.

The activities of the Fund commenced by establishment the governance structures and policy/legal framework. They include; establishment of the secretariat, Fund administration and the office, establishment of the County Climate Change Planning Committee, County Climate Change Steering Committee and the Ward Climate Change Planning Committees in all the 25 wards. Sensitisation of the public on climate change matters was done and training and inaugurating the ward climate change committee members was also undertaken.

The Fund was allocated a total of Kshs. 37 in the FY 2021-2022; Kshs. 7 million being start-up costs for establishment and strengthening of governance structures and Kshs 30 million being allocated as per the Vihiga climate change act 2019 and its amendments of 2021 which largely used to implement community prioritized projects in 5 wards.

During the year 2021/22 the Fund was able to spent a total of Kshs. 15,63,3492; Kshs. 6,392,300 on initial start-up, Kshs. 269,100 on administration costs for County planning committee, Kshs. 629,900 on administration costs for ward climate change planning committees, Kshs. 600,000 on awareness activities, Kshs. 1,199,600 on Research and development, and Kshs. 5,906,664 on Ward climate change projects. On gonging projects include; Mwibona Rehabilitation of Water Project Mwibona Ward, Kimogoi- Shikomoli Water Project Phase 1 Gisambai Ward and Madungu-Negondo Water Project Phase 1 Wodanga Ward.

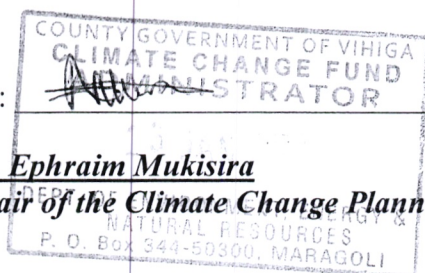
The Vihiga County Climate Change Fund will continue with the ongoing projects to completion. In the next financial year 2022/23 the Fund has been allocated Kshs. 80 million out of which 70 percent will go toward ward climate change projects that will be prioritized by wards.

In conclusion, I highly appreciate the staff, the committee members and other stakeholders for cooperation, support and hard work that enabled the Fund to achieve the above milestones. My special appreciation goes to H.E. the Governor for his strategic guidance in the design of climate change programs, the CECM and the CO for their leadership in implementation of fund pograms and the Director Climate Change for his day to day coordination of the fund's activities.

The Vihiga County Climate Change Fund envisions to attain greater performance in fiscal year 2022/23 and beyond.

Signed: \_\_\_\_\_

**Dr. Ephraim Mukisira**  
**Chair of the Climate Change Planning Committee**





## **5. Report of The Fund Administrator**

Vihiga Climate Change Fund was established in FY 2021/2022 as per the Vihiga Climate Change Fund Act 2019(Amended 2021). During the year there has been no change in terms of key management team.

The activities of the Fund commenced in Quarter Three of FY 2021/2022 by establishment the Climate Change Fund Governance Structures and strengthening the legislative framework. The activities implemented include:

- i) **Establishment of the Directorate of Climate Change:** This coordinates the implementation of the Vihiga CCCF activities and is the secretariat of all other CCCF structures.
- ii) **Appointment of the Fund administrator:** Performs the duties of the Fund Administrator in line with the Public Finance Management Act, 2012, and its Regulations.
- iii) **Quarterly meetings of the County Climate Change planning committee and Steering Committee:** Four meetings of the County Climate Change Planning Committee were held in the FY while the steering committee sat twice.
- iv) **Sensitisation of the public on climate change matters:** This was done in 20 wards ahead of establishment of the Ward Climate Change Planning Committees. 5 Radio programs were also conducted.
- i) **Establishment of the Ward Climate Change Planning Committees:** Twenty Ward Climate Change Planning Committees were established. Five committees had already been established with the support of Christian Aid
- ii) **Induction training of the Ward Climate Change Planning Committees:** the committees were taken through a 3-day training. This activity was done in partnership with Christian Aid, Ada Consortium and ADS Western (Development Partners).
- iii) **Inauguration of the Ward Climate Change Committees**
- iv) **Implementation for Climate Resilience projects:** Done 5 Wards namely Mungoma, Wodanga, Mwibona, West Bunyore and Gisambai. Four of the projects were completed while the Wodanga project was still in progress by the time of reporting.
- v) **Participatory Risk and Vulnerability Assessment Process:** In partnership with the National Treasury under the FLLoCA Program. The County funded technical committee meetings to prepare the guidelines while the national treasury directly financed ward-based engagements.



## *Vihiga County Climate Change Fund*

### **Annual Report and Financial Statements for the year ended June 30, 2022**

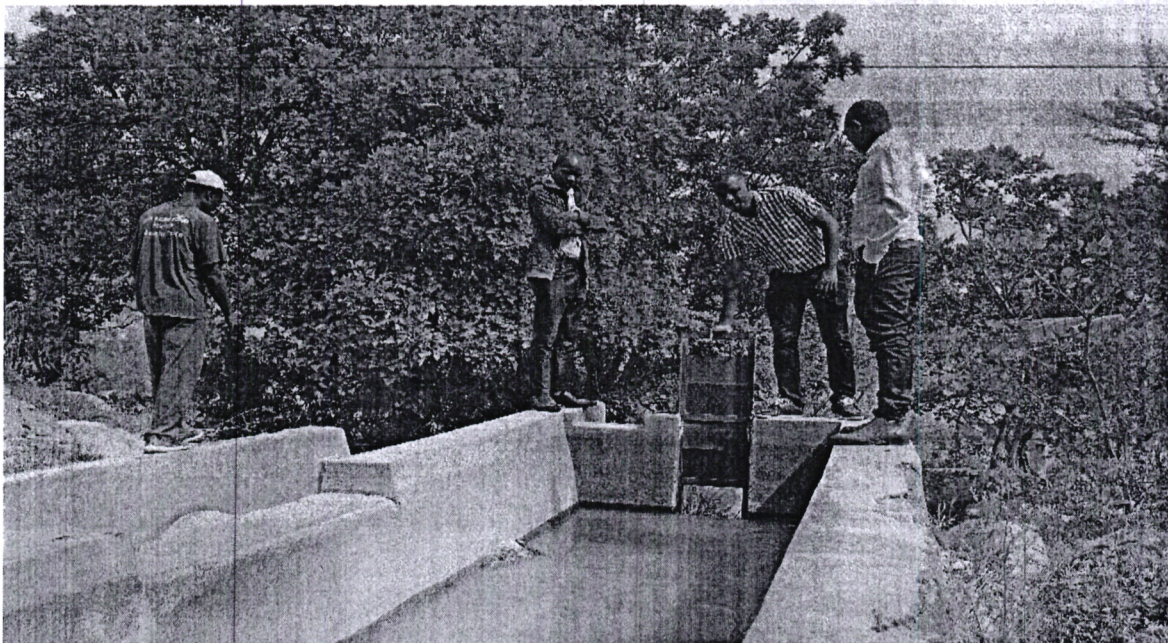
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- vi) Research process to establish innovative ways on waste management was undertaken.
- vii) **Resource mobilization and partnership were up-scaled.** Through this efforts, the Christian Aid and ADS Western have pledged to support the directorate on Climate Change advocacy programs.

