

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 12 JUN 2024	DAY
TABLED BY:	Deputy Leader.
CLEARANCE OF THE CHAIRMAN	Majority party
	Miniam Mado

OF

THE AUDITOR-GENERAL

ON

**NATIONAL DROUGHT MANAGEMENT
AUTHORITY**

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



National Drought Management Authority (NDMA)
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

**National Drought Management Authority
Annual Report and Financial Statements
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I. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DCADR	Dryland Climate Action for Community Drought Resilience
EDE	Ending Drought Emergencies
EDPRCWI	Enhancing Drought Preparedness & Response Capacity for Water Intervention
EU	European Union
EWS	Early Warning system
GCF	Green Climate Fund
HSNP	Hunger Safety-net Programme
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
IUCN	International Union for Conservation of Nature
KCEP- CRAL	Kenya Cereals Enhancement Programme-Climate Resilient Agricultural Livelihoods
KSEIP	Kenya Social Economic Inclusion Programme
NDEF	National Drought Emergency Fund
NDMA	National Drought Management Authority
NT	National Treasury
OAG	Office of the Auditor General
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SDRM	Support to Drought Risk Management
SC	State Corporations
TWENDE	towards Ending Drought Emergencies
UNDP	United Nation Development Programme
WFP	World Food Programme

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B: Glossary of Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The National Drought Management Authority was established under the National Drought Management Authority (NDMA) Act on 7th April 2016. The Entity is domiciled in Kenya and has branches in 23 Counties, namely: Baringo; Garissa; Isiolo; Mandera; Marsabit; Samburu; Tana River; Turkana; Wajir; Embu (Mbeere); Kajiado; Kilifi; Kitui; Kwale; Laikipia; Lamu; Makueni; Meru (North); Narok; Nyeri (Kieni); Taita Taveta; Tharaka Nithi; and West Pokot. In addition, the Authority has satellite offices in Ijara, Mwingi and Moyale

(b) Principal Activities

Core Functions

The functions of the Authority as per the NDMA Act 2016 are as follows:

- a) Exercise overall coordination over all matters relating to drought management including implementation of policies and programmes relating to drought management.
- b) Coordinate drought response initiatives being undertaken by other bodies, institutions and agencies.
- c) Promote the integration of drought response efforts into development policies, plans, programmes and projects in order to ensure the proper management of drought.
- d) Develop, in consultation with stakeholders, an efficient drought early warning system and operate the system.
- e) Facilitate national and county level drought contingency processes and the preparation of national and county level drought contingency plans.
- f) Establish and review, in consultation with stakeholders and relevant institutions and agencies, drought preparedness strategies.
- g) Identify, design and implement projects and programmes that shall strengthen resilience to drought and climate change.
- h) Publish and disseminate manuals, codes or guidelines relating to drought management and prevention or abatement of the extreme effects of drought on human, plant and animal life.
- i) Conduct research on drought management and generate, consolidate and disseminate drought management information.

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- j) Render advice and technical support to persons, bodies or institutions engaged in drought management so as to enable them to carry out their responsibilities effectively.
- k) Coordinate with the national government where a drought situation requires the declaration of a national or international disaster.
- l) Coordinate the design and implementation of the country's regional and international commitments pertaining to drought management.
- m) Prepare and issue an annual report on the state of drought management in Kenya.
- n) Perform such other functions as are incidental or conducive to the exercise, by the Authority, of any or all of the functions provided for under this Act.

Mandate, Vision and Mission

Mandate: The NDMA Act, 2016, mandates the Authority to exercise overall coordination over all matters relating to drought risk management and to establish mechanisms, either on its own or with stakeholders that will end drought emergencies in Kenya.

Vision: To be a world-class Authority in drought risk management and climate change adaptation.

Mission: To provide leadership and coordination of Kenya's efforts in the management of drought risk and adaptation to climate change.

Strategic Objectives

The NDMA 2018 to 2022 Strategic Plan seeks to enhance drought resilience and climate change adaptation.

To realize this goal, the Authority is pursuing the following seven strategic objectives: -

- i. To strengthen institutional and community resilience to drought risk and climate change.
- ii. To provide drought and climate information to facilitate concerted actions by relevant stakeholders.
- iii. To protect livelihoods of vulnerable households and community systems to cope and recover from drought shocks.
- iv. To ensure coordinated action on drought risk management by government and other stakeholders.
- v. To enhance resource mobilisation and partnerships for drought risk management and climate change adaptation at county, national, regional and global levels.
- vi. To strengthen planning, performance management and knowledge management (for DRM and CCA).
- vii. To strengthen NDMA institutional capacity to provide leadership in drought risk management at national and county levels.

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(c) Key Management

(d) The Entity's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Chief Executive Officer	Hared Hassan Lt. Col (Rtd)
2.	Head of Finance	Mr. Yussuf Roba Bagaja
3.	Head of Procurement	Mr. Hussein Adan Bilala

(e) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No	Designation	Name
.		
1	Chief Executive Officer	Hared Hassan Lt. Col (Rtd)
2	Director Corporate Services	Mr. Hashim Adan Ali
3	Ag. Director Technical Services	Mr. Saiyana Lembara
4	Director Planning, Monitoring and Evaluation	Ms. Stella Kiptoo
5	Deputy Director Finance & Accounts	Mr. Yussuf Roba Bagaja
6	Deputy Director Supply chain	Mr. Hussein Adan Bilala
7	Deputy Director Human resource & Admin	Mr. Patrick Musichi

(f) Fiduciary Oversight Arrangements

Audit and Risk Committee

This committee ensures that the Authority has sound financial management strategies, policies and systems that promote accountability, prudent use of resources, and compliance with statutory and all regulatory requirements.

The committee has the following duties and responsibilities, as well as any other duties and responsibilities it deems appropriate to carry out its purposes or as directed by the Board:

- (i) Advise the CEO and the Board on financial management approaches that enhance internal controls to improve efficiency, transparency and accountability.

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- (ii) Review major audit issues raised by both internal and external auditors.
- (iii) Periodic reviews of the adequacy of management procedures with regard to issues relating to risk management, control and governance.

Review special audits/investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency brought to the committee's attention by management and present to the Board for discussion and direction

Finance committee

The Finance Committee ensures that the Authority has sound financial management strategies, policies and systems that promote accountability, prudent use of resources, and compliance with statutory and all regulatory requirements.

The committee has the following duties and responsibilities as directed by the Board:

- (i) Review the Authority's annual work plans and associated budgets prepared by management and submit them to the Board for approval.
- (ii) Ensure that the allocation of resources is aligned to the priority areas identified within the Strategic Plan.
- (iii) Review quarterly financial reports submitted by management and submit the same to the Board for discussion and adoption.
- (iv) Provide general direction in the Authority's budgeting matters.
- (v) Advise the CEO and the Board on financial management approaches that enhance internal controls to improve efficiency, transparency, and accountability.
- (vi) Review major audit issues raised by both internal and external auditors.
- (vii) Periodic review of the adequacy of management procedures with regard to risk management control and governance issues.
- (viii) Review special audits/investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency brought to the committee's attention by management and present to the Board for discussion and direction.

Parliamentary Oversight Committees

The authority oversight committee is the Public investment committees (PIC on Social services, admiration and agriculture). The Authority appeared before this committee on 04 April 2023 to respond on the unqualified audit opinions for F/Y 2017/18, 2018/19, 2019/20 & 2020/21.

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(g) Entity Headquarters

National Drought Management Authority
P.O. Box 53547, 00200
Lonrho House
Standard Street
Nairobi, Kenya

(h) Entity Contacts

Telephone: (254) 722 200656
E-mail: info@ndma.go.ke
Website: www.ndma.go.ke

(i) Entity Bankers

1. NCBA Bank
Harambee Avenue Branch
P.O Box 44599 - 00100
Nairobi, Kenya
2. Kenya Commercial Bank
KICC Branch
P.O. Box 30081-00100
Nairobi, Kenya
3. Cooperative Bank
Siakago Branch
Nairobi, Kenya
4. Equity Bank
Parliament Road
Embassy House, Harambee Avenue

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Nairobi, Kenya

5. National Bank of Kenya
Kenyatta avenue Branch
Po box 72866-00200

(j) Independent Auditor




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

(k) Principal Legal Adviser



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

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3. The Board of Directors

Ref	Directors	Details
a)	 <p>Mr. Raphael Nzomo, MBS</p>	<p>Chairperson to the Board- Non Chairperson to the Board</p> <p>Born on October 18th 1965</p> <p>Master of Business Administration</p> <p>Bachelor's Degree in Economics</p> <p>Has over 20 years Aviation Sector Experience</p> <p>Reappointment on 13th July 2022</p>
b)	 <p>Dr. Benson Longaritom</p>	<p>Independent Board member</p> <p>Born on 1965</p> <p>Member of finance and Human Resource committees</p> <p>MBA (Entrepreneurship)</p> <p>Bachelor of Veterinary Medicine</p> <p>20 years of Managing Director of Paves Vetgro Limited</p> <p>Appointed on October 21, 2019</p> <p>Term ended on October 21, 2022</p>
c)	 <p>Mr. Micah Powon</p>	<p>Board Member - Permanent Secretary State Department for Development of the Arid and Semi-Arid Lands</p> <p>Member of Finance and Technical committees</p> <p>MSc. in Horticulture</p>

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Ref	Directors	Details
d)	 <p>Mr. Idris Salim Dakota</p>	<p>Board Member - Permanent Secretary State Department for Development of the Arid and Semi-Arid Lands</p> <p>Member of Finance and Technical committees</p> <p>PHD – International Economics</p> <p>Masters – World Economics</p> <p>Bachelor's Degree in Accounting and Finance</p> <p>Appointed on December 2022</p>
e)	 <p>Robert Kiteme</p>	<p>Board Member - representing the Council of Governors</p> <p>Born on 1988</p> <p>BSc. in Agriculture (Agricultural Economics Major)</p> <p>Chairperson - Audit & Risk Management Committee</p> <p>6 years Council of Governors employee</p> <p>Appointed on July 31, 2017</p>
f)	 <p>Dr. Mary Lonyangapuo</p>	<p>Board Member</p> <p>Born on 1968</p> <p>PHD Department of literature, Linguistics and languages</p> <p>Master's Linguistics</p> <p>Senior Lecturer 12 years</p> <p>Appointed on June 03 2022</p>

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Ref	Directors	Details
g)	 <p>David Mutuku Malonza</p>	<p>Board Member representing National Treasury</p> <p>Born 1976</p> <p>Bachelor's degree in Arts, Social sciences</p> <p>Senior assistant secretary National Treasury 7 Years</p> <p>Appointed on 20th May 2022</p>
h)	 <p>Hared Hassan Lt. Col (Rtd)</p>	<p>Chief Executive Officer and Secretary to the Board</p> <p>Born on January 1966</p> <p>Masters' Degree in Strategic Security Studies</p> <p>Masters' Degree in International Conflict Management</p> <p>Masters' Degree in Military Arts and Science</p> <p>Bachelor of Arts Degree in Political Science</p> <p>Appointed on February 14 2022</p>

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4. Key Management Team

Ref	Management	Details
a)	 <p>Hared Hassan Lt. Col (Rtd)</p>	<p>Chief Executive Officer and Secretary to the Board</p> <p>Masters' Degree in Strategic Security Studies</p> <p>Masters' Degree in International Conflict Management</p> <p>Masters' Degree in Military Arts and Science</p> <p>Bachelor of Arts Degree in Political Science</p> <p>Appointed on February 14 2022</p>
b)	 <p>Mr. Hashim Ali</p>	<p>Director, Corporate Services</p> <p>MBA, Strategic Management</p> <p>Certified Public Accountant MNo. 2980</p> <p>Certified Internal Auditor</p> <p>Certifies Information Systems Auditor (CISA)</p> <p>Certified Data Privacy Solution Engineer</p>
c)	 <p>Mr. Saiyana Lembara</p>	<p>Ag, Director, Technical Services</p> <p>MA Environmental Planning and Management</p> <p>BSc Agriculture</p> <p>Certificate Forestry</p>

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d) Ref	Management	Details
e)	 <p>Ms. Stella Kiptoo</p>	<p>Director, Planning Monitoring & Evaluation</p> <p>Bachelor of Arts and social Science</p> <p>Master's in Business Administration</p> <p>Master of Arts in Economics</p>
f)	 <p>Mr. Yussuf Bagaja</p>	<p>Deputy Director, Finance and Accounts</p> <p>MBA Finance Option</p> <p>Bachelor of Commerce</p> <p>Certified Public Accountant MNo. 8335</p>
g)	 <p>Mr. Paul Obunde</p>	<p>Deputy Director, Planning, Monitoring and Evaluation</p> <p>MSc Environmental Economics & Environmental Management</p> <p>Post Graduate Diploma Environmental Economics & Environmental Management,</p> <p>BA Economics</p>

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h) Ref	Management	Details
i)	 <p>Mr. Hussein Bilala</p>	<p>Deputy Director, Supply Chain MSc Supply Chain & Logistics BSc Business Administration Advanced Diploma - CIPS</p>
j)	 <p>Mr. Martin Kiveu</p>	<p>Deputy Director, Internal Audit BSc International Business Administration Certified Public Accountant MNo.4221</p>
k)	 <p>Eng. Hussein Jirma</p>	<p>Deputy Director, Drought Resilience MSc Water and Environmental Management BSc Civil Engineering</p>

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l) Ref	Management	Details
m)	 <p>Mr. George Kimunguyi</p>	<p>Deputy Director, ICT MSc Information Technology BSc Applied Statistics Cisco Certified Certified Information Systems Auditor(CISA) Certified Data Privacy Solution Engineer</p>
n)	 <p>Mr. Patrick Musichi</p>	<p>Deputy Director, Human Resource & Administration Bachelor of Arts, Sociology Higher Diploma in Human Resource</p>
o)	 <p>Amos Omar Nyakeyo</p>	<p>Ag, Deputy Director Drought Contingency Planning and response Msc. Horticulture BSC. Horticulture Diploma in Horticulture Certificate in General Agriculture</p>

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p) Ref	Management	Details
q)	 <p>Nelson Mutanda</p>	<p>Ag, Deputy Director Information Masters in Development Studies(MKU) Degree in Computing (UNISA) Degree in Economics and Statistics (UoN)</p>

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5. Chairman's Statement



Mr. Raphael Nzomo, MBS

On behalf of the Board of Directors for the National Drought Management Authority, it is my pleasure to present the Annual Report and Financial Statement for 2022/2023 financial year. It is a year when the drought that was viewed as the worst in over four decades reached its peak, with the number of people facing acute food insecurity and requiring food assistance reaching a high of 4.9 million. This notwithstanding, the impact in terms of loss of livelihoods and more so livestock was comparatively lower than previous droughts.

