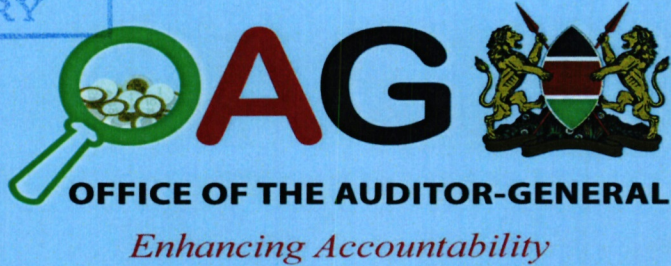


Scanned

PARLIAMENT
OF KENYA
LIBRARY

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

PAPERS LAID	
DATE	14/10/2022.
TABLED BY	SEN MAJORITY WHIP.
COMMITTEE	_____
CLERK AT THE TABLE	A. MACHARIA.

**GARISSA COUNTY INVESTMENT
DEVELOPMENT AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2021**



OFFICE OF THE AUDITOR GENERAL

15 OCT 2021

RECEIVED
P. O. BOX 88-70100 GARISSA HUB



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
19 JUL 2022
RECEIVED

**GARISSA COUNTY INVESTMENT DEVELOPMENT AUTHORITY
(GIDA)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2021

TABLE OF CONTENT

1. KEY ENTITY INFORMATION AND MANAGEMENT	2
2. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)	4
3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES	6
4. MANAGEMENT TEAM	7
5. BOARD/FUND CHAIRPERSON'S REPORT	8
6. REPORT OF THE FUND ADMINISTRATOR	9
7. CORPORATE GOVERNANCE STATEMENT	10
8. MANAGEMENT DISCUSSION AND ANALYSIS	11
9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	12
10. REPORT OF THE TRUSTEES	13
11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	14
12. REPORT OF THE INDEPENDENT AUDITOR	15
13. FINANCIAL STATEMENTS	16
13.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2020.....	16
13.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021.....	17
13.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021.....	18
13.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021	19
13.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2021.....	20
13.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	21
13.7. NOTES TO THE FINANCIAL STATEMENTS.....	36
14. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	41

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2021

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Garissa County Investment Development Authority is established by and derives its authority and accountability from Garissa County Investment Development Authority Act, 2018 of 1ST December 2018. The Garissa County Investment Development Authority is wholly owned by the County Government of Garissa and is domiciled in Kenya.

The Authority's objective is to make investments on behalf of the county for the purposes of generating revenue.

b) Principal Activities

The mandate of the Authority is to attract investors, holding properties on behalf of the county for investment and attract investors to invest within the county.

c) Board Members for GIDA

Ref	Name	Position
1	Siyat Osman Ibrahim	Chief Executive Officer
2	Ahmed Haji Issa	Chairman
3	Abdisirat Abdirabe	Member
4	Mahat Salah Sheikh	Member/Co trade
5	Aden Harun	Member/Co finance
6	Mohamed M Salat	Member
7	Mohamed Amin Muhumed	Fund Administrator

d) Key Management

Ref	Name	Position
1	Siyat Osman Ibrahim	CEO
2	Mohamed Amin Muhumed	Director in charge of Administration

