

REPUBLIC OF KENYA



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**REPORT**

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**OF**

**THE AUDITOR-GENERAL**

**ON**

**WAJIR COUNTY CLIMATE CHANGE FUND**

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



OFFICE OF THE AUDITOR GENERAL  
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**COUNTY GOVERNMENT OF WAJIR**

**THE WAJIR 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)

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

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**1. Key Entity Information and Management**

**a) Background information**

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

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

**b) Principal Activities**

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

**c) Wajir County Climate Change Fund Administration Committee**

Ref	Position	Name
1	Chairperson of the Board	Mrs Roney Maow Yussuf
2	Committee Member	Mr Noor Sheikh
3	Committee Member	Hussein Mohamed Nur
4	Committee Member	Ahmed G Omar
5	Committee Member	Yahya Dahir

**d) Key Management**

Ref	Position	Name
1	CEC Environment, Energy and Natural resource/Chairperson	Roney Maow Yussuf
2	Fund Accountant	Fosia Gedi Abdullahi
3	Fund Administrator/Secretary	Ahmed Mohamed Noor

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**e) Environment, Natural Resource & Energy**

County Government of Wajir  
P.O. Box 11-30500  
County Headquarters.  
Wajir  
KENYA

**Fund Contacts**

E-mail: [info@wajir.go.ke](mailto:info@wajir.go.ke)  
Twitter [@WajirCountyKE](https://twitter.com/WajirCountyKE)  
Website: [www.Wajir.go.ke](http://www.Wajir.go.ke)

**Fund Bankers**

**Wajir County Climate Change Fund's Bankers**

Kenya Commercial Bank  
Wajir Branch  
P.O. Box 426-70200  
Wajir, Kenya

**Independent Auditors**

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

**f) Principal Legal Adviser**

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





**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**2. The Board of Fund Administration Committee**

Name	Details of qualifications and experience
1. Roney Maow Yussuf  Chairperson	Mrs. Roney was born in 1974. She started her career as teacher and later rose to her ranks in the field of Education and different levels of management. She is career civil over 20 years of experience with bachelor of Education (Arts). She is the former chairperson of the board and same time the CECM for the parent department.
Mr Noor Sheikh  Committee Member	Noor was born in 1979. He started his career as Lab. technologist and later rose to her ranks in the field of Health science and different levels of management both in government and NGO. He has over 20 years of experience and possesses a degree in Bsc(Microbiology)
2. Hussein Mohamed Noor  Committee Member	Hussein was born in 1988. He has wealth of experience both public and private sector for over 12 years. Hussein hold Bachelor degree in Arts ( Sociology and political science) and MA (Public Administration).
3. Ahmed Guhad Omar  Committee Member	Ahmed was born in 1974. He started his career as a pharmacist and later rose to her ranks in the field of Health science and different levels of management both in government and private sector. He has over 20 years of experience and hold bachelor degree in Developmental studies.
4. Yahya Dahir  Committee Member	Yahya was born in 1987. He has wealth of experience both in public and Humanitarian sector for over 10 years. Yahya hold Bachelor degree in Environmental Science


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**3. Management Team**

Name	Details of qualifications and experience
<p>1. Roney Maow Yussuf</p> 	<p>Mrs. Roney was born in 1974. She started her career as teacher and later rose to her ranks in the field of Education and different levels of management. She is career civil over 20 years of experience with bachelor of Education (Arts). She is the chairperson of the board and same time the CECM for the parent department.</p>
<p>2. Khalif Abdi Ali</p>  <p><b>Current CECM</b></p>	<p>Khalif was born in 1960 with bachelor of Arts (Governance and Development). He has over 40 years of experience in public sector rising from District Commissioner, Deputy County commissioner, County Chief officer and currently CECM for Environment &amp; Climate change</p>
<p>3. Fosia Gedi Abdullahi</p> 	<p>CPA Fosia was born in 1993 and has over 6 years of experience in Finance and accounting. She started her career as a banker and later joined the Fund as Fund Accountant. She holds bachelor degree in Commerce ( Banking &amp; Finance), CPA and member of Institute of certified Public Accountant of Kenya (ICPAK)</p>
<p>4. Ahmed Mohamed Noor</p>  <p><b>Former Fund Administrator</b></p>	<p>Ahmed was born in 1982. He started his career as an Accountant and later rose to ranks in different levels of management both in government and humanitarian sector. He has over 20 years of experience. Ahmed hold a bachelor degree in Business Administration (Finance) and he is certified Public Accountant (CPA-K). He is also</p>