The relatively low impact is attributed to measures that have been taken, through the coordination of the Authority to reduce impact of drought. Some of the measures include implementation of Kenya's Ending Drought Emergencies initiative by various sector ministries, County Governments and development partners. The initiative focuses on investing in the foundations for development such as peace and security; roads; water;

energy; education; health; and sustainable livelihoods. In addition, it gives priority to investing in the drought cycle management, institutional development for drought and knowledge management. Coordination structures, both at national and devolved levels were strengthened during the reporting period to facilitate tracking of drought situation across the country, resource mobilization and harmonized response by state and non-state actors.

The year also recorded good rains in most parts of the country that necessitated transition from response to recovery interventions. In this respect, the Authority invested in 15 drought recovery projects particularly in areas such as desilting of water pans, irrigation, rain water harvesting and repair of boreholes. All the structures trapped water and are currently benefiting the target communities.

During the year, the Authority continued to provide cash transfers to poor households in the pioneer counties of Turkana, Wajir, Marsabit and Mandera. It also managed to complete expansion of the Hunger Safety Net Programme (HSNP) to four additional counties of Garissa, Tana River, Isiolo and Samburu. As at end of the financial year, the Authority had made cash transfers of Kshs. 258,066,000 to 23,895 households in the expansion counties.

In order to build resilience of the vulnerable households, the Authority implemented a number of community based micro-projects across the ASAL counties. Twelve of these resilience projects were funded by IFAD through the KCEP-CRAL project; the UNDP funded the Melikubwa Water Pipeline project in Kwale county; and the EU funded the

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Chepkopeng chicken slaughter slab project in West Pokot, Integrated Kuno irrigation project, and Installation of water tank at Loglogo Girls Secondary were also completed during the reporting period.

Noting the resource constraints, the Authority continued with its resource mobilization efforts and secured EUR 1.3 million from the EU to finance a four-year Dryland Climate Action for Community Drought Resilience (DCADR) Project that will be implemented in 23 ASAL counties. This project will focus on strengthening resource mobilization capacity of the Authority and partnership with state and non-state actors to ensure increased scale, effectiveness and relevance of response, recovery and preparedness support received by drought-affected communities. It is our hope that the partnership approach proposed by the project will enable the Authority to achieve more output with the limited available resources.

The Authority faced a number of challenges during the reporting period that affected its



**Mr. Shallow Yahya
Chairperson to the Board**

service delivery. Among these challenges include inadequate funding, more so for drought coordination, resilience building and food security assessments. There were also delay or total lack of release of funds by the National Treasury. This also affected the cash transfers for which it was not possible to make bi-monthly payments to the beneficiaries. In addition, the Authority was unable to recruit some critical staff due to financial challenges.

The Authority will during the next financial year endeavour to address these challenges through regular follow-ups with the National Treasury. In addition, the Authority will give priority to resource mobilization and explore innovative ways of service delivery that include digitization and partnerships.

The Authority will in collaboration with state and non-state actors review the coordination structures and the Ending Drought Emergencies initiative with the aim of addressing any challenges and accelerating achievement of Kenya's drought resilience goal.

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6. Report of the Chief Executive Officer



Hared Hassan Lt. Col (Rtd)

During the reporting period, the country continued to face the worst drought in over four decades. The drought reached its peak, with the number of people facing acute food insecurity and requiring food assistance reaching a high of 4.9 million. An estimated 2.6 million livestock mortalities were recorded as a result of the drought. There was also increased malnutrition across the ASALs, with about 970,214 children below five years and 142,179 pregnant or lactating women requiring treatment for acute malnutrition.

This notwithstanding, the impact in terms of loss of livelihoods and more so livestock was comparatively lower than previous droughts. The relatively low impact is attributed to measures that have been taken, through the coordination of the Authority to reduce impact of drought. Some of the measures include implementation of Kenya's Ending Drought Emergencies initiative by various sector ministries, County Governments and development partners. The initiative focuses on investing in the foundations for development such as peace and security; roads; water; energy; education; health; and sustainable livelihoods. In addition, it gives priority to investing in the drought cycle

management, institutional development and knowledge management. Coordination structures, both at national and devolved levels were strengthened during the reporting period to facilitate tracking of drought situation across the country, resource mobilization and harmonized response by state and non-state actors.

The Authority cushioned vulnerable poor households in 4 arid counties namely Turkana, Marsabit, Mandera and Wajir through provision of both regular and scale-up cash transfers. A total of Kshs. 2,152,828,800 was disbursed to 94,908 households in these four pioneer counties. The cash transfer programme was successfully expanded to four additional counties of Garissa, Tana River, Isiolo and Samburu during the reporting period. This enabled the Authority to make cash transfers of Kshs. 258,066,000 to 23,895 households in the expansion counties.

In order to build resilience of the vulnerable households, the Authority implemented a number of community based micro-projects across the ASAL counties. Twelve of these resilience projects were funded by IFAD through the KCEP-CRAL project; the UNDP funded the Melikubwa Water Pipeline project in Kwale county; and the EU funded the Chepkopeng chicken slaughter slab project in West Pokot, Integrated Kuno irrigation project, and Installation of water tank at Loglogo Girls Secondary were also completed during the reporting period.

Noting the resource constraints, the Authority continued with its resource mobilization efforts and secured EUR 1.3 million from the EU to finance a four-year Dryland Climate Action for Community

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Drought Resilience (DCADR) Project that will be implemented in 23 ASAL counties. This project will focus on: strengthening resource mobilization capacity of the Authority and partnership with state and non-state actors to ensure increased scale, effectiveness and relevance of response, recovery and preparedness support received by drought-affected communities; leveraging innovative partnerships for drought response, recovery and preparedness; and strengthening NDMA capacity to perform its core DRM mandate and to attract investment. The partnership approach proposed by the project is expected to enable the Authority to achieve more output with the limited available resources.

Provision of food security and drought early warning information remains a priority intervention of the Authority. During the reporting period, bi-annual multi-stakeholder food and nutrition security assessments were carried out to inform response interventions by a wide range of stakeholders, both at national and county levels. The assessments were expanded to 32 counties that were affected by the drought. These assessments were supported by monthly drought early warning systems that the Authority continued to modernize and digitize during the reporting period. In addition, the county Governments were supported to produce drought contingency plans that informed response.

During the reporting period, the Authority supported counties to respond to effects of drought. In this respect, the Authority disbursed a total of Kshs 427,437,944 through the DCF MIS to twenty (20) counties. These were channelled to priority sectors such as livestock, water, health and nutrition, peace

and security, and coordination. Scale-up cash transfers were triggered in the months of August, September and October 2022. Following these triggers, the Authority paid Kshs. 409,074,300 to 59,651 households in counties of Wajir, Mandera, Turkana and Marsabit.

The year also recorded good rains in most parts of the country that necessitated transition from response to recovery interventions. In this respect, the Authority invested in 15 drought recovery projects particularly in areas such as desilting of water pans, irrigation, rain water harvesting and repair of boreholes. All these water structures trapped water and are currently benefiting the target communities.

The Authority faced a number of challenges during the reporting period that affected its service delivery. Among these challenges include inadequate funding, more so for drought coordination, resilience building and food security assessments. There were also delay or total lack of release of funds by the National Treasury. This also affected the cash transfers for which it was not possible to make bi-monthly payments to the beneficiaries. In addition, the Authority was unable to recruit some critical staff due to financial challenges.

The Authority will during the next financial year endeavour to address these challenges through regular follow-ups with the National Treasury. In addition, the Authority will give priority to resource mobilization and explore innovative ways of service delivery that include digitization and partnerships.

Hared Hassan Lt. Col (Rtd)
Chief Executive Officer

7. Statement of Performance against Predetermined Objectives for FY 2022/2023

NDMA has strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022/2023-1. These strategic Objectives are as follows:

Strategic Objective 1: To strengthen institutional and community resilience to drought risk and climate change.

Strategic Objective 2: To provide drought and climate information to facilitate concerted actions by relevant stakeholders.

Strategic Objective 3: To protect livelihoods of vulnerable households and community systems to cope and recover from drought shocks.

Strategic Objective 4: To ensure coordinated action on drought risk management by government and other stakeholders.

Strategic Objective 5: To enhance resource mobilization and partnerships for drought risk management and climate change adaptation at county, national, regional and global levels.

Strategic Objective 6: To strengthen planning, performance management and knowledge management (for DRM and CCA).

Strategic Objective 7: To strengthen NDMA institutional capacity to provide leadership in drought risk management at national and county levels.

NDMA develops its annual work plans based on the above seven (7) Strategic Objectives.

Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

The NDMA achieved its performance targets set for the FY 2022/23 period for its 7 strategic pillars, as indicated in the table below:

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Strategic Objective	Strategy	Key Performance Indicators	Activities	Achievements
Strategic Objective 1: To strengthen institutional and community resilience to drought risk and climate change adaptation	1.1. Mainstream DRR, CCA, SP and other EDE priorities in policy, planning and budgeting processes	No. of officers sensitized	Create awareness on policy/guidelines formulation, validation and enactment. Awareness creation on National Drought Emergency Fund (NDEF).	414 stakeholders, including CECs
	1.2 Invest in and coordinate Strategic preparedness, SP and CCA activities	No. of projects	Complete implementation of projects in Kwale, West Pokot, Isiolo, Embu and Makueni	18 projects completed
		No. of households registered	Facilitate accounts opening in the new HSNP counties	190,487 HHs Accounts opened.
		No. of hhs receiving regular cash transfers	Provide cash transfers to beneficiary hhs	118,803 households received cash transfers
Strategic Objective 2: To provide drought and climate information to facilitate concerted actions by relevant stakeholders	2.1. Strengthen, manage and operate the national drought early warning system	No. of drought early warning bulletins produced and disseminated	Collect and analyze drought information and produce DEWS bulletins	276 produced as planned
	2.3. Coordinate and participate in drought risk baseline reviews	No. of county food security assessment reports.	Conduct long rains and short rains food security assessments	46 with each county producing 2 reports

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	and food security assessments			
Strategic Objective 3: To protect livelihoods of vulnerable household and community systems to cope and recover from drought shocks	3.1. Build capacity of communities and stakeholders on drought contingency planning processes	No. of participants trained on CP process	Develop ward level drought contingency plans in 3 wards per county (69Wards)	Achieved as planned
	3.2. Continuously review and update drought contingency plans at ward and county levels	No. of updated county contingency plans (1 per county)	Support the 23 counties to review their CPs based on the possible scenarios and changing context	23 contingency plans updated
	3.4. Support drought response and recovery activities	No. of counties supported on response activities	Disburse funds to 20 No. drought affected counties	20 counties supported
		No. of counties supported on response activities	Support recovery activities	23 recovery interventions were supported during the quarter
	3.5. Strengthen mechanisms for expansion and scaling up of cash transfers	No. of households receiving scale up cash transfers	Coordinate scale up cash transfers for drought response in ASAL counties	59,651 households supported and Kshs. 409.07 million disbursed for scale up