During the year the Fund was allocated a total of Kshs. 37 million; Kshs. 7 million being start-up costs and Kshs 30 million being allocated as per the Vihiga climate change act 2019 and its amendments of 2022. On receipt of the above allocation the Fund through the County climate change committee prepared a work plan that was approved by the steering committee for execution.

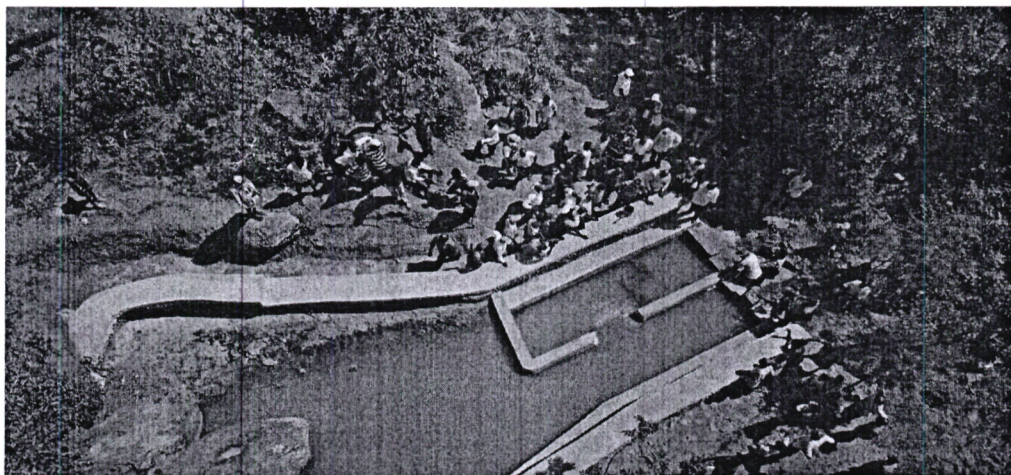
During the year 2021/22 the Fund was able to spent a total of Kshs. 15,633,492; Kshs. 6,392,300 on initial start-up, Kshs. 269,100 on administration costs for County planning committee, Kshs. 629,900 on administration costs for ward climate change planning committees, Kshs. 600,000 on awareness activities, Kshs. 1,199,600 on Research and development, and Kshs. 5,906,664 on Ward climate change projects.

Even though by the close of the only kshs. 5.9 Million out of the 21Million was spent, the ward climate change projects were at a very advanced level of implementation and were pending inspection. The Wodanga project delayed to commence due to land ownership issues but by the time of reporting, a suitable site had been identified at Mudungu Primary School.