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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	doubled up as the Chief officer of the department
<p>5. Dakane Shimoy Dugow</p>  <p><b>Current Fund Administer</b></p>	<p>Dakane was born in 1977 and possesses Bachelor of Science –Medical Laboratory. Dakane has over 12 years of experience both in Public and private sector. He is currently the County Chief Officer Environment and Climate Change.</p>

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

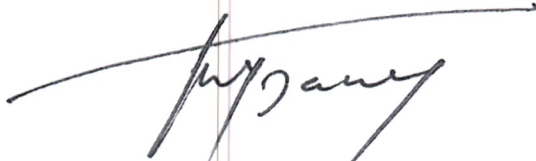
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**4. The Fund Chairperson's Report**

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

In view of the above, it is my pleasure to present the Wajir County Government financial statements for the period ending 30th June 2022. The financial statements present the financial performance of the County Government over the past year. The statements are prepared in accordance with the cash basis of accounting method under the International Public Sector Accounting Standards (IPSAS).

Statements presented include a statement of Receipts and Payments, a statement of Assets and Liabilities, Cash flow Statement, a statement of Comparative budget and actual amount and the Notes to the Financial Statements. The Financial Year 2021/2022 was the ninth full financial year under the devolved governance structure after the County government came into office in March 2013.



**KHALIF ABDI ALI**

**CECM ENVIRONMENT, NATURAL RESOURCE & ENERGY**  
**COUNTY GOVERNMENT WAJIR**

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**5. Report of The Fund Administrator**

The Wajir County Climate Fund draw its powers from the Wajir Climate Change Act 2016, which was later amended in 2019 due its inconsistency with the National Climate Act. The Fund started its operation in the financial year 2017/2018. The fund has two levels of committee, that is, the County Climate change planning committee and lower level Ward Climate Change committee spread over the 30 wards in Wajir County. The ward committee identifies the priority list of climate change projects and forward to the County Climate Change Planning committee who allocate projects according to needs, population and budgetary allocations. The Fund received only two disbursements from the County Executive of Kshs 80,000,000 and kshs 75,000,000 in the financial year 2019/2020 and 2020/2021 respectively.

In FY 2021/2022 there was no disbursement to the Wajir County Climate Fund for the financial year due to late disbursement of fund from the exchequer precipitated by court cases on development funds by the merchants as well as other competing needs within the county. This has hampered the impressive performance of the fund despite the elaborate midterm plan for the financial year. The fund is in consultation with National government for more transfers and support since the fund had tremendous positive impact on climate change issues and mitigation measures.



## **6. Statement of Performance Against Fund/Entity's Predetermined Objectives**

### **Introduction**

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

### **Wajir County has a vision to be**

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

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

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

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

### **Strategic development objectives**

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

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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

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

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

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

## **7. Corporate Governance Statement**

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

- a. succession plan,
- b. existence of a service charter,
- c. process of appointment and removal of Administration Committee members,
- d. roles and functions of the Administration Committee members,
- e. induction and training, Administration Committee members and member's performance,
- f. conflict of interest,
- g. board remuneration,
- h. ethics and conduct as well as governance audit undertaken if any

**WAJIR COUNTY CLIMATE CHANGE FUND**  
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**8. Management Discussion and Analysis**

During the financial year under review, there was no disbursement to the Wajir county Climate change fund for facilitating community initiated climate change adaptation and mitigation activities in the county, establishing Climate finance mechanisms in the county as well as coordinating support from the National government climate change policy and legislative framework. Thus, improving the general wellbeing of the environment for maximum benefit of the current and future generation has hampered due to lack of financial support. The County Climate change committees in consultation with the parent ministry at the national Government are soliciting for additional funding in the future for mitigation measures.

The County Executive committee member in charge of Finance will publish the Climate Finance Framework for the county for every two years. The Climate change framework shall be developed through consultative process spearheaded by the County Climate Change Planning committee

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

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

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

The County projects implementation was greatly affected by the Covid-19 Pandemic in the second half of the year. Most of the County programs and projects were deferred and great focus given to fighting the pandemic.