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Strategic Objective 4: To ensure coordinated action on drought risk management by government and other stakeholders	4.1. Review stakeholder DRM profiles at county, national and international levels	No. of Stakeholders' inventory	Update the stakeholder's inventory and partnerships at county and national levels	24 inventories produced (one per county and one for HQ)
	4.4. Strengthen coordination structures at national and county levels	No. of CSG meetings	Conduct EDE Steering committee meetings	225 CSG and sub-CSG meetings held
Strategic Objective 5: To enhance resource mobilization and partnerships for drought risk management and climate change adaptation at county, national, regional and international levels	5.1. Strengthen resource mobilization mechanisms	No. of proposals submitted	Submit proposals to potential funders	One project funded by EU, Dryland Climate Action for Community Drought Resilience (DCADR).
	5.2 Develop strategies for generating revenue for DRM and CCA	Amount generated internally	Generate revenue for NDMA from internal strategies	Kshs.11,687,441 was generated during the reporting period.
Strategic Objective 6: To Strengthen Planning, Performance Management and Knowledge Management Approaches that Generate Evidence on DRMC/CCA/EDE	6.1. Strengthen planning, M&E and results based performance management systems	Strategic Plan 2023 -2027	Develop NDMA Strategic Plan 2023 -2027	A final draft of 2023- 2027 NDMA Strategic Plan Produced
		No. of missions	NDMA joint monitoring missions	10 joint missions conducted

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for Decision Making and Practice				
			Produce and disseminate the NDMA annual report for 2022/2023 FY	2022/23 Draft Report Produced and disseminated
		No. of platforms developed	Piloting and Rolling out of the knowledge management and information sharing platform (KMIS)	1 platform completed
		No. of staff staff sensitized	Sensitize staff on the KMIS	78 officers trained
Strategic Objective 7: To Strengthen NDMA institutional capacity to provide leadership in drought risk management at national and county levels	7.1. Strengthen institutional corporate governance and leadership for the Board	No. of board meetings	Hold board meetings	20 meetings Held.
		No. of staff trained	Train staff based on training needs assessment (TNA)	191 staff members trained
	7.2. Strengthen institutional and administrative capacity	No. of staff trained	Train Supply Chain Management staff on the new standard bidding documents	30 officers trained
		EWS systems hosted, maintained and upgraded	Maintain and upgrade EW information systems (database and mobile app)	EWS System Hosted and maintained

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		HSNP – MIS product	Develop HSNP – MIS product	MIS products developed and in use
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8. Corporate Governance Statement

The Authority's corporate governance is guided by the provisions of Mwongozo Code of Governance for State Corporations on transparency and disclosure. The Financial Year 2022/2023 annual report covers the following governance aspects in line with the Authority's mandate;

Role of the Board of Directors

The Board of Directors is responsible for the governance of the Authority to ensure compliance with the law and best practices and certifying them as confirmed in the presented financial statements. The Board is accountable to the Ministry of East African Community, The ASALs and Regional Development.

The Board ensures integrity and professionalism in the conduct of the business and operations of the Authority in line with international corporate standards. The Board's responsibilities are articulated in the Authority's Board Charter and the NDMA Act, 2016. These include:

- (i) Formulate policies to achieve its mandate.
- (ii) Provide strategic direction, leadership, and oversight to the Secretariat.
- (iii) Undertake such activities as may be necessary for the discharge of its functions and the exercise of its powers.

Board Committees

The Authority has four Board committees namely;

- 1) Technical and Strategy
- 2) Human Resources and Corporate Services
- 3) Finance and Resource Mobilization
- 4) Audit and Risk Management

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The Board committees consider management reports ahead of the Full Board meeting. This allows for in-depth consideration of issues to enable decision-making. After scrutiny, the specific committee presents its report and recommendations to the Full Board for consideration.

Committee membership

The following was the Board committee membership during the reporting period;

1) Human Resources and Corporate Services i. Dr. Mary Lonyangapuo – Chairperson ii. Mr. Koome Kiragu – Member iii. Mr. Robert Kiteme – Member	2) Technical and Strategy committee i. Mr. Koome Kiragu – Chairperson ii. Principal Secretary, ASALs- Member iii. Mr. David Malonza – Member
3) Finance and Resource Mobilization i. Dr. Mary Lonyangapuo – Chairperson ii. Mr. David Malonza – Member iii. Principal Secretary, ASALs – Member	4) Audit and Risk Management i. Mr. Robert Kiteme - Chairperson ii. Mr. Gibert Tenai – Member iii. Mr. Koome Kiragu – Member

Human Resources Committee

This committee ensures that the Authority has sound human resource strategies that enable it to attract, develop, motivate, and retain the right calibre of staff.

The committee has the following duties and responsibilities as directed by the Board:

- a) Periodic review and advice to the main Board on appropriate human resource strategies, policies and procedures.
- b) Advise the Board and guide the process on staff recruitment, manpower planning and related budgets.
- c) Advise the Board on any reviews required to enhance the effectiveness of manpower development and staff training.
- d) Advise the Board on reviews which may be necessary to make the organizational structure, appraisal system, grading system, and salary structures more relevant and effective.
- e) Review proposals and advice the Board on staff benefit schemes including medical, retirement benefits, and insurance schemes, among others.

Technical Committee

The committee handles all technical issues of the Authority including inter alia, strategic planning, work planning, budgeting, resource mobilization, programmes, projects, and visibility. Its specific mandate includes advising the Board on the following:

- a) The overall performance of the Authority.
- b) Strategic documents guiding the work of the Authority, including its strategic plan, work plan, budget, and performance contract.
- c) Identification, development and implementation of strategic initiatives, programmes and projects, and resource mobilization.
- d) Technical issues concerning the drought status, including early warning information, food security assessments, and response.
- e) Measures to enhance the visibility and accountability of the Authority.
- f) Periodic reviews to evaluate the progress and impact of the Authority.

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Finance Committee

The Finance Committee ensures that the Authority has sound financial management strategies, policies and systems that promote accountability, prudent use of resources, and compliance with statutory and all regulatory requirements. The committee has the following duties and responsibilities as directed by the Board:

- a) Review the Authority's annual work plans and associated budgets prepared by management and submit them to the Board for approval.
- b) Ensure that the allocation of resources is aligned to the priority areas identified within the Strategic Plan.
- c) Review quarterly financial reports submitted by management and submit the same to the Board for discussion and adoption.
- d) Provide general direction in the Authority's budgeting matters.
- e) Advise the CEO and the Board on financial management approaches that enhance internal controls to improve efficiency, transparency, and accountability.
- f) Review major audit issues raised by both internal and external auditors.
- g) Periodic review of the adequacy of management procedures with regard to risk management control and governance issues.
- h) Review special audits/ investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency brought to the committee's attention by management and present to the Board for discussion and direction.

Audit and Risk Management Committee

The committee ensures that the Authority has sound financial management strategies, policies and systems that promote accountability, prudent use of resources, and compliance with statutory and all regulatory requirements. The committee has the following duties and responsibilities, as well as any other duties and responsibilities it deems appropriate to carry out its purposes or as directed by the Board:

- a) Advise the CEO and the Board on financial management approaches that enhance internal controls to improve efficiency, transparency and accountability.
- b) Review major audit issues raised by both internal and external auditors.
- c) Periodic reviews of the adequacy of management procedures with regard to issues relating to risk management, control and governance.
- d) Review special audits/investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency brought to the committee's attention by management and present to the Board for discussion and direction.

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Board Meetings

The Board and its committees met as follows during the period under review;

Committee/Board	No. of meetings
1. Technical Committee	4
2. Human Resources	4
3. Finance committee	4
4. Audit and Risk Management Committee	4
5. Full Board	4

The calendar of the meetings is circulated at the beginning of the financial year while invitations to Board meetings are sent out two weeks in advance.

Board Communication with Stakeholders

The Board ensures effective communication and engagement with stakeholders through timely and transparent disclosure of pertinent information on NDMA's operations and performance.

Board internal communication is as follows;

Communication level	Channels/tools
From the Board	Board communicates policy matters to staff by way of memos and emails through the office of the CEO
Management to the Board	Management submits Board papers and reports two weeks in advance of Board meetings

On external communication, the Board ensures provision of transparent and timely information to the public and key stakeholders as obligated under the Access to Information Act. Policy matters to the wider public are communicated by the Board and the CEO.

9. Management Discussion and Analysis

The Authority continued to strengthen drought and food security coordination structures at national and county levels to enhance drought risk management partnership, decision making, accountability to stakeholders and reporting. The coordination structures guide drought risk management common programming, strategic planning, synergy and collaboration among stakeholders. The main coordination structures used by the Authority during the reporting period included: Multi-Agency Committee on National Drought Response chaired by the Principal Secretary for Interior & Citizen Services with principal secretaries for all relevant state departments being members; Multi-Agency Technical Committee on National Drought Response; Kenya Food Security Meeting; Kenya Food Security Steering Group; County Steering Group; IGAD Drought Disaster Resilience and Sustainability Initiative ministerial General Assembly and Steering Committee; Ending Drought Emergencies (EDE) Pillar Working Groups; among others.

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On drought information, the Authority continued to implement strategies aimed at improving the drought early warning system to make it reliable and timely. To this end, the following were some of the key achievements during the reporting period;

- i. Produced and disseminated 276 monthly county drought early warning bulletins.
- ii. Produced and disseminated 12 consolidated monthly national drought early warning bulletins.
- iii. Provided monthly remote sensed information up to Ward level for the 23 ASAL counties for objective evidence-based information on the drought status.
- iv. Reviewed the county livelihood profile data culminating in reviewed livelihood zone maps across 23 ASAL counties.
- v. Rolled out early warning system indicator trigger thresholds for 11 counties;
- vi. Carried out bi-annual multi-agency food and nutrition security assessments in the 23 ASAL Counties to inform response

On issues relating to drought contingency planning and response, the Authority supported counties to update their drought as well as ward contingency plans. In addition, the drought response interventions were coordinated both at national and county levels. Community model centers in Baringo and Samburu operationalized. To support drought response and recovery, the Authority disbursed a total of KShs 427,437,944 through the DCF MIS to twenty (20) counties. There were triggers for scale-up payments in the months of August, September and October 2022; the Authority paid Kshs.409,074,300 to 59,651 households for counties of Wajir, Mandera, Turkana and Marsabit.

The Authority supported interventions towards drought resilience, climate change adaptation and social protection. In this respect, two macro projects funded by the EU were completed. These were: Integrated Kuno irrigation project; Installation of water tank at Loglogo Girls Secondary With the support from the Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL) funded through the Ministry of Agriculture, the Authority implemented 12 resilience projects in Embu and Makueni counties.

During the reporting period, 190,487 accounts were opened for registered households in the four additional counties of Garissa, Samburu, Tana River and Isiolo. HSNP counties tered into the KSEIP Hunger Safety Net Programme (HSNP) in the An average of 118,803 households received regular cash transfers in the eight Counties of Turkana, Wajir, Marsabit, Mandera, Garissa, Samburu, Tana River and Isiolo.

During the 2022/2023 FY reporting period, the Authority monitored implementation of preparedness and response activities as well as HSNP activities by undertaking 10 joint monitoring missions. counties (Mandera, Wajir, Garissa, Tana River, Marsabit, Isiolo, Lamu, Kilifi, Kwale, Narok, Kajiado, West Pokot, Embu, Makueni, and Kitui).

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During 2022/2023 FY, the Knowledge Management and Information Sharing Platform was rolled out to all counties. 121 staff have so far been trained. Thirty representatives from headquarters and counties were nominated as champions.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The Authority lays emphasis on sustainability of services and investments it makes. In this respect, it has adopted partnership, participation and capacity building to ensure beneficiaries are in a position to plan, implement and sustain our interventions beyond the project period. Besides ensuring that all macro and micro-projects are co-financed by the beneficiaries and county Governments, the Authority ensures that the project management committees or teams are well trained and systems put in place to ensure they fully take over management of the projects.

ii) Environmental performance

NDMA complies with environmental laws in the implementation of resilience projects. For projects such as dams, environmental impact assessments are conducted and approved by the National Environment Management Authority (NEMA) to ensure that the interventions are environmentally friendly. In addition, the Authority also undertook to offset negative environmental impact by participating in planting tree exercises, or donating to related causes where possible.

iii) Employee welfare

The NDMA's Human Resource Policy and Procedures Manual Section one 1.1 and 1.6 and Section two 2.1:2.1.1; The Authority is an equal opportunity employer and shall not in its recruitment and staff selection discriminate on the basis of gender, race, religion, ethnicity or any other form of discrimination. The constitutional requirement on mainstreaming of gender and people with disabilities will be observed alongside any policies issued by the National Cohesion and Integration Commission. Section 8 on Performance Management and Section 10 on Training and Development in the HR Manual and the Career guidelines supports managing of careers, improving skills, appraisals and reward systems in the Authority. The Authority trained a total of 171 staff members and promoted 18 staff members during the reporting period. The Authority's policy on Safety and compliance with Occupational Safety and Health Act of 2007(OSHA) refers in the Human Resource and Procedures Manual Section 12 on Safety and Health.