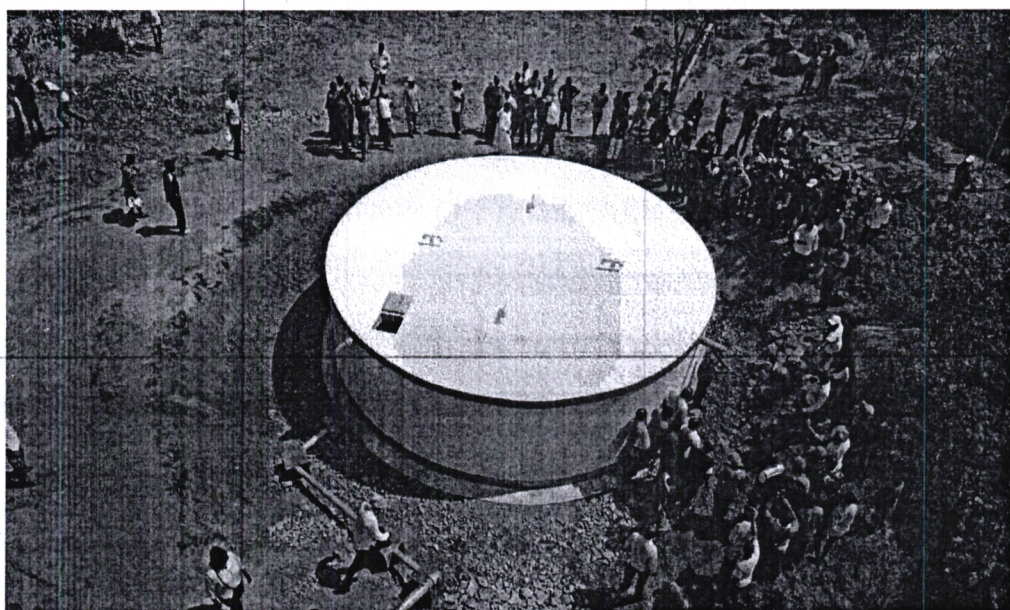


*Picture 1: Buhani irrigation project intake at the beginning of the project*





*Picture 2: Buhani irrigation intake towards completion of the project*

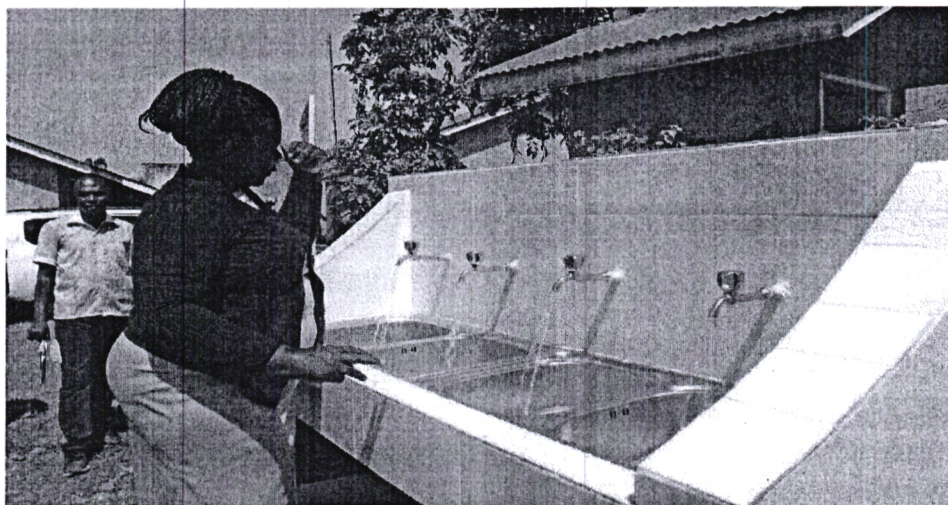


*Picture 3: Buhani irrigation water tank*

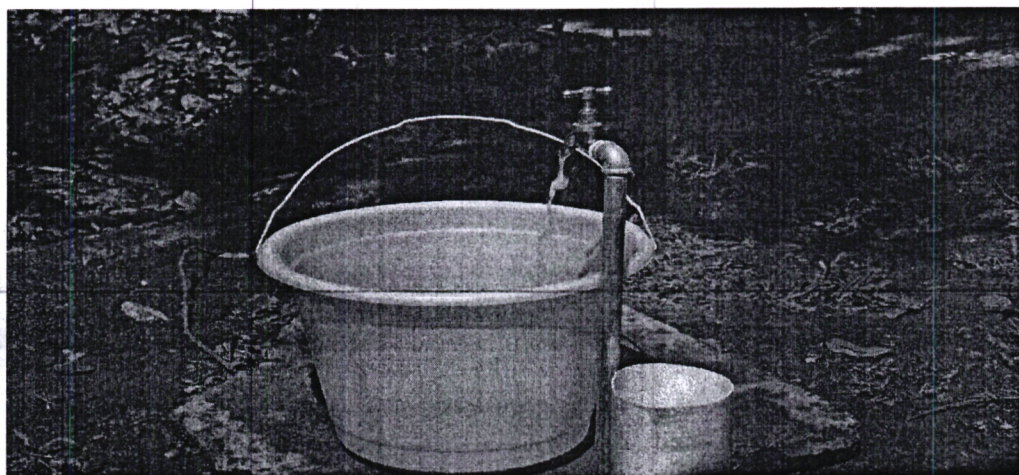




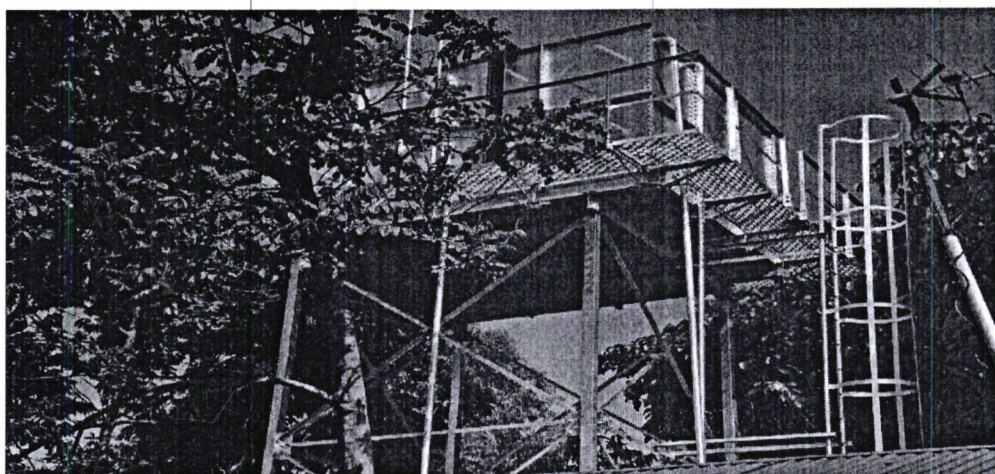
*Picture 4: Solar Panels for Ipali Water Project in West Bunyore ward, solar panels*



*Picture 5: Hand Washing basins at Ipali Health Centre in West Bunyore ward*



*Picture 6: Water tap at a beneficiaries home in West Bunyore ward*





**Vihiga County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

**Picture 7: The Ipali Water tank in West Bunyore ward water tank**

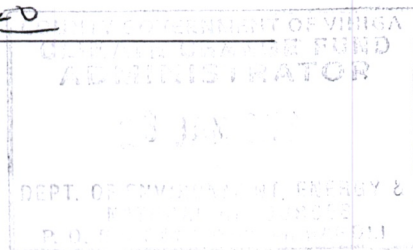


Completed projects include; Rehabilitation of Buhani village Agricultural Water management usage & macro catchment sustainable land management project phase one, in Mungoma ward at a cost of Kshs. 4,661,807, paid amount is Ksh 1,586,880 for the certificate raised as at the closure of the year, and Rehabilitation of Water at Ipali Health Centre in West Bunyore ward at a cost of Kshs. 4,785,235, paid amount is Ksh 4,319,784 for the certificate raised as at the closure of the year. On gongong projects include; Mwibona Rehabilitation of Water Project Mwibona Ward, Kimogoi- Shikomoli Water Project Phase 1 Gisambai Ward and Madungu-Negondo Water Project Phase 1 Wodanga Ward. In the next financial year 2022/23 the Fund has been allocated Kshs. 80 million out of which will be utilized as guided by Section Four of the Vihiga CCCF Act,2019.