### **2. Environmental performance**

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

### **3. Employee welfare**

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

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

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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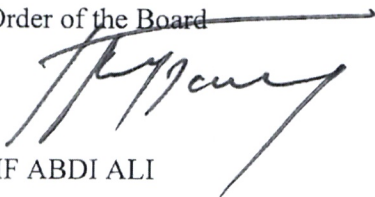
**4. Market place practices**

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

**5. Community Engagements**

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

By Order of the Board



KHALIF ABDI ALI

**CEC EVIRONMENT, ENERGY AND NATURAL RESOURCES**

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**10. Report of The Fund Administration Committee**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

**Principal activities**

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

**Results**

The performance of the Fund for the year ended June 30, 2022, are set out from page 1

**Trustees**

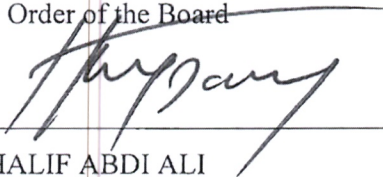
The members of the Administration Committee who served during the year are shown on page V

There were no changes in the administration Committee during the financial year.

**Auditors**

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

By Order of the Board



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KHALIF ABDI ALI

Chairperson,

**Wajir County Climate Change Fund**

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

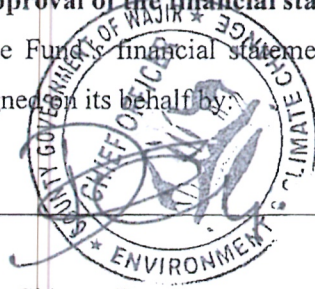
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In preparing the financial statements, the Administrator of the County Climate Change Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation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

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

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 27<sup>th</sup> September 2022 and signed on its behalf by:

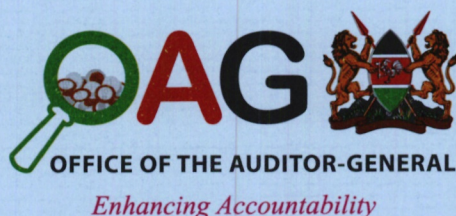


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Dakane Shimoy Dugow

**Administrator of the Wajir County Climate Change Fund**

# REPUBLIC OF KENYA



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

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

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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, gazetted 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**

#### **Opinion**

I have audited the accompanying financial statements of Wajir County Climate Change Fund set out on pages 1 to 22 which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of cash flows,

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Wajir County Climate Change Fund 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 the Public Finance Management Act, 2012 and the Wajir County Climate Change Fund Act, 2019

### **Basis for Opinion**

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

### **Unresolved Prior Year Audit Issues**

Various prior year audit issues remained unresolved as at 30 June, 2022. Although the issues were indicated as resolved, the Management did not provide evidence on how they were resolved since Senate had not discussed the report and made recommendations.

## **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, I confirm that, nothing 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**

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and Fund Administration Committee**

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

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

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

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

The Fund Administration Committee is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 Fund's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 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 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**

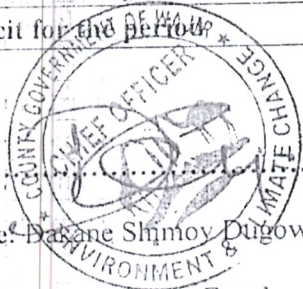
**Nairobi**

**13 April, 2023**

**WAJIR COUNTY CLIMATE CHANGE FUND**  
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**13. Statement of Financial Performance for the Year Ended 30th June 2022**

	Note	FY2021/2022	FY2020/2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	1	0	75,000,000
Fines, penalties and other levies		0	
<b>Revenue from exchange transactions</b>			
Interest income		0	
Other income		-	
<b>Total revenue</b>		<b>0</b>	<b>75,000,000</b>
<b>Expenses</b>			
Climate change projects	2	0	72,702,688
General expenses	3	307,425	2,032,302
<b>Total expenses</b>		<b>307,425</b>	<b>74,734,990</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets		-	-
<b>Deficit for the period</b>		<b>(307,425)</b>	<b>265,010</b>



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

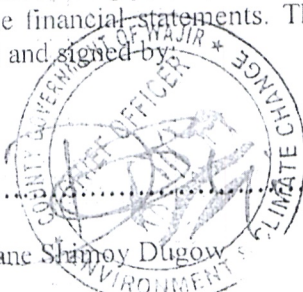
*FGA*  
 Name: Fosia Gedi Abdullahi  
 Fund Accountant  
 ICPAK Member Number: 25980


**WAJIR COUNTY CLIMATE CHANGE FUND**  
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**14. Statement of Financial Position for the Financial year ended 30<sup>th</sup> June 2022**