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iv) Corporate Social Responsibility / Community Engagements

As a responsible corporate citizen, the NDMA invests in and implements corporate social responsibility (CSR) activities that complement its work. The Board ensures that the Authority has a workable budget that's allocated CSR as provided for in the Mwongozo Code of Governance for State Corporations. The CSR activities are aimed at increasing awareness of and improving the Authority's public image as a responsible corporate citizen. The Authority's CSR approach strives to strike a balance between accountability, environmental and social imperatives while at the same time addressing the expectations of stakeholders. During the reporting period, NDMA's contribution to CSR was reflected in how the Authority applied principles regarding handling of its stakeholders. This was done by;

- Committing to the law
- Minimizing negative impacts of interventions
- Applying transparency and accountability in its operations
- Respecting customer feedback and processes
- Seeking and supporting vulnerable communities
- Applying participatory approaches
- Applying interactive and not just "transactive" communication with communities
- Recognizing the importance of local knowledge.

**National Drought Management Authority
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II. Report of the Directors

The Directors submit their report together with the unaudited financial statements for the year ended June 30, 2023, which show the state of the Authority's affairs.

i) Principal activities

The principal activities of the Entity are as per the NDMA Act 2016

ii) Results

The results of the Authority for the year ended June 30, 2023, are set out on I to 53.

iii) Directors

The members of the Board of Directors who served during the year are shown on page ix, x & xii. During the year Financial year 2022/2023 directors who retired/ resigned/ appointed are as indicated in page ix, x & xii.

Surplus remission

The Authority reported surplus of less than 10 %. As such no submission was Remitted to the Consolidated Fund.

iv) Auditors

The Auditor-General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Authority for the year ended June 30, 2023.



.....
Name: Hared Hassan Lt. Col (Rtd)

Secretary to the Board

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Cap 486 of the Companies Act, require the Directors to prepare financial statements in respect of National Drought Management Authority which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company. The Directors are also responsible for safeguarding the assets of the company.

The Directors are responsible for the preparation and presentation of the company's financial statements, which give a true and fair view of the state of affairs of the company for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company; (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 Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority'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 the Authority Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2023, and of the Authority's financial position as at that June 30, 2023. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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Nothing has come to the attention of the Directors to indicate that the Authority 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 Entity's financial statements were approved by the Board on 15 Sept 2023 and signed on its behalf by:



.....
Name: Mr. Shallow Yahya

Chairperson of the Board



.....
Name: Hared Hassan Lt. Col (Rtd)

Accounting Officer

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL DROUGHT MANAGEMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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 National Drought Management Authority set out on pages 1 to 57, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and

Report of the Auditor-General on National Drought Management Authority for the year ended 30 June, 2023

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 National Drought Management Authority as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Failure to Amortize Intangible Assets

The statement of financial position reflects a balance of Kshs.523,870,027 in respect of total non-current assets. As disclosed in Note 22b to the financial statements, the balance includes intangible assets of Kshs.64,067,968. However, Management did not amortize its intangible assets in compliance with IPSAS 31 and hence the carrying amount of the intangible assets and the surplus for the year may be overstated to the extent of the amount of amortization.

In the circumstances, the accuracy and measurement of the intangible assets of Kshs.64,067,968 as at 30 June, 2023 could not be confirmed.

2. Incomplete Fixed Asset Register

The statement of financial position as disclosed in Note 22a to the financial statements reflects a net book value balance of Kshs.459,802,058 in respect of property, plant and equipment. As previously reported, the net book value and the listing for land and buildings amounting to Kshs.181,970,264 could not be traced in the fixed asset register. Further, verification of the assets listing provided for audit revealed that two thousand and four (2004) assets were captured in the asset listing but with no corresponding values. In addition, some of the assets had not been tagged.

In the circumstances, the ownership, accuracy and existence of the property, plant and equipment balance of Kshs.459, 802,058 as at 30 June, 2023 could not be confirmed.

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

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management had not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

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. Violation of Statutory Requirement on Appointment of Members of the Board

Review of records held by the Authority and provided for audit revealed that the Cabinet Secretary, in exercising his powers under Section 8(1) (d) of the National Drought Management Authority Act, 2016, appointed and gazetted members of the NDMA Board for a term of three (3) years, instead of four (4) years. No evidence was provided to indicate that Section 8(1) (d) of the National Drought Management Authority Act, 2016, had been amended to provide for a lesser term than that provided for in the statute or an explanation for the apparent violation of a legal requirement on the tenure of office of the Board Members of the Authority.

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

2. Sustainability Concerns of Chepkobegh Slaughter Slab

During the year under audit, the Authority entered into a contract for the construction of a chicken slaughterhouse at Chepareria ward at a contract sum of Kshs.3,355,653. Audit inspection conducted in January, 2024 revealed that the construction and equipping of the chicken slaughterhouse were complete and the project handed over to the community. However, water, sanitation and waste management disposal components were not captured during identification, design and implementation of the project.

Further, despite the project being completed and handed over to the community, it could not take off due to lack of water & electricity supply, lack of an ablution block and septic tank and waste management disposal component. No justification was provided for the exclusion of these critical components in identification, design and implementation of the project.

In the circumstances, the value for money for the expenditure of Kshs.3,355,653 could not be confirmed.

3. Projects Constructed on Land Without Ownership Documents

Review of records held by the Authority and provided for audit revealed that the Authority undertook seven (7) construction projects with a total contract sum of Kshs.37,532,841 as indicated in **Appendix 1** on parcels of land that were not legally owned by the entity. This was contrary to the Ministry of Public Works circular number MOPW/CR/15/3/3/10 of 22 December, 2010, which requires Accounting Officers to ensure that before any project is undertaken, a suitable site is obtained (i.e. it should not be in dispute) and that environmental concerns are integrated in the development as required by the National Environmental Management Authority (NEMA).

Further, some of such parcels of land were donated by the members of the local community. However, the documents presented for audit in support of such donations were not authenticated by any Attorney and were also not supported with either copies of the title deeds or searches to prove that the persons donating the land was the legal owner of the land to avert future disputes.

In the circumstances, Management was in breach of Ministry of Public Works guidelines.

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 Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Authority'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 Authority or to cease operations.

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

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

The Board of Directors is responsible for overseeing the Authority'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 overall 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 controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 controls may not prevent or detect misstatements and instances of noncompliance. 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 controls.
- 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 Authority'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 Authority 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 Authority 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 controls that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 May, 2024

Appendix 1 - Projects Constructed on Land Without Ownership Documents


No.	County	Name of the Project	Contract Sum (Kshs.)	Comment
1	Tharaka Nithi	Kathanje-Ruriini Chech Dam	6,006,834	No title deed for the land and the parcel was not officially surveyed to determine the actual size donated
2	Tharaka Nithi	Kauro Ga Mpuria Earth Dam	6,481,008	Although there was a note indicating that the land was donated to the Authority, the actual size was not determined by a surveyor and the land has no title deed in the name of NDMA
3	Tharaka Nithi	Majaraini-Gatuma Chck Dam	6,911,846	No title deed for the land and the parcel was not officially surveyed to determine the actual size donated
4	Tharaka Nithi	Kamaganjiu Earth Dam	7,432,236	No title deed for the land and the parcel was not officially surveyed to determine the actual size donated
5	West Pokot	Chepkobegh Slaughter Slab	3,355,653	No title deed for the land and the parcel was not officially surveyed to determine the actual size donated
6	West Pokot	Tumeiyo Borehole	3,623,404	No title deed for the land and the parcel was not officially surveyed to determine the actual size donated
7	Taita Taveta	Kambio Water Pan	3,721,860	Although management has indicated that the land belongs to the Community, no evidence has been availed to show that the land is legally registered in the name of the Community as a proof that it is public land
		Total	37,532,841	

14. Statement of Financial Performance for the year ended 30 June 2023

Description	Notes	Kshs	Kshs
		2022-2023	2021-2022
Revenue from non-exchange transactions			
Public contributions and donations	6	855,728,515	681,681,715
Transfers from other governments	7	6,480,040,000	5,212,440,000
Total Revenue from non-exchange transactions		7,335,768,515	5,894,121,715
Revenue from exchange transactions			
Rental revenue from facilities and equipment	8	167,400	477,350
Other income	9 (a)	24,105,593	57,041,227
Extra income	9(b)	149,760,848	58,577,313
Total Revenue from exchange transactions		174,033,841	116,095,890
Total revenue		7,509,802,356	6,010,217,605
Expenses			
Use of goods and services	10	109,241,372	215,427,857
Employee costs	11	637,914,390	612,423,697
Board expenses	12	6,863,699	19,269,875
Depreciation and amortization expense	13	86,144,383	79,348,428
Repairs and maintenance	14	31,842,427	35,276,850
Grants and subsidies	15	5,960,873,422	5,161,975,770
Finance costs	16	2,535,648	2,641,497
Extra expenses	17	104,448,595	82,105,937
Total expenses		6,939,863,935	6,208,469,911
Gain on disposal	18 a	19,322,063	1,069,226
Surplus/(deficit) for the period		589,260,484	(197,183,080)

National Drought Management Authority
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The notes set out on pages 18 to 53 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 17 were signed on behalf of the Board of Directors by:

		
.....
Name: Hared Hassan Lt. Col (Rtd)	Name: Yussuf Roba Bagaja	Name: Mr. Shallow Yahya
Accounting Officer	Head of Finance	Chairman of the Board
	ICPAK M/No: 8335	
Date	Date 27/3/24	Date

15. Statement of Financial Position as at 30 June 2023

Description	Notes	2022-2023 Kshs	2021-2022 Kshs
Assets			
Current assets			
Cash and cash equivalents	19	972,858,659	720,033,004
Receivables and prepayments	20	773,671,818	183,126,159
Inventories	21	4,264,516	3,601,575
Total current assets		1,750,794,994	906,760,738
Non-current assets			
Property, plant and equipment	22 a	459,802,059	430,585,210
Intangible Assets	22 b	64,067,968	39,834,728
Total non-current assets		523,870,027	470,419,938
Total assets		2,274,665,020	1,377,180,676
Liabilities			
Current liabilities			
Trade and other payables	23	384,471,688	76,824,924
Net assets		1,890,193,333	1,300,355,753
Financed By			
Capital fund		372,983,050	372,983,050
General Reserve		1,464,797,908	874,960,326
Revaluation Reserve		52,412,375	52,412,375
Total net assets and liabilities		1,890,193,333	1,300,355,753

The financial statements set out on pages 1 to 17 were signed on behalf of the Board of Directors by:

		
.....
Name: Hared Hassan Lt. Col	Name: Yussuf Roba Bagaja	Name: Mr. Shallow Yahya
(Rtd)		
Accounting Officer	Head of Finance	Chairman of the Board
	ICPAK M/No 8335	
Date 27/03/2024	Date 27/3/24	Date 27/03/2024

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

Description	Capital fund Kshs	General Reserve Kshs	Revaluation Reserve Kshs	Total Kshs
Balance as at June 30, 2021	372,983,050	1,070,941,995	52,412,375	1,496,337,420
Balance as at July 01, 2021	372,983,050	1,070,941,994	52,412,375	1,496,337,419
Transfers to/from accumulated surplus	-	-	-	-197,183,080
Prior year adjustment	-	1,087,748	-	1,087,748
Prior year adjustment	-	-6,930	-	-6,930
Prior year adjustment	-	120,594	-	120,594
Balance as at June 30, 2022	372,983,050	874,960,326	52,412,375	1,300,355,751
Balance as at July 01, 2022	372,983,050	874,960,326	52,412,375	1,300,355,751
Transfers to/from accumulated surplus	-	589,260,484	-	589,260,484
Prior year adjustment	-	577,098	-	577,098.13
Balance as at June 30, 2023	372,983,050	1,464,797,908	52,412,375	1,890,193,333

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Note: Statement of Changes in Net Assets

- I. The Prior year adjustment of Kshs. 577,098 relates to transaction omissions and commissions errors
 In the FY 2021/22. The tabulation of the amount is as indicated below;

Ledger	Debit	Credit	Cumulative	Remarks
Prepayments		189,324	189,324	To correct error of transposition FY.2021/22 (JV12599)
Salary Advances	130,000		59,324	Correcting salary advance deposit for FY 2020/21 that was posted under rental income
General Provisions		106,836	166,160	To correct provision 2018/19 Q4 rent for Kitui office which was erroneously expensed in YR.2019.
General Provisions		147,567	313,727	To correct provision 2019/20 rent for Nyeri office which was already paid vide PVs.Nos:0108, 058...
General Provisions		1,033	314,760	To correct over-provisions
Accounts Payable		666,046	980,806	To correct JV.No.10335 for provision already paid via INV.42996, Vch.No.104
Refundable Deposits Payable		10,672	991,478	To recognize sales of tender erroneously posted as a liability in FY 2021/22
Sale of Motor Vehicle	30,000		961,478	To correct overstatement of sale of motor vehicle FY 2021/22
Medical expenses		500,000	1,461,478	To correct medical expenditure vide Vch.159/2602 that was expensed twice
Medical expenses	884,380		577,098	To record expenditure on KCEP CRAL & SDRM declared ineligible
Totals			577,098	