Going forward the Climate Change Fund envisions to perform better given the increasing budget for climate change capacity of the Directorate of Climate Change and other governance structures in planning and execution of Climate Change Programs.

Signed: Evans Kisambo

**Evans Kisambo  
Fund Administrator**





**6. 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 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 strategic plan for 2018-2022 are to:

- a) To provide public awareness on climate change and environmental conservation
- b) To establish climate change governance structures, at the ward and county level
- c) To promote climate action initiatives focusing on climate change resilience
- d) To facilitate climate change investments in five wards

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Climate Change Action Plan	To promote climate action initiatives	Increased uptake of green energy, riparian land conserved.	No. of households using green energy and acreage of riparian land conserved.	Solarized water pumps installed in five water project. One river conserved using bamboo
Waste management project	To facilitate investment in recycling of waste	Reduced waste dumping and littering	No. of waste recycling plants implemented	Process ongoing
Reclamation and restoration of degraded forest land using indigenous trees	To increase forest cover under indigenous trees	Degraded forest land reclaimed and restored.	Acreages of degraded forest land restored and reclaimed.	30 acres of degraded land restored and reclaimed

## **7. Corporate Governance Statement**

Section 14 of the Vihiga County Climate Change Fund Act 2019 provides for establishment of the County Climate Change Fund Steering Committee whose membership include the Governor as the Chairperson, CECM finance, CECM environment who is the secretary, CECM Public Health and CECM Agriculture. The Steering Committee serves as the Board of the Vihiga County Climate Change Fund.

In line with the Act, for one to be appointed on the Steering Committee is by virtue of the offices they bear. Their term of service is a period of five years after which another steering committee is appointed, or mandate renewed.

The Steering committee also comprises of representatives of the Business Community, Professionals in the County and Non-Governmental Organisations. For appointment, one must be a person who is actively engaged in climate change activities in the County, recommended by an umbrella organization representing the interest the nominee is to represent on the committee and be seconded by an organization that is actively involved in climate change adaptation, mitigation of climate finance activities in the county. In addition, they should have rare skills, knowledge, talents or linkages that are likely to benefit the Vihiga County Climate Change Fund.

The Steering Committee provides overall guidance for the development of a Climate Finance Framework for the County; facilitates and monitors the implementation of the Climate Finance Framework at the County level, develops necessary linkages for the fund with the national government and other relevant stakeholders outside the county and ensures compliance of the fund administration to the public finance management principles under article 201 of the constitution of Kenya and the provisions in Public Finance Management Act, 2012.

The Steering Committee also ensures that projects approved for funding conform to the Climate Finance Framework and mobilizes funding for projects, programs and activities listed in the Climate Finance Framework. Lastly, the Steering Committee coordinates the Climate Finance projects and programs with other programs in the county and regularly reviews the Framework.

The committee held two meetings in the year, the first meeting was held on 26<sup>th</sup> November 2021 whose agenda was to review the milestones attained in Climate Change Governance in Vihiga, approved the work plan for the initial 7 million program, review the county's readiness for the FLLoCA Program and chart a way forward with regards to the climate change programs in Vihiga.

The second meeting was held on 16<sup>th</sup> March, 2022 where the committee received and approved report for the 3<sup>rd</sup> Quarter and approved work plan for the FY 2022-2023.



## **8. Management Discussion and Analysis**

### **The First Meeting of the Vihiga County Climate Change Planning Committee held on 8<sup>th</sup> April 2022**

The first meeting was held on 8<sup>th</sup> of April at Roddy's Hotel to review and approve the proposals from the five wards. The ex-official members present in the Meeting included the Sub County Water Officers present.

The committee was taken through the project proposals from the wards. The CCCPC examined the details of the proposals particularly the projects identified, the beneficiary wards, the bills of quantities for each and the anticipated environmental and social impacts. Four projects were found to be feasible in line with the project review checklist. These were:

- i) Rehabilitation of Buhani Irrigation Scheme in Mungoma Ward
- ii) Equipping of the Borehole at Jua Kali Centre with solar pumping system in Mwibona Ward
- iii) Equipping of the Ipali Borehole with solar pump and distribution to households
- iv) Kimogoi- Shikomoli Water project (treatment works, solar pumping and distribution)

The project in Wodanga Ward was referred back to the secretariat based on land ownership issues. A sub-committee of the CCCPC comprising of the CO Environment, CO Water and Sanitation, Director Climate Change and Director NEMA was constituted to ensure the project selected for Wodanga meets the Project Selection Criteria.

### **The 2<sup>nd</sup> Meeting of the County Climate Change Planning Committee held on 16<sup>th</sup> June 2022**

The second meeting was held on 16<sup>th</sup> of June at Sosa Cottages to update the CCCPC on the implementation progress of the five projects.

The committee was updated on the progress of the projects per ward. The committee learned that there was need to undertake last mile connections for the Mwibona Project even though the resources allocated for the project was insufficient.

#### **Meeting outcome and way forward**

The CCCPC was impressed by the progress made in the implementation of the projects. The committee further approved shifting of budget line from the purchase of motor vehicle to last mile connectivity for the projects. The committee tasked the Chief Officer in charge of Climate Change to consult the Director Procurement on the process to execute the decision.

Based on the progress reported, the planning committee recommended that:

- i) The Ipali project was complete and due for payment upon satisfactory inspection by a committee to be appointed in line with Public Procurement and Asset Disposals Act, 2015.
- ii) The Kimogoi Shikomoli Project be inspected and where possible the first tranche payment released to the supplier

- iii) The Buhani Irrigation Project implementation progress was satisfactory. Payment be done upon satisfactory inspection by a committee to be appointed in line with the Public Procurement and Asset Disposals Act, 2015.
- iv) The Implementation of Mwibona Water project should be fast tracked in order to enable the launch of the project by HE the Governor
- v) The implementation of the Mudungu water project in Wodanga was behind schedule. The Chief Officer in charge of Climate Change was tasked to make necessary follow-up with the contractor so that he fast tracks the implementation of the project.