	Note	FY2021/2022 Kshs	FY2020/2021 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	126,381	433,806
Current portion of long term receivables from exchange transactions		-	-
<b>Non-current assets</b>			
<b>Total assets</b>		<b>126,381</b>	<b>433,806</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
<b>Non-current liabilities</b>			
Non-current employee benefit obligation		-	-
Long term portion of borrowings		-	-
<b>Total liabilities</b>		<b>-</b>	<b>-</b>
<b>Net assets</b>			
Reserves		-	-
Accumulated surplus		126,381	433,806
<b>Total net assets and liabilities</b>		<b>126,381</b>	<b>433,806</b>

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 27th September 2022 and signed by:

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


.....  
  
 CPA Fosia Gedi Abdullahi  
 Fund Accountant  
 ICPAK Member Number:25980

**WAJIR COUNTY CLIMATE CHANGE FUND**  
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**15. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2022**

	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs
<b>Balance as at 1 July 2020</b>	-	168,796	<b>168,796</b>
Surplus/(deficit) for the period	-	265,010	<b>265,010</b>
Funds received during the year	-	-	-
Revaluation gain	-	-	-
<b>Balance as at 1 July 2021</b>	-	<b>433,806</b>	<b>433,806</b>
<b>Balance as at 1 July 2021</b>	-	433,806	433,806
Surplus/(deficit) for the period	-	(307,425)	(307,425)
Funds received during the year	-	-	-
Revaluation gain	-	-	-
<b>Balance as at 1 July 2022</b>	-	<b>126,381</b>	<b>126,381</b>

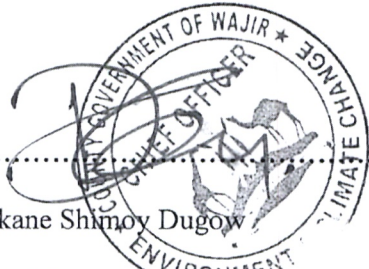
  
 Dakane Shimoy Dugow  
**Administrator of the Fund**


  
 CPA Fosia Gedi Abdullahi  
**Fund Accountant**  
**ICPAK Member Number: 25980**

**WAJIR COUNTY CLIMATE CHANGE FUND**  
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**16. Statement of Cash Flows for The Year Ended 30 June 2022**

	Note	2021-2022	FY 2020-2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		-	75,000,000
<b>Total Receipts</b>		-	<b>75,000,000</b>
<b>Payments</b>			
Climate change projects		-	72,702,688
Administration cost		307,425	2,032,302
<b>Total Payments</b>		<b>307,425</b>	<b>74,734,990</b>
<b>Net cash flows from operating activities</b>		<b>-307,425</b>	<b>265,010</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable:			-
Increase/(Decrease) in Accounts Payable:			-
<b>Cash flows from investing activities</b>			
<b>Net cash flows used in investing activities</b>			-
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>			-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>-307,425</b>	<b>265,010</b>
Cash and cash equivalents at 1 JULY		433,806	168,796
<b>Cash and cash equivalents at 30 JUNE</b>		<b>126,381</b>	<b>433,806</b>

  
 Dakane Shimoy Dugow  
**Administrator of the Fund**

  
 Fosia Gedi Abdullahi  
**Fund Accountant**  
 ICPAK Member Number: 25980

**WAJIR COUNTY CLIMATE CHANGE FUND**  
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**17. Statement of Comparison of Budget and Actual Amounts for The Period**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2021	2021	2021	2021	2021	2021
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Transfers from County Govt.	75,000,000	-	75,000,000	0	75,000,000	0%
<b>Total income</b>	<b>75,000,000</b>	<b>-</b>	<b>75,000,000</b>	<b>0</b>	<b>75,000,000</b>	<b>0%</b>
<b>Expenses</b>						
General expenses	2,250,000	-	2,250,000	307,425	1,942,575	16%
Climate change projects	72,750,000	-	72,750,000	0	72,750,000	0%
<b>Total expenditure</b>	<b>75,000,000</b>	<b>-</b>	<b>72,750,000</b>	<b>307,425</b>	<b>75,000,001</b>	<b>100%</b>
<b>Surplus for the period</b>		<b>-</b>	<b>0</b>	<b>-</b>	<b>126,381</b>	<b>16%</b>

Explanation on underperformance of the fund

- No fund transfer from the County Government for the financial under review due to delays from exchequer release precipitated by court injunction on development money during the financial year.