17. Statement of Cash Flows for the year ended 30 June 2023

Description		2022-2023	2021-2022
Cash flows from operating activities	Notes	Kshs	Kshs
Receipts			
Public contributions and donations	6	855,728,515	681,681,715
Transfers from other governments – gifts and services-in-kind	7	6,480,040,000	5,212,440,000
Rental revenue from facilities and equipment	8	167,400	477,350
Other income	9(a)	24,105,593	57,041,227
Extra income	9(b)	149,760,848	58,577,313
Total Receipts		7,509,802,356	6,010,217,605
Payments			
Use of goods and services	10	109,241,372	215,427,857
Employee costs	11	637,914,390	612,423,697
Board expenses	12	6,863,699	19,269,875
Repairs and maintenance	14	31,842,427	35,276,850
Grants and subsidies	15	5,960,873,422	5,161,975,770
Finance costs	16	2,535,648	2,641,497
Extra expenses	17	104,448,595	82,105,937
Total Payments		6,853,719,553	6,129,121,483
Net cash flows from/(used in) operating activities		656,082,803	(118,903,878)
Cash flows from other operating activities			
Increase/decrease in receivables-non exchange	20	(590,545,659)	1,476,093,306
Increase/decrease in trade and other payables	23	307,646,764	-956,949,378
Increase/decrease in inventories	21	(662,941)	-1,028,280
Total cashflow from other operating expenses		(283,561,837)	518,115,648
Cash flows from investing activities			
Computers	22a	(19,691,857)	(60,797,863)

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Furniture and fixtures	22a	(419,980)	(14,954,208)
Motor Vehicle	22a	(104,934,000)	(40,448,350)
Buildings	22a	-	-7,392,558
Intangible assets		(24,233,240)	-
Proceeds from disposal	18 b	29,006,668	2,095,701
prior year adjustment		577,098	1,080,818
prior year adjustment		-	120,594
Net Cash flows from investing activities		(119,695,310)	(120,295,866)
Increase / (decrease) in cash and cash equivalents		252,825,656	278,915,904
Cash and cash equivalents at July 01,2022		720,033,004	441,117,101
Cash and cash equivalents at June 30, 2023		972,858,659	720,033,004

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Of		Ref
						Utilization		
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.		
	a	b=c-a	c	d	e=c-d	f=e/c		
Revenue	Kshs	Kshs	Kshs	Kshs				
Public contributions and donations - EDE SDRM (AIA)	279,010,000	60,000,000	339,010,000	6	336,663,435	2,346,565		0.69
Public contributions and donations - DCADR (AIA)	360,000,000	-	360,000,000	6	356,981,202	3,018,798		0.84
Public contributions and donations - WFP/SFSP (Donor)	56,460,000	13,540,000	70,000,000	6	19,576,087	50,423,913		a
Public contributions and donations - IPF Grant (Donor)	192,000,000	-	192,000,000	6	142,507,791	49,492,209		b
Public contributions and donations - IPF - IDA Loan	59,700,000	(10,700,000)	49,000,000	6	-	49,000,000		100.00
Public contributions and donations - UNDP-IRRLC	-	-	97,691,331	6	-	97,691,331		c
Public contributions and donations - Twende IUCN	120,490,000	-	120,490,000	7		120,490,000		d
Government grants - TWENDE GOK	50,300,000	-	50,300,000	7	50,300,000	-		-
Government grants and subsidies WFP	45,000,000	(14,000,000)	31,000,000	7	31,000,000	-		-
Government grants - KSEIP-HSNIP III	5,081,300,000	-	5,081,300,000	7	5,081,300,000	-		-
Government grants - SDRM GoK	100,000,000	-	100,000,000	7	100,000,000	-		-
Government grants - Operational Grant - Recurrent	679,140,000	(50,000,000)	629,140,000	7	629,140,000	-		-
Government grants -Kenya Drought Early Warning	30,000,000	-	30,000,000	7	30,000,000	-		-
Government grants -NDEF	500,000,000	(236,700,000)	263,300,000	7	263,300,000	-		-
Government grants - EDRPCWI	-	295,000,000	295,000,000	7	295,000,000	-		-

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Total	7,553,400,000	57,140,000	7,708,231,331	7,335,768,515	372,462,816	
Extra & Other Incomes						
KCEP-CRAL Funds	-	109,624,208	109,624,208	109,624,208	-	e
Drought Coordination Response (DCR)	-	25,000,000	25,000,000	25,000,000	-	-
Twende -SDL	-	6,182,400	6,182,400	6,182,400	-	-
World Food Programme - SFSP	-	8,954,240	8,954,240	8,954,240	-	-
Tender sale	-	59,770	59,770	59,770	-	-
Interest income	-	13,013,376	13,013,376	23,597,895	(10,584,518)	-
Rents and Rates -Non Residential	-	167,400	167,400	167,400	-	-
Others (Miscellaneous incomes)	-	447,928	447,928	447,928	-	-
Total Extra and other Incomes	-	163,449,323	163,449,323	174,033,841	(10,584,518)	
Total income	-	220,589,323	7,871,680,654	7,509,802,356		
Expenses	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
Recurrent Expenses						
Compensation of employees	537,094,000	2,705,860	539,799,860	537,018,819	2,781,041	0.52
Utility costs (Electricity and Water & sewerage)	4,010,000	(822,602)	3,187,398	3,182,680	4,718	0.15
Travelling & accommodation (Domestic)	-	492,807	492,807	484,795	8,012	1.63
Communication costs	9,328,000	(6,890,912)	2,437,088	2,279,134	157,954	6.48
Postal & Courier Services	1,700,000	(1,263,484)	436,516	365,512	71,004	16.27
Publishing & printing	1,000,000	(702,270)	297,730	287,956	9,774	3.28
Subscription to newspapers	1,000,000	(564,386)	435,614	419,446	16,168	3.71

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Rents and Rates -Non Residential	28,024,000	(227,475)	27,796,525	10	28,426,134	(629,609)	(2.27)
Training costs	-	219,295	219,295	10	217,235	2,060	0.94
Hospitality and Conference facilities	5,000,000	(2,885,875)	2,114,125	10	2,113,717	408	0.02
Board and Hospitality	15,553,400	(2,843,174)	12,710,226	10	5,268,869	7,441,357	58.55
Insurance costs	56,500,000	(2,441,142)	54,058,858	10 & 11	66,459,295	(12,400,437)	(22.94)
General office Supplies (Consumables)	3,496,000	(568,974)	2,927,026	10	2,300,665	626,361	21.40
Membership, finance costs & contracted costs	10,284,600	2,581,287	12,865,887	10 & 16	10,246,682	2,619,205	20.36
Audit fees	1,160,000	-	1,160,000	10	1,160,000	-	-
Advertising & Publicity	990,000	67,769	1,057,769	10	1,057,751	18	0.00
Maintenance of office equipment	1,500,000	(901,691)	598,309	10	11,456	586,853	98.09
Maintenance of building & station	2,000,000	3,714,983	5,714,983	10	537,132	5,177,851	90.60
Maintenance of ICT equipment	-	2,723,205	2,723,205	10	1,281,100	1,442,105	52.96
Purchase of Furniture & Fitting	500,000	-	500,000	22	419,980	80,020	16.00
Totals	679,140,000	(7,606,779)	671,533,221		663,538,356	7,994,865	
KSEIP GoK Expenses							
Grants & subsidies cash Transfer	4,396,720,000	-	4,275,720,000	10, 11, 12	4,186,374,531	89,345,469	2.09
Payment to Service Provider	277,146,000	17,176,860	294,322,860	15 & 16	289,920,192	4,402,668	1.50
Staff compensation PMs & POs	102,500,000	-	102,500,000		101,391,905	1,108,095	1.08
Insurance Costs	28,500,000	-	28,500,000		14,626,749	13,873,251	48.68
Finance Costs	1,500,000	-	1,500,000		377,958	1,122,042	74.80
Other Project Operating & Coordination	274,934,000	181,895,591	456,829,591		390,388,969	66,440,622	14.54
Totals	5,081,300,000	199,072,451	5,159,372,451		4,983,080,305	176,292,146	

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KSEIP IPF Grant Expenses									
Staff compensation PMU	40,788,800	657,234	41,446,034	10,112,15 & 16	38,243,450	3,202,584	7.73		
Insurance costs	7,000,000	-	7,000,000		1,280,701	5,719,299	81.70	a	
Finance Costs	1,000,000	-	1,000,000		27,146	972,854	97.29	b	
Purchase of motor vehicle	75,000,000	4,030,000	79,030,000		79,030,000	-	-		
Other Project Operating & Coordination	68,211,200	35,827,880	104,039,080		46,941,784	57,097,296	54.88	c	
Totals	192,000,000	40,515,114	232,515,114		165,523,081	66,992,033			
KSEIP IPF Loan Expenses									
Purchase of assets	24,700,000	-	24,700,000	2,217,710	19,691,857	5,008,143	20.28	a	
Finance Costs	200,000	-	200,000		61,958	138,042	69.02	b	
Other Project Operating & Coordination	34,800,000	(10,700,000)	24,100,000		24,183,049	(83,049)	(0.34)		
Totals	59,700,000	(10,700,000)	49,000,000		43,936,864	5,063,136			
EDE SDRM Expenses									
SDRM -Donor	279,010,000	213,120,925	492,130,925	15	553,789,009	(61,658,084)	(12.53)		
Totals	279,010,000	213,120,925	492,130,925		553,789,009	(61,658,084)			
SDRM Gok									
Govt contribution to projects	23,283,107	7,808,075	31,091,182	10,112,15 & 16	31,020,147	71,035	0.23		
Communication costs	7,914,615	903,107	8,817,722		7,782,464	1,035,258	11.74	a	
Travel Costs - Domestic	16,600,000	(446,800)	16,153,200		15,152,840	1,000,360	6.19		
Motor vehicle maintenance	18,200,000	(2,279,703)	15,920,297		15,424,348	495,949	3.12		

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Fuel & lubricants	12,200,000	1,543,065	13,743,065	13,740,966	2,099	0.02	
Finance Costs	630,000	2,957	632,957	359,161	273,796	43.26	b
Publishing & printing	842,276	-	842,276	827,041	15,235	1.81	
Subscription to newspapers	593,670	-	593,670	320,550	273,120	46.01	c
Advertising & Publicity	1,076,198	-	1,076,198	807,894	268,304	24.93	d
Training costs	4,000,000	(3,000,000)	1,000,000	468,035	531,965	53.20	e
Hospitality and Conference facilities	2,068,388	600,000	2,668,388	2,601,774	66,614	2.50	
Board and Hospitality	3,162,181	(600,000)	2,562,181	1,594,903	967,278	37.75	f
General office Supplies (Consumables)	3,917,987	-	3,917,987	1,554,382	2,363,605	60.33	g
Maintenance of building & station	5,511,578	(2,500,000)	3,011,578	2,335,322	676,256	22.46	h
Purchase of Motor vehicle	-	-	26,000,000	25,904,000	96,000	0.37	
Totals	100,000,000	2,030,701	128,030,701	119,893,826	8,136,875		
Other Donor related expenses							
Kenya Drought Early Warning Program	30,000,000	-	30,000,000	29,733,192	266,808	0.89	
WFP SFSP	101,460,000	(460,000)	101,000,000	27,409,516	73,590,484	72.86	a
UNDP-IRRL	-	97,691,331	97,691,331	75,713,484	21,977,847	22.50	b
TWENDE	170,790,000	117,617,764	288,407,764	106,574,697	181,833,067	63.05	c
NDEF	500,000,000	(36,700,000)	463,300,000	61,016,226	402,283,774	86.83	d
DCADR AIA	360,000,000	-	360,000,000	19,821,387	340,178,613	94.49	e
Totals	1,162,250,000	178,149,095	1,340,399,095	320,268,502	1,020,130,594		
Extra Expenses							
KCEP CRAL	-	115,845,550	115,845,550	71,837,643	44,007,907	37.99	a

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Drought Coordination Response (DCR)	-	25,000,000	25,000,000	21,252,208	3,747,792	14.99	b
TWENDE -SDL	-	6,182,400	6,182,400	4,911,654	1,270,746	20.55	c
World Food Programme - SFSP	-	8,954,240	8,954,240	-	8,954,240	100.00	d
ZEF Funds		-	4,842,338	4,729,900	112,438	2.32	
UNICEF - FUNDS		-	1,770,803	1,770,803	-	-	
Total Extra Expenses	-	155,982,190	162,595,331	104,502,207	58,093,123		
Total expenditure	7,553,400,000	770,563,697	8,235,576,838	6,954,532,150	1,281,044,687		
Surplus/deficit for the period	(7,553,400,000)	(549,974,375)	(363,896,184)	555,270,206	(1,281,044,687)		

Reconciliation	Kshs
Total expenditure as per the above analysis	6,954,532,150
Less costs of assets purchased	(100,812,597)
Add depreciation for the year	86,144,383
Total expenditure as per statement of financial performance	6,939,863,936

Budget notes

Explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

Revenues

- a) The Authority did not receive all funds from World Bank and WFP as earlier anticipated hence the adverse variance.
- b) The Authority did not receive all funds from both IPF Grant and IPF Loan as earlier anticipated, this was occasioned by delays from the Donor.
- c) The Authority recognised the receipt of Ksh. 97,691,331 from UNDP that was a receivable in the previous FY hence the treatment as a final budget but not actual receipt.
- d) The Authority recognised the receipt of Ksh. 120,490,000 from IUCN for the TWENDE project that was a receivable in the previous FY hence the treatment as a final budget but not actual receipt
- e) The Authority is not a revenue generating institution, hence the amounts reported under extra revenues were not foreseen and it has been under short term partnerships with other Government agencies hence recognised when there are indications of receiving funds. Premiums from bank balances also depend on available bank balances which has not been predictable as per the funding from TNT.