## **9. Environmental and Sustainability Reporting**

Vihiga County Climate Change Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

### **1. Sustainability strategy and profile -**

The Climate Change Fund will be sustainable there have been efforts to put in the budget attest two per cent of the County's annual budget. Efforts. By the governor being the chair of the steering committee which is the highest decision making organ and the involvement of the members of the county assembly ensure the right trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

### **2. Environmental performance**

Polices documents that have been developed include:

- The Vihiga County Climate Change Fund Act 2019
- The Vihiga County Climate Change Fund Regulations
- The Vihiga County Climate Change Policy
- The Vihiga County Waste Management Policy

The Act has been operationalized and a fund has been established by the County to support the following thematic areas

1. Social Inclusion
2. Enhancing adaptive capacity
3. Strengthening governance structures and linkages at all levels
4. Integrating Climate resilience into policy and planning

The thematic areas have played a key role in identifying the needs of the community areas with relation to climate change and informed implementation of Climate investments at the Ward level. The investments are meant to enhance Climate change mitigation, adaptation and resilience among the community members,

### **3. Community Engagements-**

#### **Community Awareness Programs**

- Inauguration of the Ward Climate Change Planning Committees
- Training of Ward Climate Change Planning Committees
- Election of Ward Climate Change Leadership
- Radio Programmes for increased Climate Change awareness
- Inauguration of the 25 Ward Climate Change Planning Committees
- Completion of Climate Change investments in 5 Wards
- Conduct participatory risk assessment in 25 Wards
- Completion of the Vihiga County Climate Change Action Plan
- Research

The Directorate also undertook participatory risk assessment risk assessment in 8 Wards. The process is ongoing. Once the risk assessment exercise is complete, it will feed into the draft Vihiga County Climate Change Action plan. The Directorate equally invested in a research program to develop a concept on waste management in Luanda town.



**10. Report of The Trustees**

We have no board of trustees



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

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Vihiga Climate Change Fund Act 2019 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, 2022. This responsibility includes:

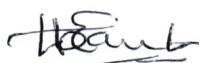
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund;
- (iii) designing, implementing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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Vihiga 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, 2022, 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 steering committee on 27<sup>th</sup> September, 2022 and signed on its behalf by:

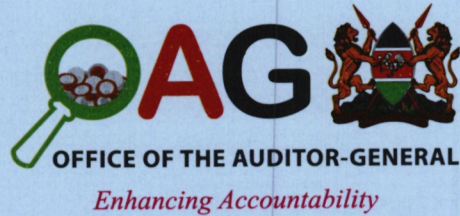


**Evans Kisambo**  
Fund Administrator



# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON CLIMATE CHANGE FUND FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF VIHIGA

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### 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 Climate Change Fund-County Government of Vihiga set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance,

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 Climate Change Fund - County Government of Vihiga as at 30 June, 2022, 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 Vihiga County Climate Change Fund Act, 2019 and the Public Financial Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Non-Compliance with Public Sector Accounting Board Guidelines on IPSAS Accrual Basis**

The following anomalies were noted in the financial statements: -

##### **i. Failure to Disclose Property, Plant and Equipment Assets**

The statement of financial performance reflects an expenditure under use of goods and services of Kshs.15,633,492 as disclosed in Note 2 to the financial statements. The amount includes Kshs.135,000 and Kshs.140,000 incurred for the purchase of furniture and fittings and computers and other office equipment respectively that were expensed instead of being capitalized in line with accruals basis of accounting.

In the circumstances, the accuracy of use of goods and services expenditure of Kshs.15,633,492 could not be confirmed.

##### **ii. Failure to Prepare the Statement of Changes in Net Assets**

Review of the financial statements revealed that the statement of changes in net assets was not prepared contrary to the reporting template prescribed by the Public Sector Accounting Standards Board.

In the circumstances, the financial statements are incomplete and not fairly stated.

##### **iii. Improper Preparation of Statement of Cash Flows**

The statement of cash flows reflects payments for use of goods of Kshs.15,633,492 under operating activities as disclosed in Note 2 to the financial statement. The amount includes Kshs.275,000 incurred for purchase of assets of Kshs.135,000 and Kshs.140,000 respectively. Further, the purchase of assets of Kshs.275,000 was reflected as an investing activity but were not disclosed as additions in the statement of financial position.

In the circumstances, the financial statements do not comply with Accrual Basis of Accounting under IPSAS framework and do not fairly present the cashflow Statement.

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

### **Other Matter**

#### **Budgetary Control and Performance**

The Statement of comparison of budget and actual amounts reflects final receipt budget of Kshs.37,000,000 against actual receipt of Kshs.37,000,000 resulting in 100% funding. Similarly, the statement of comparison of budget and actual amounts reflects actual expenditure of Kshs.15,358,492 against an approved budget of Kshs.37,000,000 resulting to an under-expenditure of Kshs.21,641,508 or 58% of the budget.

In the circumstances, the under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

## **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 Maintain an Imprest Register**

During the year under review, the Management did not maintain an imprest register contrary to Regulation 93(4)(c) of the Public Finance Management (County Governments) Regulations, 2015 which states that before issuing temporary imprests under

Paragraph (2), the Accounting Officer shall ensure that the applicant imprest has been recorded in the imprest register including the amount applied for.

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

## **2. Poor Rehabilitation of Ipali Borehole Water Project**

The statement of financial performance reflects an expenditure of Kshs.15,633,492 in respect to use of goods and services as disclosed in Note 2 to the financial statements. Included in this amount is other (project cost) of Kshs.5,906,664, out of which Kshs.4,319,784 is in respect to rehabilitation of Ipali water project. Physical inspection in the month of November, 2022 revealed that Ipali water project was not providing enough water sufficient for the Ipali Health Centre. This implied that there was no proper survey or testing done to confirm the water quantity level before rehabilitation. Further, there were no trees planted to address climate change challenges as intended.

In the circumstances, there was no value for money for the rehabilitation cost of Kshs.4,319,784 spent on the project could not be confirmed.

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 overall 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 those Charged with Governance**

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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its 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 terminate 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.