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**18. Notes to the Financial Statements**

**1. General Information**

The Wajir Climate Change Fund is established by and derives its authority and accountability from Wajir Climate Change Fund Act. The entity is wholly owned by the Wajir County Government and is domiciled in Kenya. The entity's principal activity is to facilitate community initiated Climate Change Adaptation and mitigation activities on matters climate change.

**2. Statement of compliance and basis of preparation**

The Wajir Climate Change 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 pandemic. 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:
IPSAS 41: 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>

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Standard	Effective date and impact:
	<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> <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: Social Benefits</b></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> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

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Standard	Effective date and impact:
	<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 inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></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><i>Applicable 1<sup>st</sup> January 2025</i></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 cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></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</p>

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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Standard	Effective date and impact:
Operations	sell and the depreciation of such assets to cease and:  Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

**(iii) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2022.

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**1. Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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 30<sup>th</sup> August 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 no additional appropriations 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 five of these financial statements.

**c) Property, plant and equipment**

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

**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.

**a) 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.

*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.

**WAJIR COUNTY CLIMATE CHANGE FUND**  
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***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.

**b) 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

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

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- 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.

**c) Provisions**

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the 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.

***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.

**d) Nature and purpose of reserves**

The Wajir County Climate Change Fund does not create and maintains reserves in terms of specific requirements.

**WAJIR COUNTY CLIMATE CHANGE FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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

The Wajir County Climate Change Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

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

The Wajir County Climate Change Fund does not provide 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.

**g) 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.

**h) Related parties**

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

**i) 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.

**j) Comparative figures**

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

**k) Events after the reporting period**

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

**l) Ultimate and Holding Entity**

The Wajir County Climate Change Fund is a County Public Fund established by the Wajir County Climate Change Fund Act 2019 under Department of Environment, Energy and Natural Resources. Its ultimate parent is the County Government of Wajir.

**m) Currency**

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

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

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

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- 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 Notes.

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

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**6. Notes to The Financial Statements**

**1. Transfers from County Government**

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	0.00	75,000,000
<b>Total</b>	<b>0.00</b>	<b>75,000,000</b>

**2. Climate Change projects**

Description	FY2021/2022	FY2020/2021
	Kshs	Kshs
Climate Change Projects	0	72,702,688

**3. General Expenses**

Description	FY2021/2022	FY2020/2021
	Kshs	Kshs
Administrative Expenses	0	1,572,899
Printing and Stationery Expense	300,000	327,000
Travel Coast	0	125,000
Hospitality	0	0
Bank Charges	7,425	7,403
<b>Total</b>	<b>307,425</b>	<b>10,020</b>

**4. Cash and cash equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	126,381	433,806
<b>Total Cash And Cash Equivalents</b>	<b>126,381</b>	<b>433,806</b>

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

		2020/2021	2019/2020
Financial institution	Account number	KES	KES
Kenya Commercial Bank	1224515609	126,381	433,806
<b>Sub- total</b>		<b>126,381</b>	<b>433,806</b>
<b>Grand total</b>		<b>126,381</b>	<b>433,806</b>

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**5. Related party balances**

**a) Nature of related party relationships**

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

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

**6. Financial risk management**

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

**b) Liquidity risk management**

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

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

**c) Market risk**

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 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.

**Foreign currency sensitivity analysis**

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,

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with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

**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:

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Non-submission of Prior Years Financial Statements	The Management gives the assurance that going forward all financial reports will be prepared and submitted on or before statutory deadlines.	Resolved	
2.1	Inconsistencies in Format and Presentation of Financial Statements	The anomalies in the financial statement was corrected, amended and submitted for review and verification	Resolved	
3.1	Inaccuracy in the Statement of Comparison of Budget and Actual Amounts	Management has prepared estimates of expenditure for the financial years under review as required by Section 149(2) (h&i) of the Public Finance Management Act, 2012	Resolved	
4.1	Irregularities in Procurement of Goods and	The approved projects list with engineer's estimates were	Resolved	

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	Works	provided with the evaluation committee as a guide		
5.0	Failure to Provide List of Approved Projects	the Fund has prepared list of proposed climate change projects with the tentative amount that was prepared at the Fund level and approved by County Executive Committee Member for finance	Resolved	
6.0	Failure to Establish Audit Committee	The County Audit Committee was recruited and inaugurated	Resolved	
6.2	Weakness in Internal Controls	The payment vouchers were authorized and submitted for audit review and verification	Resolved	