Expenses

Recurrent

- a) Postal and courier services went down since the Authority continued to communicate through emails hence the savings.
- b) Board expenses went down as a result of exit of some members whose term expired before end of the Financial and there was no immediate replacement done.
- c) Insurance costs increased as a result of prepayments that were realised during the Financial Year.
- d) Adverse variance on consumables was occasioned by utilisation of inventories from the last financial year hence realisation of the same.
- e) Favourable variance on finance costs, membership and contractual costs was as result of continued use of the online payments which attract less costs. The same was catered for from the overall surplus under recurrent.
- f) Maintenance costs went down since most of the Authority assets in use were in good condition, while maintenance costs in relation to builds and stations was as result of refurbishment works whose procurement process had not been finalised by end of the financial year.
- g) The Authority had anticipated to spend Ksh.500,000 on purchase of furniture though the actual price went down after competitive bidding hence the favourable variance.

KSEIP – Gok

- a) Favourable variance on insurance costs is as result of a prepayment that was differed
- b) Favourable variance on finance costs was as result of continued use of online payment system.

KSEIP – IPF GRANT

- a) Favourable variance on insurance costs is as result of anticipated expenditure to support of the technical officers which the Bank did not approve.
- b) Favourable variance on finance costs was as result of continued use of online payment system. The same was also occasioned by the non-expenditure on the project activities.
- c) Other project operating and coordination expenses were under-utilised due to lengthy procurement process and which were awaiting 'no objection' opinion from the Bank.

KSEIP – IPF LOAN

- a) Finance costs savings were as a result of minimal transactions during the year.
- b) Procurement of assets expenditure was under-utilised due to procurement process and which were awaiting 'no objection' opinion from the Bank.

EDE – SDRM DONOR

SDRM activities are responsive in nature which are triggered by weather patterns thus the expenditure. In addition the project came to an end on June 20, 2023. As per the financing agreement the Government was supposed to pre-finance the winding up costs awaiting refund from the donor after audit, but the funds were not received though the expenditures had to be incurred in response to the prolonged drought period.

EDE – SDRM Gok

- a) Internet costs were under-utilized since the Authority was anticipating to procure a new service provider which was anticipated to be higher.
- b) Favourable variance on finance costs was as result of continued use of online payment system.
- c) Subscription to newspapers expenditure went down due to the Authority embracing the E-subscription.
- d) The adverse variance on advertising was occasioned by the Authority not being in a position to place adverts for various vacant positions during the year.
- e) Most of the planned training activities which were to be conducted in groups could not materialise due to the budget cuts hence the reported under-expenditure.
- f) Board expenses went down as a result of exit of some members whose term expired before end of the Financial and there was no immediate replacement done.
- g) Favourable variance on consumables was occasioned by under-utilisation of inventories that was deferred to the next financial year.

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- h) Maintenance costs on builds and stations was under-spent since the fencing design of the Authority's Kajiado land was revised.

Other Donor related expenses

- a) WFP funds activities were not executed since the Authority did not receive funds from the Donor as earlier anticipated.
- b) UNDP-IRLL incurred minimal expenditure due to the procurement processes that took long.
- c) TWENDE project low absorption was occasioned by the delay in sensitization process at the County level as well as the lengthy procurement process of identification of consultants.
- d) NDEF adverse variance is a result of the nature of the fund. During the financial year the Authority concentrated much on the response activities while the recovery and preparedness activities appear to have been shelved.
- e) DCADR under-expenditure was as a result of delay in receipt of the funds and the Authority could not mobilize for proposals before receipt the funds.

Extra Expenses

- a) The favourable variance under KCEP-CRAL was as a result of delay in receipt of the funds and the Authority could not sign contracts before receipt the funds, these were treated as receivable at the closure of the financial year 2022/23.
- b) The Authority received some funds in respect to drought response and coordination (DCR) activities but the same could not be fully utilized by end of the year due to logistical issues in relation to transport/mobilisation.
- c) TWENDE-SDL; The Authority was sub-contracted by the State Department of Livestock to undertake some activities on it's behalf but due to the delay on Community sensitization the same could not be fully executed.
- d) The Authority received additional funds directly from WFP that was not part of the approved budget hence the non-expenditure.

Explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

- a) Final budget in relation to Revenues was as a result of additional funding during supplementary as well as the extra incomes that do not form part of the approved budgets.

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b) Final budget in relation to expenses was a result of the Authority utilising part of the surpluses reported from previous year that was initially approved though funds were released during closure of the Financial year 2021/2022.

19. Notes to the Financial Statements

1. General Information

National Drought Management Authority is established by and derives its authority and accountability from NDMA Act 2016. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is to exercise overall coordination over all matters relating to drought management including implementation of policies and programmes relating to drought management.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023:
	The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.
	IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

IPSAS 42: Social Benefits **Applicable: 1st January 2023**

The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a

Standard	Effective date and impact:
	<p>reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) 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>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits. Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023

Standard	Effective date and impact:
	IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1 st January 2023.

Notes to the Financial Statements (Continued)

- ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

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

- iii. **Early adoption of standards**

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

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the National Assembly on Sept 01, 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations were added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The Authority'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 budget vs actual statement of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Entity and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) 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.

The Authority has a policy of depreciating PPE in the year of purchase and not depreciation in the year of disposal as stipulated in the NDMA Finance manual

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Authority's financial statements

a) Financial assets

Classification of financial assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

b) Financial liabilities

Classification

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

j) 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) 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.

l) Social Benefits

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

m) 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.

n) 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

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and the related revenue are recognized in the financial statements of the period in which the change occurs.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

p) 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.

q) 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

r) 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) 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.

t) 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.

u) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) 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.

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

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:

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

Useful lives and residual value

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

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

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

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Notes to the Financial Statements (Continued)

6. Public contributions and donations

6. Public contributions and donations

Description	2022-2023	2021-2022
	KShs	KShs
Receipts from EDE SDRM(AIA)	336,663,435	447,976,121
Receipts from KSEIP HSNP III-IPF Grant (Donor)	142,507,791	73,396,499
Receipts from DCADR (AIA)	356,981,202	-
Receipts from WFP-SFSP(Donor)	19,576,087	-
Receipts from UNDP-IRRL(Donor)	-	97,691,331
Receipts from TWENDE IUCN GCF (Donor)	-	62,617,764
Total transfers and sponsorships	855,728,515	681,681,715

7. Transfers from other Government Entities

Description	2022-2023	2021-2022
Unconditional grants	KShs	KShs
Operational grant-Recurrent	629,140,000	662,340,000
	629,140,000	662,340,000

Conditional grants-Government Grants

World Food Programme	31,000,000	35,000,000
Kenya Drought Early Warning	30,000,000	30,000,000
EDE- DRMC	-	30,000,000
EDE-SDRM-GOK	100,000,000	100,000,000
KSEIP- HSNP III	5,081,300,000	4,100,100,000
NDEF	263,300,000	200,000,000
TWENDE -GOK	50,300,000	55,000,000
EDPRCWI	295,000,000	-
Total government grants and subsidies	5,850,900,000	4,550,100,000
	6,480,040,000	5,212,440,000

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Notes to the Financial Statements (Continued)

8. Rental revenue from facilities and equipment

Description	2022-2023 KShs	2021-2022 KShs
Rental income	167,400	477,350
Total rentals	167,400	477,350

9 (a) Other incomes

Description	2022-2023 KShs	2021-2022 KShs
Income from sale of tender	59,770	28,000
Miscellaneous income	447,928	-
Premiums on bank balances - Gross	28,679,164	72,969,493
Tax on premiums withheld	(5,081,269)	(15,956,266)
Total other income	24,105,593	57,041,227

9. (b) Extra incomes

Description	2022-2023 KShs	2021-2022 KShs
ZEF funds	-	6,785,373
UNICEF	-	12,182,590
WFP SFSP	8,954,240	-
KCEP-CRAL	109,624,208	39,609,350
TWENDE - SDL	6,182,400	-
DCR	25,000,000	-
Total Extra incomes	149,760,848	58,577,313



Notes to the Financial Statements (Continued)

10. Use of goods and services

Description	2022-2023	2021-2022
	KShs	KShs
Electricity - Recurrent	2,896,059	3,360,688
Electricity - KSEIP - GOK	1,939,932	1,266,104
Water - Recurrent	286,621	259,770
Water - KSEIP-GOK	627,898	635,818
Contracted Services Security & Cleaning services - Recurrent	8,558,056	9,430,266
Contracted Services Security & Cleaning services - KSEIP-GOK	1,043,478	661,766
Subscription to prof. Bodies - Recurrent	801,781	778,564
Subscription and Newspapers - Recurrent	419,446	746,137
Subscription and Newspapers - KSEIP-GOK	102,140	198,031
Subscription and Newspapers - WFP	-	2,476
Subscription and Newspapers - SDRM-GOK	320,550	-
Advertising and Publicity - Recurrent	1,057,751	1,534,785
Advertising and Publicity - KSEIP	-	212,115
Advertising and Publicity - SDRM-GOK	807,894	-
Provision for Audit Fees- for 2022/23 - Recurrent	1,160,000	1,160,000
Hospitality and Conference facilities-Recurrent	2,113,717	5,222,861
Hospitality and Conference facilities-KSEIP-GOK	1,475,415	1,394,813
Hospitality and Conference facilities-SDRM-GOK	2,601,847	-
Consumables - Recurrent	2,300,665	7,362,692
Consumables - KSEIP-GOK	2,574,070	3,390,467
Consumables - SDRM-GOK	1,554,412	-
Fuel, oil & Lubricant -SDRM-GOK	13,740,966	13,399,970
Fuel, oil & Lubricant - KSEIP-GOK	14,108,163	5,076,381
Fuel, oil & Lubricant - TWENDE	111,317	-

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Fuel, oil & Lubricant - KCEP CRAL	292,637	-
Motor vehicle insurance - Recurrent	1,023,802	2,778,379
Motor vehicle insurance - KSEIP-GOK	1,279,752	812,648

Notes to the Financial Statements (Continued)

Motor vehicle insurance - WFP	255,950	-
Postage – Recurrent	365,512	538,690
Postage – KSEIP-GOK	327,049	219,330
Postage SDRM-GOK	25,820	-
Publishing and Printing - Recurrent	287,956	1,079,980
Publishing and Printing - KSEIP-GOK	-	28,500
Publishing and Printing - SDRM-GOK	827,041	-
Rental - Recurrent	28,426,134	27,318,011
Rental – KSEIP-GOK	3,171,404	2,902,338
Telecommunication - Recurrent	2,279,134	8,482,951
Telecommunication- KSEIP-GOK	1,609,271	1,358,000
Telecommunication- SDRM-GOK	7,782,464	15,293,810
Training -Recurrent	217,235	-
Training -KSEIP-GOK	-	4,062,573
Training –SDRM-GOK	468,035	-
Training – Recurrent	-	21,672,788
Travel costs (Domestic) KSEIP-GOK	-	27,643,861
Travel costs (Domestic) - Recurrent	-	19,143,164
Travel costs (Domestic) - SDRM-GOK	-	25,999,129
Total Use of Goods and services	109,241,372	215,427,857

11. Employee Costs

Description	2022-2023	2021-2022
	KShs	KShs
Salaries and wages - Recurrent	472,987,581	467,512,347
Medical Insurance - Recurrent	59,022,895	46,214,461
Medical Insurance- TWENDE	248,239	-
Medical Insurance – WFP	575,142	937,500

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Medical Insurance -KSEIP-HSNP III -GOK	11,284,328	22,861,741
Medical Insurance - KSEIP IPF- Grant	981,287	1,180,236

Notes to the Financial Statements (Continued)

Group Insurance - Recurrent	6,412,598	2,508,656
Group Insurance -WFP SFSP	109,048	500,000
Group Insurance -TWENDE	42,403	-
Group Insurance -KSEIP-HSNP III -GOK	3,342,421	2,647,368
Group Insurance -KSEP IPF Grant	299,414	1,765,070
Employee related costs -Contribution to Pension - Recurrent	58,574,586	57,513,562
Employee related costs -Contribution to NSSF - Recurrent	2,145,640	892,620
Employee related costs -Contribution to NITA - Recurrent	192,350	184,500
Gratuity -WFP	-	370,760
Gratuity -Recurrent	3,118,662	4,170,495
Gratuity -IPF	-	1,530,342
Gratuity -KSEIP-HSNP III -GOK	-	1,634,040
Travel costs (Domestic)KSEIP-HSNP III -GOK	2,940,160	-
Travel costs (Domestic) - Recurrent	484,795	-
Travel costs (Domestic) - SDRM-GOK	15,152,840	-
Employee costs	637,914,390	612,423,697