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

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

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 overall 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 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 control that are identified during the audit.

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

18 April, 2023

*Vihiga County Climate Change Fund*

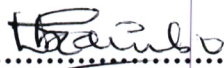
**Annual Report and Financial Statements for the year ended June 30, 2022**


**13. Statement of Financial Performance for The Year Ended 30th June 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations		-	-
Transfers From the County Government	1	37,000,000	-
Fines, Penalties and Other Levies		-	-
		<b>37,000,000</b>	-
<b>Revenue From Exchange Transactions</b>			
Interest Income		-	-
Other Income		-	-
<b>Total Revenue</b>		-	-
<b>Expenses</b>			
Employee Costs		-	-
Use of goods and services	2	15,633,492	-
Depreciation and Amortization Expense		-	-
Finance Costs		-	-
<b>Total Expenses</b>		<b>15,633,492</b>	-
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets		-	-
<b>Surplus/(Deficit) For The Period</b>		<b>21,366,508</b>	-

*(The notes set out on pages xxx to xxx form an integral part of these Financial Statements)*

*Note that the fund began activities in the 2021-2022 and hence no base year figures of 2020-21*

  
.....  
**Name: Evans Kisambo**  
**Administrator of the Fund**

  
.....  
**Benjamin Otwoko**  
**Fund Accountant**  
**ICPAK Member Number: 5177**

COUNTY GOVERNMENT OF VIHIGA  
CLIMATE CHANGE FUND  
ADMINISTRATOR  
DEPT. OF ENVIRONMENT, ENERGY &  
NATURAL RESOURCES  
P. O. Box 344-50300, MARAGOLI

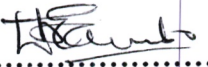
**Vihiga County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

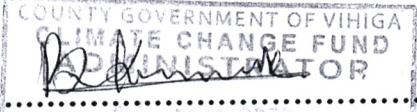
**14. Statement of Financial Position as at 30 June 2022**

	Note	2021/2022	2020/2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	21,366,508	0
<b>Total assets</b>		<b>21,366,508</b>	<b>0</b>
<b>Non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Total liabilities</b>		<b>0</b>	<b>0</b>
<b>Net assets</b>		<b>21,366,508</b>	<b>0</b>
Revolving Fund	Revolving fund	0	0
Reserves	Reserves	0	0
Accumulated surplus	Accumulated	21,366,508	0
<b>Total net assets and liabilities</b>		<b>21,366,508</b>	<b>0</b>

*Note that the fund began activities in the 2021-2022 and hence no base year figures of 2020-21*

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 27<sup>th</sup> September, 2022 and signed by:


  
 Name: Evans Kisambo  
 Administrator of the Fund

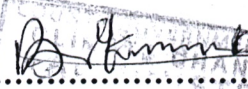
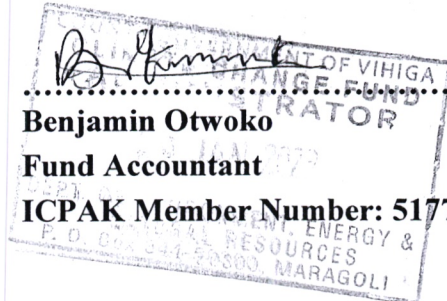
  
 Benjamin Otwoko  
 Fund Accountant  
 ICPAK Member Number: 5177

15. Statement of Cash Flows for The Year Ended 30 June 2022

	Note	2021/2022	2020/2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		0	0
Transfers from the County Government	1	37,000,000	0
Interest received		0	0
Receipts from other operating activities		0	0
<b>Total Receipts</b>		<b>37,000,000</b>	<b>0</b>
<b>Payments</b>			
Use of Goods and Services	3	15,633,492	0
Finance cost		0	0
		<b>15,358,492</b>	<b>0</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)		0	0
Increase/(Decrease) in Accounts Payable: (deposits and retention)		0	0
<b>Net cash flows from operating activities</b>		<b>21,641,508</b>	<b>0</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	4	-275,000	0
<b>Net cash flows used in investing activities</b>		<b>-275,000</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>21,366,508</b>	<b>0</b>
Cash and cash equivalents at 1 JULY		0	0
<b>Cash and cash equivalents at 30 JUNE</b>	3	<b>21,366,508</b>	<b>0</b>

Note that the fund began activities in the 2021-2022 and hence no base year figures of 2020-22

  
 Name: Evans Kisambo  
 Administrator of the Fund

  
 Benjamin Otwoko  
 Fund Accountant  
 ICPAK Member Number: 5177  





**Vihiga County Climate Change Fin  
Annual Report and Financial Statements for the year ended June 30, 2022**

**16. Statement of Comparison of Budget and Actual Amounts for the Period**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Public Contributions And Donations	-	-	-	-	-	
Transfers From County Govt.	37,000,000	-	37,000,000	37,000,000	-	100.00
Interest Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
<b>Total Income</b>	<b>37,000,000</b>	-	<b>37,000,000</b>	<b>37,000,000</b>	-	<b>100.00</b>
<b>Expenses</b>						
Fund Administration Expenses	37,000,000	-	37,000,000	15,358,492	(21,641,508)	41.51
General Expenses	-	-	-	-	-	
Finance Cost	-	-	-	-	-	
<b>Total Expenditure</b>	<b>37,000,000</b>	-	<b>37,000,000</b>	<b>15,358,492</b>	<b>(21,641,508)</b>	<b>41.51</b>
<b>Surplus For The Period</b>	-	-	-	<b>21,641,508</b>	<b>21,641,508</b>	

**Budget notes**

1. Explanation of differences between actual and budgeted amounts of 41.51% is due to late disbursement of funds to the fund account by both the national and county treasury

COUNTY GOVERNMENT OF VIHIGA  
 CLIMATE CHANGE FUND  
 ADMINISTRATOR  
 23 JAN 2022  
  
 DEPT. OF ENVIRONMENT, ENERGY &  
 NATURAL RESOURCES  
 P. O. BOX 100000, NAIROBI



**17. Notes to the Financial Statements**

**1. General Information**

Vihiga County Climate Change Fund is established by and derives its authority and accountability from the Vihiga County Climate Change Fund Act, 2019 (Amended 2021). The entity is wholly owned by the Vihiga County Government and is domiciled in Kenya. The entity's principal activity is to finance climate change programs, projects and activities in line with the Vihiga County Climate Change Fund Act, 2019.

**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) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022**

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

**(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022**

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>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 an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> </ul>



Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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> <p>(a) The nature of such social benefits provided by the Entity;</p>
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were</p>



*Vihiga County Climate Change Find*

**Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></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>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>



**2. 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.

**b) Budget information**

The original budget for FY 2021-2022 was approved by the County Assembly on June 2021. 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 30 million on the FY 2021-2022 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.

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 4 of these financial statements.



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

**c) Property, plant and equipment**

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

**d) 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.

**e) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.



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

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

***Impairment of financial assets***

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.



*Summary of Significant Accounting Policies (Continued)*

**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
- 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.

***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.



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

***Contingent assets***

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

**h) Nature and purpose of reserves**

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

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

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

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

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

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

**k) Foreign currency transactions**

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



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

**l) Borrowing costs**

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

**m) Related parties**

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

**n) Cash and cash equivalents**

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

**o) Comparative figures**

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

**p) Events after the reporting period**

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

**q) Ultimate and Holding Entity**

The entity is a County Public Fund established by the Vihiga County Climate Change Fund Act, 2019 (Amended 2021) under the Department of Environment, Energy Water and Natural Resources. Its ultimate parent is the County Government of Vihiga.

**r) Currency**

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



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

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

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

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

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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



*Vihiga County Climate Change Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**6. Notes to The Financial Statements**

**1. Transfers from County Government**

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	37,000,000	0
Payments By County On Behalf Of The Entity	0	0
<b>Total</b>	<b>37,000,000</b>	<b>0</b>

**2. Use of Goods and Services**

Description	2021/22	2020/21
	Kshs.	Kshs.
Administration Costs	9,090,900	-
Bank Charges	11,203	-
Fuel And Oil Costs	250,000	-
Printing And Stationery	99,725	-
Other (Projects)	5,906,664	-
Furniture and fittings	135,000	-
Computers and office equipment	140,000	-
<b>Total</b>	<b>15,633,492</b>	<b>-</b>

**Administration Costs**

Established of Funds Structures	6,392,300
Administration Costs Planning	269,100
Adm. Costs for Wccpc	629,900
Awareness Activities	600,000
Research and Development	1,199,600
<b>Total</b>	<b>9,090,900</b>



**Vihiga County Climate Change Fund****Annual Report and Financial Statements for the year ended June 30, 2022****Established of Funds Structures**

Activity	Actual Expenditures
Pre Planning And Budgeting Meetings To Agree On Venues, Timelines And Participants For Meetings	144,200
Planning Secretariat Meeting With Donors 1	144,200
Secretariat Retreat For Planning Work Schedules And Other Logistics	216,300
Quarterly Meeting Of The County Climate Change Planning Committee As Per The Vihiga County Climate Change Fund Act,2019	56,000
First Biannual Meeting Of County Climate Change Steering Committee In Line With The Vihiga County Climate Change Fund Act, 2019	36,000
Meeting To Sensitize And Report On Climate Change Progress To County Assembly Environment Committee As Per The VCCCF Act 2019 And The National Climate Change Act,2016	336,700
Consultative Meeting With The Ward Admins To Plan For The Nomination Of Community Members On The Ward Climate Change Fund Committees	205,100
Contribution Donor 1 Payment Of Allowances To Staff And Other Expenses Not Covered By The Donor	135,000
Contribution Donor 2 Payment Of Allowances To Staff And Other Expenses Not Covered By The Donor	84,000
Sensitization Of Citizens On Climate Change And CCCF And Nomination Of Ward Level Climate Change Planning Committee	895,200
Pre Induction Training Of Ward Climate Change Planning Committee To Plan	203,800
Induction Training Of Ward Climate Change Planning Committee	1,005,300
Climate Change Action Plan	1,450,000
Publication Of Climate Change Legislative Documents	133,200
Technical Committee To Finalize The Climate Change Regulations And Policy	205,000
Review Of Climate Change Regulations	290,200
Assembly Committee On Delegated Legislations To Review Of Climate Change Regulations	420,700
Resource Mobilization	279,400
Transport for consultants during induction	60,000
DSA To Nairobi	42,000
Printing Climate Change Regulations	50,000
<b>Totals</b>	<b>6,392,300</b>

**Projects Climate change investments**

Rehabilitation of Buhani village Agricultural. Water management usage & macro catchment sustainable land management project phase one	1,586,880
Ipali rehabilitation of water water project RFQ/VCG/415/2021-2022	4,319,784
<b>TOTAL</b>	<b>5,906,664</b>

9

**Vihiga County Climate Change Fund**

**Annual Report and Financial Statements for the year ended June 30, 2022**

**3. Cash and cash equivalents**

Description	2021/20222	2020/2021
	Kshs	Kshs
Current account	21,366,508	0
<b>Total cash and cash equivalents</b>	<b>21,366,508</b>	<b>0</b>

**4. Property, plant and equipment**

	Land and Building	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2021</b>					
Additions	0	0	135,000	140,000	<b>275,000</b>
Disposals	(0)	0	0	0	<b>(0)</b>
Transfer/adjustments	(0)	0	0	(0)	<b>(0)</b>
<b>At 30<sup>th</sup> June 2022</b>	<b>0</b>	<b>0</b>	<b>135,000</b>	<b>140,000</b>	<b>275,000</b>
<b>Depreciation and impairment</b>					
<b>At 1<sup>st</sup> July 2021</b>					
Depreciation	(0)	(0)	(0)	-	<b>(0)</b>
Disposals	0	-	-	-	<b>0</b>
Impairment	(0)	(0)	-	-	<b>(0)</b>
Transfer/adjustment	0	(0)	(0)	0	<b>0</b>
<b>At 30<sup>th</sup> June 2020</b>	<b>0</b>	<b>0</b>	<b>135,000</b>	<b>140,000</b>	<b>275,000</b>
<b>Net book values</b>					
<b>At 30<sup>th</sup> June 2021</b>	<b>0</b>	<b>0</b>	<b>135,000</b>	<b>140,000</b>	<b>275,000</b>
<b>At 30<sup>th</sup> June 2022</b>	<b>0</b>	<b>0</b>	<b>135,000</b>	<b>140,000</b>	<b>275,000</b>