12. board expenses

Description	2022-2023	2021-2022
	KShs	KShs
Chairman's Honoraria - Recurrent	960,000	670,000.00
Directors emoluments (CEO) - Recurrent	-	4,807,939.65
Allowances - KSEIP-HSNP III -GOK	-	160,000
Allowances - Recurrent	2,779,431	6,588,113
Allowances - SDRM-GOK	1,111,473	-
Allowances - EDE DRMC	-	-
Domestic Travel - Recurrent	990,998	4,448,732
Domestic Travel - EDE DRMC	-	266,000

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Domestic Travel - SDRM-GOK	105,150	-
Training expenses -Recurrent	22,440	1,028,060

Notes to the Financial Statements (Continued)

Training expenses -SDRM	16,250	
Telephone expenses -Recurrent	-	549,000
Telephone expenses -KSEIP-HSNP III -GOK	-	260,000
Telephone expenses -Recurrent	51,000	-
Telephone expenses -SDRM-GOK	34,927	-
Medical expenses- Recurrent	-	327,030
Medical expenses- SDRM-GOK	327,030	-
Club Membership- Recurrent	465,000	165,000.00
Total director emoluments	6,863,699	19,269,875

13. Depreciation and amortization expense

Description	2022-2023	2021-2022
	KShs	KShs
Motor vehicles	57,098,695	47,740,794
Furniture and fittings	4,884,243	5,521,995
Computers	24,005,301	25,925,491
Plant and Equipment	156,145	160,148
Total depreciation expense	86,144,383	79,348,428

14. Repairs and Maintenance

Description	2022-2023	2021-2022
	KShs	KShs
Property & Buildings -KSEIP-HSNP III -GOK	1,532,960	1,596,443
Property & Buildings - Recurrent	537,132	1,601,905
Property & Buildings - SDRM-GOK	2,297,322	-
Plant & Equipment - Recurrent	11,456	1,284,830
Plant & Equipment - KSEIP-HSNP III -GOK	123,460	119,500
Motor Vehicles - SDRM-GOK	15,452,919	16,748,884

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Motor Vehicles - KSEIP-GOK	10,126,049	10,793,920
Motor Vehicles - Recurrent	-	17,104

Notes to the Financial Statements (Continued)

Motor Vehicles - KCEP CRAL	98,870	-
Motor Vehicles - TWENDE	243,158	-
Computers - Recurrent	1,281,100	1,426,835
Computers -KSEIP-HSNP III -GOK	100,000	1,687,430
Computers - SDRM-GOK	38,000	-
Total repairs and maintenance	31,842,427	35,276,850

15. Grants and subsidies / Donor related expenses

Description	2022-2023	2021-2022
	KShs	KShs
Community development - KRDP EWS (GoK)	29,540,664	30,471,991
Social Benefits - KSEIP-HSNP III -GOK	4,935,864,141	4,185,356,817
Community development - KSEIP-HSNP III IPF Grant	85,185,234	56,844,664
Community development - KSEIP-HSNP III IPF loan	24,169,963	7,267,525.60
Community development - SDRM -GOK	31,013,497	30,511,875
Community development - EDE DRMC (GoK)	13,002,554	29,751,750
Community development - UNDP IRRL	75,690,434	82,995,166.70
Community development - WFP/SFSP-GOK	26,405,577	31,705,823
Community development - EDE SDRM (donor)	553,789,009	625,850,885
Community development - EDE DRMC (donor)	-	81,219,273
Community development - TWENDE	105,493,603	-
Community development - NDEF	60,897,360	-
Community development - DCADR Donor	19,821,386.73	-
Total grants and subsidies	5,960,873,422	5,161,975,770

Notes to the Financial Statements (Continued)

16. Finance costs

Description	2022-2023 KShs	2021-2022 KShs
Recurrent		905,223
WFP/SFSP	886,845	69,477
KRDP GoK	63,799	79,933
SDRM-GOK	192,527	532,649
UNDP IRRLC	358,981	23,506
KCEP CRAL	23,050	105,040
KSEIP HSNP III-GOK	53,612	858,686
KSEIP IPF GRANT	391,044	57,954
KSEIP IPF Loan	27,146	1,503
TWENDE	61,958	1,353
EDE	357,639	6,172
NDEF	180	-
	118,867	
Total finance costs	2,535,648	2,641,497

17. Extra expenses

Description	2022-2023 KShs	2021-2022 KShs
ZEF Funds	4,729,900	3,171,784
KCEP CRAL	71,784,030	68,522,367
UNICEF - FUNDS	1,770,803	10,411,786
TWENDE SDL	4,911,654	-
DCR	21,252,208	-
Total Extra expenses	104,448,595	82,105,937

Notes to the Financial Statements (Continued)

18.(a) Gain on Sale of Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Motor Vehicles, Including Motorcycles	17,516,594	1,065,571
Office Equipment, Furniture, And Fittings	43,450	(2,375)
Computers	148,179	6,030
Gain on KCT 782Y - Vehicle had an accident in 2022	1,613,841	-
Total gain on disposal	19,322,063	1,069,226

18 (b)

Proceeds from disposal	2022-2023	2021-2022
	Kshs	Kshs
Motor vehicle	28,757,758	2,095,701
ICT Equipment	205,460	-
Furniture & Equipment	43,450	-
	29,006,668	2,095,701

19. Cash and cash equivalents

Bank	2022-2023	2021-2022
	KShs	KShs
KCB-NDMA 1136140255	9,914,250	4,840,039
NDMA- TWENDE PROJECT -IUCN GCF 214470087	28,726,962	62,649,210
NATIONAL DROUGHT EMERGENCY FUND- 2144470163	397,761,168	200,139,726
NCBA-NDMA 2144470179	13,287,082	4,900,544
UNDP-INTEGRATED RESPONSE AND RECOV 2144470158	40,276,223	97,748,206
NCBA- WFP-SFSP 2144470142	32,229,179	6,878,466
NCBA- KRDP DCF 2144470074	42,981	39,308
NCBA- EDE DRMC - SP5- 1144540094	453,890	635,380
NCBA-EDE DRMC-SP6 1144540089	700,488	681,653
NDMA COUNTY BANKS Balances	16,730,560	45,548,177
KCB-EDE-DRMC COUNTY BANKS	176,851	16,423,164
EQUITY - KSEIP/HSNP III 1770278883942	54,234	340,201
NCBA EDE SDRM 1144540073	14,178,010	148,255,997
NCBA -KSEIP HSNP III IPF Grant 2144470121	18,240,049	23,363,817
NCBA - KSEIP -HSNP III GOK Funds 2144470116	221,186,379	41,422,444
NCBA -KSEIP HSNP III IPF IDA CREDIT 2144470032	2,265,909	65,712,485
NCBA - KCEP CRAL 2144470108	1,688,813	454,187
NBK DCADR-01570260179100	174,945,632	-
Total cash and cash equivalents	972,858,659	720,033,004

Notes to the Financial Statements (Continued)

**20. Receivables from Exchange Transactions
(Current)**

	2022-2023	2021-2022
	KShs	KShs
NDMA -Staff Debtors (Imprest)	122,700	-
Insurance & other prepayments	57,763,306	59,631,670
Bank clearing	58,959,212	1,466,687
Salary advances	353,714	696,541
Inter-account borrowings	-	16,954,115
EDE DRMC (Donor)	38,103,065	9,680,532
EDE - EU Inter-borrowing	198,179,550	35,000,000
ICRAF	23,242,798	-
FAO	688,899	688,899
PS ASAL	332,084,367	59,007,716
PS ASAL- Cral	59,624,208	-
Motor vehicle insurance compensation	4,550,000	-
Total current receivables	773,671,818	183,126,159

21. Inventories

Description	2022-2023	2021-2022
	KShs	KShs
Consumable stores	4,264,516	3,601,575
Total inventories at the lower of cost and net realizable value	4,264,516	3,601,575

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Notes to the Financial Statements (Continued)

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30th June 2023				
Receivables from non-exchange transactions	773,671,818	773,671,818	-	-
Bank balances	972,871,746	972,871,746	-	-
Total	1,746,543,564	1,746,543,564	-	-
As at 30 June 2022				
Receivables from non-exchange transactions	183,126,159	183,126,159	-	-
Bank balances	720,033,004	720,033,004	-	-
Total	903,159,163	903,159,163	-	-

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Notes to the Financial Statements (Continued)

22. a Property, plant and equipment

Cost	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers Kshs	Plant and Eqpnt Kshs	Total Kshs
As at 30th June 2021						
	-	0.25	0.125	0.3	0.025	
Additions	174,577,706	269,395,243	37,730,254	49,339,200	6,808,308	537,850,711
Disposals	7,392,558	40,448,350	14,954,208	60,797,863	0	123,592,979
	0	1,360,000	5,000	3,000	0	1,368,000
As at 30th June 2022						
	181,970,264	308,483,593	52,679,462	110,134,063	6,808,308	660,075,690
Additions	0	104,934,000	419,980	19,691,857	0	125,045,837
Disposals	0	19,761,602	0	167,000	0	19,928,602
AS at 30th June 2023						
	181,970,264	393,655,991	53,099,442	129,658,920	6,808,308	765,192,925
Depreciation (Accumulated depreciation account)						
As at 30 June 2021						
	0	117,860,419	8,504,128	23,716,660	402,371	150,483,578
Depreciation	0	47,740,794	5,521,995	25,925,491	160,148	79,348,428
Disposals	0	340,000	625	900	-	341,525
As at 30th June 2022						
	0	165,261,213	14,025,498	49,641,251	562,519	229,490,481
Depreciation	0	57,098,695	4,884,243	24,005,301	156,145	86,144,383

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Disposals	0	10,134,278	0	109,719	0	10,243,997
As at 30th June 2023	0	212,225,629	18,909,741	73,536,833	718,664	305,390,867
Net Book Values						
As At 30th June 2022	181,970,264	143,222,380	38,653,964	60,492,812	6,245,789	430,585,209
As At 30th June 2023	181,970,264	181,430,362	34,189,701	56,122,087	6,089,644	459,802,058

22. b Intangible Assets

Cost	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year 2022	39,834,728	39,834,728
Additions	24,233,240	-
At end of the year 2023	64,067,968	39,834,728

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Notes to the Financial Statements (Continued)

Valuation

Land and buildings/ Equipment were valued by Ministry of lands and physical planning professional valuers from the Government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). The assets were revalued on 8th March 2021.

23 .Trade and other payables

Description	2022-2023	2021-2022
	KShs	KShs
Other payables (EDE-DRMC)	28,986,748	564,215
Refundable deposits on disposal	234,071	5,873,866
Payroll Liabilities	959,985	657,603
NITA	16,050	450
Withholding tax	1,020,864	639,134
Isuzu East Africa		19,430
Accrued Expenses	144,634,350	13,671,451
Audit fees accrued	1,160,000	2,320,000
Insurance compensation-GPI	4,957,600	200,000
10 % Retention	4,268,237	584,459
Inter-account borrowings		16,954,115
Un Honored Cash Transfers	54,234	340,201
EDE - EU Inter borrowing	198,179,550	35,000,000
Total trade and other payables	384,471,688	76,824,924

	2022-2023		2021-2022	
	KShs		KShs	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	384,471,688	100%	76,824,924	100%
Total (tie to above total)	384,471,688		76,824,924	

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Refundable Deposits and Prepayments from Customers

Description	2022-2023		2021-2022	
	KShs		KShs	
Prepayments	57,763,306		59,631,670	
Other deposits	-		-	
Total deposits	57,763,306		59,631,670	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative	% of the Total
			FY	
Under one year	234,071	100%	5,873,866	100%
Total	234,071		5,873,866	

Refundable deposit relates to amount deposited in relation to disposal of assets

6. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity'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 Entity 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 Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

The Entity 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.

Financial Risk Management

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:

Description	Total amount	Fully performing	Past due	Impaired
As at 30 th June 2023	Kshs	Kshs	Kshs	Kshs
		0		
Receivables from non-exchange transactions	715,908,513	715,908,512.6	0	0
Bank balances		0	0	0
Total	715,908,513	715,908,513	0	0
As at 30 June 2022				
Receivables from non-exchange transactions	123,494,489	123,494,489	0	0
Bank balances			0	0
Total	123,494,489	123,494,489	0	0

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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 directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have 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 Entity 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.