**Vihiga County Climate Change Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**5. Statement of Comparison of Budget and Actual Amounts for the Period**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Public Contributions And Donations	-	-	-	-	-	
Transfers From County Govt.	37,000,000	-	37,000,000	37,000,000	-	100.00
Interest Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
<b>Total Income</b>	<b>37,000,000</b>	<b>-</b>	<b>37,000,000</b>	<b>37,000,000</b>	<b>-</b>	<b>100.00</b>
<b>Expenses</b>						
Fund Administration Expenses	37,000,000	-	37,000,000	15,358,492	(21,641,508)	41.51
General Expenses	-	-	-	-	-	
Finance Cost	-	-	-	-	-	
<b>Total Expenditure</b>	<b>37,000,000</b>	<b>-</b>	<b>37,000,000</b>	<b>15,358,492</b>	<b>(21,641,508)</b>	<b>41.51</b>
<b>Surplus For The Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,641,508</b>	<b>21,641,508</b>	

23 JAN 2023  
 DEPT. OF TREASURY & FINANCE



**Other Disclosures Continued**

**5. 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.

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.



*Vihiga County Climate Change Fund*

**Annual Report and Financial Statements for the year ended June 30, 2022**

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2021</b>				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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



**Vihiga County Climate Change Fund**

**Annual Report and Financial Statements for the year ended June 30, 2022**

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

		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

*The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.*

**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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>2022</b>			
Euro	10%	0	0
USD	10%	0	0
<b>2021</b>			
Euro	10%	0	0
USD	10%	0	0



*Vihiga County Climate Change Fund*

**Annual Report and Financial Statements for the year ended June 30, 2022**

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

**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:

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
<b>Total funds</b>	<b>0</b>	<b>0</b>
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
<b>Gearing</b>	<b>0%</b>	<b>0%</b>



***Vihiga County Climate Change Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**18. Progress On Follow Up of Prior Year Auditor's Recommendations**

The fund has no previous Auditors recommendations; this is the first audit.





**VIHIGA COUNTY CLIMATE CHANGE FUND TRIAL BALANCE FOR THE YEAR ENDED 30th JUNE 2022**

Description		Dr	Cr
		Kshs	Kshs
<b>RECEIPTS</b>			
Receipts from CE			37,000,000
<b>Payments</b>			
<b>Use of goods and services</b>		15,633,492	
Admin Cost	9,090,900		
Fuel and oil costs	250,000		
Printing and stationery	99,725		
Bank Charges	11,203		
Other expenses (PROJECTS COSTS)	5,906,664		
Furniture and fittings	135,000		
Computers and office equipment	140,000		
<b>Bank Balances</b>			
Equity bank - 0960280085529		21,366,508	
		37,000,000	37,000,000

DEPT. OF CLIMATE CHANGE AND ENVIRONMENT  
VIHIGA COUNTY



## EXPENDITURE SCHEDULES

## 1. Use of Goods and Services

Description	2021/22
	Kshs.
Administration Costs	9,090,900
Bank Charges	11,203
Fuel And Oil Costs	250,000
Printing And Stationery	99,725
Other (Projects)	5,906,664
Furniture and fittings	135,000
Computers and office equipment	140,000
<b>Total</b>	<b>15,633,492</b>

**Administration Costs**

Established of Funds Structures	6,392,300
Administration Costs Planning	269,100
Adm. Costs for Wccpc	629,900
Awareness Activities	600,000
Research and Development	1,199,600
<b>Total</b>	<b>9,090,900</b>

**Established of Funds Structures**

Activity	Expenditures
Pre Planning And Budgeting Meetings To Agree On Venues, Timelines And Participants For Meetings	144,200
Planning Secretariat Meeting With Donors 1	144,200
Secretariat Retreat For Planning Work Schedules And Other Logistics	216,300
Quarterly Meeting Of The County Climate Change Planning Committee As Per The Vihiga County Climate Change Fund Act,2019	56,000



First Biannual Meeting Of County Climate Change Steering Committee In Line With The Vihiga County Climate Change Fund Act, 2019	36,000
Meeting To Sensitize And Report On Climate Change Progress To County Assembly Environment Committee As Per The VCCCF Act 2019 And The National Climate Change Act,2016	336,700
Consultative Meeting With The Ward Admins To Plan For The Nomination Of Community Members On The Ward Climate Change Fund Committees	205,100
Contribution Donor 1 Payment Of Allowances To Staff And Other Expenses Not Covered By The Donor	135,000
Contribution Donor 2 Payment Of Allowances To Staff And Other Expenses Not Covered By The Donor	84,000
Sensitization Of Citizens On Climate Change And CCCF And Nomination Of Ward Level Climate Change Planning Committee	895,200
Pre Induction Training Of Ward Climate Change Planning Committee To Plan	203,800
Induction Training Of Ward Climate Change Planning Committee	1,005,300
Climate Change Action Plan	1,450,000
Publication Of Climate Change Legislative Documents	133,200
Technical Committee To Finalize The Climate Change Regulations And Policy	205,000
Review Of Climate Change Regulations	290,200
Assembly Committee On Delegated Legislations To Review Of Climate Change Regulations	420,700
Resource Mobilization	279,400
Transport for consultants during induction	60,000
DSA To Nairobi	42,000
Printing Climate Change Regulations	50,000
<b>Totals</b>	<b>6,392,300</b>

### Projects Climate change investments

Rehabilitation of Buhani village Agricultural. Water management usage & macro catchment sustainable land management project phase one	1,586,880
Ipali rehabilitation of water water project RFQ/VCG/415/2021-2022	4,319,784
<b>TOTAL</b>	<b>5,906,664</b>