Financial Risk Management

iii) Market risk

The Entity 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 Entity'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 way it manages and measures the risk.

a) Foreign currency risk

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

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Appendices

Appendix I: Implementation Status of Auditor-General's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Property plant and Equipment The Authority has 51 Motor vehicles without log books	The management obtained logbooks from NTSA and available for confirmation	Resolved	None
2	Long outstanding trade & other payable	The payable in question were cleared during the financial year 2022/23 & 2023/24	Resolved	None
	Previous year audit issues	The management appeared Before Public investment committee of social services administration and agriculture (PIC-SSA) in respect to prior year audit issues	Resolved	None



NDMA Chief Executive Officer

Date:

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Appendix II: Projects implemented by National Drought Management Authority FY 2022/2023

Projects implemented by National Drought Management Authority

Project Code & Project Title	Financing		Actual cumulative Exp. up to 30th June 2023	Project completion % as at 30th June 2023	Approved Budget 2022/23		Source of Funds
	Estimated Cost of Project	GoK Foreign			GoK	Foreign	
	Kshs. Million		Kshs. Million		Kshs. Million		
NDMA							
Ending Drought Emergencies Support to Resilient Livelihoods and Drought Risk Management II	1,980	660	1,320	100	100	339	GoK and EU
Integrated response and recovery of livelihood for communities affected by crisis in Kenya.	228	-	228	75	-	97	UNDP
Kenya Hunger Safety Net Programme	28,811	28,811	-	55	5,081	-	GoK
Kenya Social and Economic Inclusion Project (KSEIP)	1,200	-	1,200	39	-	192	WB

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Resilience and sustainable Food Systems Project	568	140	428	128.3	22	31	70GoK and WFP
Ending Drought Emergencies Eco System based Adaptation in Kenya's Arid and Semi- Arid Rangelands (TWEENDE)	869	264	605	227.9	26	50	120GoK and GCF
National Drought Emergency Fund (NDEF)	20,000	20,000	-	60.9	0.3	263	-GoK
Dryland Climate Action for Community Drought Resilience (DCADR)	2,250	625	1,625	8	0.35	-	-GoK and EU
Total	55,907	50,500	5,407	18,915		5,525	818

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Appendix III: Status of Projects completion

Project Title	Total Project cost (Mil Kshs)	Total expended to date (June 2023) (Mil Kshs)	Completion % to date	Budget 2022/23 (Mil Kshs)	Actual 2022/23 (Mil Kshs)	Sources of funds
Ending Drought Emergencies Support to Resilient Livelihoods and Drought Risk Management II	1,980	1,944.3	100%	379		GoK/EU
Integrated response and recovery of livelihood for communities affected by crisis in Kenya.	228.4	173	43%	150		UNDP
Kenya Social and Economic Inclusion Project (KSEIP)	1,200	467.9	30%	267		WB
Kenya Hunger Safety Net Programme	28,811.24	15,905	38%	4,425.6		GoK
Resilience and sustainable Food Systems Project	568.47	128.3	20%	152.4		GoK/WFP
Ending Drought Emergencies Eco System based Adaptation in Kenya's Arid and Semi- Arid Rangelands (TWENDE)	868.96	227	15%	241		GoK/GCF
National Drought Emergency Fund (NDEF)	20,000	60.9	0%	200		GoK

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				
					Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of EAC, ASALs & Regional Development	19-08-22	Recurrent + KDEWS	164,785,000	659,140,000	-	-	-	-	659,140,000
	03-10-22		164,785,000		-	-			
	03-02-23		164,785,000		-	-			
	05-05-23		164,785,000		-	-			
Ministry of EAC, ASALs & Regional Development	14-10-22	Development (KSEIP-GoK)	1,270,325,000	5,081,300,000	-	-	-	-	5,081,300,000
	19-06-23		1,143,292,500		-	-			
	26-06-23		2,667,682,500		-	-			
Ministry of EAC, ASALs & Regional Development	17-01-23	Development (KSEIP-Grant)	68,275,200	142,507,791	-	-	-	-	142,507,791
	27-04-23		74,232,591		-	-			
	30-09-22	Development (SDRM-GoK)	25,000,000	75,000,000	-	-	25,000,000	-	75,000,000

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Ministry of EAC, ASALs & Regional Development	26-05-23		25,000,000		-	-				
	29-05-23		25,000,000		-	-				
Ministry of EAC, ASALs & Regional Development	08-12-22	Donor Funds (SDRM-EU)	139,505,000	336,961,783	-	-	3,709,367	-	336,961,783	
	05-01-23		139,505,000		-	-				
	30-06-23		57,951,783		-	-				
Ministry of EAC, ASALs & Regional Development	30-09-22	Development (Twende-GoK)	12,575,000	37,725,000	-	-	12,575,000	-	37,725,000	
	26-05-23		12,575,000		-	-				
	29-05-23		12,575,000		-	-				
Ministry of EAC, ASALs & Regional Development	30-09-22	Development (WFP-SFSP-GoK)	11,250,000	22,500,000	-	-	8,500,000	-	22,500,000	
	30-05-23		11,250,000		-	-				
Ministry of EAC, ASALs & Regional Development	15-12-22	Donor Funds	12,053,729	19,079,577	-	-	-	-	19,079,577	
	02-06-23		7,025,848		-	-				
Ministry of EAC, ASALs & Regional Development	30-09-23	Development (NDEF-GoK)	125,000,000	250,000,000	-	-	13,300,000	-	250,000,000	
	16-03-23		125,000,000		-	-				

Ministry of EAC, ASALs & Regional Development	18-05-23	Donor Funds	356,981,202	356,981,202	-	-	-	-	356,981,202
Ministry of EAC, ASALs & Regional Development	29-05-23	Development (EDPRCWI)	26,000,000	26,000,000	-	-	269,000,000	-	26,000,000
			7,007,195,353	7,007,195,353	-	-	332,084,367	-	7,007,195,353

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Appendix V- Inter-Entity Confirmation Letter

The National Drought Management Authority wishes to confirm the amounts disbursed as at 30th June 2023 is as indicated in the table below;

Confirmation of amounts received by National Drought Management Authority as at 30th June 2023						
		Amounts Disbursed by Ministry of EAC, ASALs & RD (KShs) as at 30th June 2023			Amount Received by National Drought Management Authority(KShs) as at 30th June 2023	
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter- Ministerial (C)	Total (D)=(A+B+C)	Differences (KShs) (F)=(D-E)
PV000006	03-Aug- 22	157,285,000	-	-	157,285,000	-
PV000277/1	04-Oct- 22	157,285,000	-	-	157,285,000	-
PV 001218	31-Jan-23	157,285,000	-	-	157,285,000	-

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PV 002478	24-Apr-23	157,285,000	-	-	-	157,285,000	157,285,000	-
PV000005	03-Aug-22	7,500,000	-	-	-	7,500,000	7,500,000	-
PV000278	04-Oct-22	7,500,000	-	-	-	7,500,000	7,500,000	-
PV 001219	31-Jan-23	7,500,000	-	-	-	7,500,000	7,500,000	-
PV 002478	24-Apr-23	7,500,000	-	-	-	7,500,000	7,500,000	-
PV000014	29-Aug-22	-	127,032,500	-	-	127,032,500	127,032,500	-
PV000015	29-Aug-22	-	127,032,500	-	-	127,032,500	127,032,500	-
PV000016	29-Aug-22	-	127,032,500	-	-	127,032,500	127,032,500	-
PV000017	29-Aug-22	-	127,032,500	-	-	127,032,500	127,032,500	-
PV000023	29-Aug-22	-	127,032,500	-	-	127,032,500	127,032,500	-
PV000019	29-Aug-22	-	127,032,500	-	-	127,032,500	127,032,500	-
PV000020	29-Aug-22	-	127,032,500	-	-	127,032,500	127,032,500	-
PV000021	29-Aug-22	-	127,032,500	-	-	127,032,500	127,032,500	-

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PV000022	29-Aug-22	-	127,032,500	-	127,032,500	127,032,500	-
PV000018	29-Aug-22	-	127,032,500	-	127,032,500	127,032,500	-
PV000367	28-Oct-22	-	127,032,500	-	127,032,500	127,032,500	-
PV000372	28-Oct-22	-	127,032,500	-	127,032,500	127,032,500	-
PV000371	28-Oct-22	-	127,032,500	-	127,032,500	127,032,500	-
PV000366	28-Oct-22	-	127,032,500	-	127,032,500	127,032,500	-
PV000373	28-Oct-22	-	127,032,500	-	127,032,500	127,032,500	-
PV000364	28-Oct-22	-	127,032,500	-	127,032,500	127,032,500	-
PV000365	28-Oct-22	-	127,032,500	-	127,032,500	127,032,500	-
PV000368	28-Oct-22	-	127,032,500	-	127,032,500	127,032,500	-
PV000369	28-Oct-22	-	127,032,500	-	127,032,500	127,032,500	-
PV000370	28-Oct-22	-	127,032,500	-	127,032,500	127,032,500	-
001220/A946353	27-Jan-23	-	127,032,500	-	127,032,500	127,032,500	-

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PV001220/A946353	30-Jan-23	-	127,032,500	-	127,032,500	127,032,500	-
PV001222/A946353	30-Jan-23	-	127,032,500	-	127,032,500	127,032,500	-
PV001223/A946353	30-Jan-23	-	127,032,500	-	127,032,500	127,032,500	-
PV001225/A946353	30-Jan-23	-	127,032,500	-	127,032,500	127,032,500	-
PV001226/A946353	30-Jan-23	-	127,032,500	-	127,032,500	127,032,500	-
PV001227/A946353	30-Jan-23	-	127,032,500	-	127,032,500	127,032,500	-
PV001228/A946353	30-Jan-23	-	127,032,500	-	127,032,500	127,032,500	-
PV001229/A946353	03-Feb-23	-	127,032,500	-	127,032,500	127,032,500	-
PV001221/A946353	31-Mar-23	-	127,032,500	-	127,032,500	127,032,500	-
PV 002527	03-May-23	-	127,032,500	-	127,032,500	127,032,500	-
PV 002523	03-May-23	-	127,032,500	-	127,032,500	127,032,500	-
PV 002524	03-May-23	-	127,032,500	-	127,032,500	127,032,500	-
PV 002525	03-May-23	-	127,032,500	-	127,032,500	127,032,500	-

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PV 002526	03-May-23	-	127,032,500	-	127,032,500	127,032,500	-
PV 002522	03-May-23	-	127,032,500	-	127,032,500	127,032,500	-
PV 002520	03-May-23	-	127,032,500	-	127,032,500	127,032,500	-
PV 002521	03-May-23	-	127,032,500	-	127,032,500	127,032,500	-
PV 002519	03-May-23	-	127,032,500	-	127,032,500	127,032,500	-
PV 002518	03-May-23	-	127,032,500	-	127,032,500	127,032,500	-
PV 0010	30-Sep-22	-	125,000,000	-	125,000,000	125,000,000	-
PV000363	28-Oct-22	-	125,000,000	-	125,000,000	125,000,000	-
PV 001368	15-May-23	-	13,300,000	-	13,300,000	-	13,300,000
001169/NDMA/FIN/IPF/7/42	13-Jan-23	-	68,275,200	-	68,275,200	68,275,200	-
PV 002462	15-May-23	-	74,232,591	-	74,232,591	74,232,591	-
PV 0009/1	30-Sep-22	-	25,000,000	-	25,000,000	25,000,000	-
PV 000360	03-Oct-22	-	25,000,000	-	25,000,000	25,000,000	-

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PV001230	03-Feb-23	-	25,000,000	-	25,000,000	25,000,000	-
PV 002528	03-May-23	-	25,000,000	-	25,000,000	-	25,000,000
PV001163	25-Oct-22	-	139,505,000	-	139,505,000	139,505,000	-
PV001004	01-Dec-22	-	139,505,000	-	139,505,000	139,505,000	-
PV 002517	03-May-23	-	57,951,783	-	57,951,783	57,951,783	-
PV 00013/1	30-Sep-22	-	11,250,000	-	11,250,000	11,250,000	-
PV000361	28-Oct-22	-	11,250,000	-	11,250,000	11,250,000	-
001305/	15-May-23	-	8,500,000	-	8,500,000	-	8,500,000
PV000011	29-Aug-22	-	12,053,729	-	12,053,729	12,053,729	-
001463/2	15-May-23	-	7,025,848	-	7,025,848	7,025,848	-
PV 00012/1	30-Sep-22	-	12,575,000	-	12,575,000	12,575,000	-
PV000362	28-Oct-22	-	12,575,000	-	12,575,000	12,575,000	-
PV001231/B141098	03-Feb-23	-	12,575,000	-	12,575,000	12,575,000	-

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PV 002529	03-May-23	-	12,575,000	-	12,575,000	-	12,575,000
PV001251/B141097	03-Feb-23	-	26,000,000	-	26,000,000	26,000,000	-
004015/3	29-Jun-23	-	53,025,000	-	53,025,000	-	53,025,000
PV 002509	03-May-23	-	356,981,202	-	356,981,202	356,981,202	-
Total		659,140,000	6,460,455,353	-	7,119,595,353	7,007,195,353	112,400,000

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

Head of Accountants department of beneficiary Entity:

Name Sign Date 27/02/2024