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2021

e) Registered Offices

P.O. Box 235-70100
Province Road
Garissa, KENYA

f) Authority's Contacts

E-mail: Enquiries@garissa.go.ke
Website: www.garissa.go.ke

g) Parent Bank

1. Co-operative Bank of Kenya
Garissa Branch

h) Independent Auditors



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

i) Principal Legal Adviser

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

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2021

2. THE BOARD OF TRUSTEES

Name	Details of qualifications and experience
<p>1. </p>	<p>SIYAT OSMAN IBRAHIM (CEO,GIDA) Siyat Osman is the CEO for Garissa County Investment Development Authority, born the year 1965,he holds Master’s degree in Project Planning and Management, Executive Manager in conflict management, Bachelor of Arts degree and diploma in International Relations and Diplomacy. In 2013-2017 he served as a County Secretary of Lamu 2007-2013 worked in the Ministry of Foreign Affairs and in 1998-2007 he served as a Mayor in Garissa Municipality</p>
<p>2. Mohamed Amin Muhumed</p>	<p>MOHAMED AMIN MUHUMED Mohamed Amin is the fund administrator for Garissa County Investment Authority. Previously he served as head teacher in Iftin primary school and later he joined Garissa County as Director Administration in the department of Finance and Currently he is serving in Garissa investment Development Authority as fund Administrator</p>
<p>3. Ahmed Haji Issa (Chairman GIDA)</p>	<p>He is the Non-Executive Chairperson of Garissa Investment Development Authority appointed by Governor of Garissa</p>
<p>4. Abdisirat Abdirabe (Member)</p>	<p>Professional member appointed by the Governor</p>
<p>5. Mohamed M Salat (Member)</p>	<p>Professional member appointed by the Governor</p>
<p>6. </p>	<p>Mahat salah sheikh (Member) Mahat salah Sheikh is Chief officer of trade and becomes automatic member as per Act of GIDA. He is highly accomplished, Managerial, Administrative in Public Health Management, Humanitarian partnership programs, and Management Development professional offering more than 20 years of senior managerial leadership experience in various government departments as well as the NGOs. Highly experienced at launching, directing and managing public sector programs by leading and supporting the coordination of work execution, reporting project status, implementing schedules and</p>

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2021

	ensuring programs are completed in time and within budget. He has history of working hand in hand with county governments, local governments, state agencies, International Organizations and other relevant players
7. Aden Harun	Chief officer of Finance becomes automatic member as per Act of GIDA

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2021

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
 PREDETERMINED OBJECTIVES**

Introduction

The key development objectives of the Garissa Investment Development Authority 2018-2021 plan are to:

- a. Development of county Assets and inventory
- b. County resource mapping
- c. Tourism/Site mapping
- d. Investment conference
- e. Investment policy/ strategic plan development.


Progress on attainment of Strategic development objectives (Adopted from Garissa county investment development authority)

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Development of county asset/inventory	To develop and maintain county assets and inventory	The assets and inventory was not maintained due to lack of funds from finance	It indicates no assets and inventor in place till date	In FY 19/20 we did not do any work as per assets and inventory work
County resource mapping	To develop and and maintain county resource mapping	No work done as per county resource mapping	N/A	N/A
Tourism/ site mapping	To develop tourism site for the county	No work done	N/A	N/A
Investment conference	To carry out investment conference for the county	No work done	N/A	N/A
Investment policy	To develop investment policies	No work done	N/A	N/A

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2021

4. MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>1. </p>	<p>SIYAT OSMAN IBRAHIM (CEO,GIDA) Siyat Osman is the CEO for Garissa county investment development authority, born the year 1965; he holds master’s degree in project planning and management, executive manager in conflict management, bachelor of arts degree and diploma in international relations and diplomacy. In 2013-2017 he served as a county Secretary of Lamu 2007-2013 worked in the ministry of foreign affairs and in 1998-2007 he served as a mayor in Garissa municipality</p>
<p>2. Mohamed Amin Muhumed (Director Administration)</p>	<p>Amin is currently working in GIDA as the administrator and the authorizing officer. He previously worked with the department of finance Garissa County as the administrator finance, before joining the county he worked as a headteacher in Iftin Primary school.</p>

5. BOARD CHAIRPERSON'S REPORT

Garissa County Investment Development Authority is established by and derives its authority and accountability from Garissa County investment development Authority Act, 2018 of 1st December 2018. The Garissa County Investment Development Authority is wholly owned by the County Government of Garissa and is domiciled in Kenya.

Garissa County Investment Development Authority is established and derives its authority and accountability from Garissa County Investment development Authority Act 2018 which came into effect from 1ST December 2018.

The Authority shall be responsible for, holding the property and assets of the county for the purpose of investment and development, undertaking investment on behalf of the county for the purpose of generating revenue, undertaking any development initiative for the county with a business or social purpose, identifying strategic investment opportunities, undertaking business ventures solely or in partnership with the entities or persons on behalf of the county, advising the county government and county residents on investments opportunities within and outside the county.

● **Main work plan for the Authority**

The Main work pan for the authority is as follows;

- ✓ Development of county Assets and inventory
- ✓ County resource mapping
- ✓ Tourism/Site mapping
- ✓ Investment conference
- ✓ Investment policy/ strategic plan development.

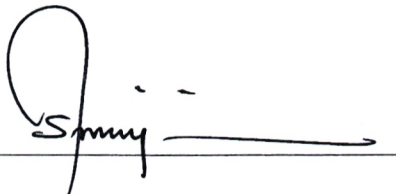
● **Review for the performance of the Authority**

The County Government of Garissa allocated Kshs. 20 million for the Authority for the financial year 2020/2021. However, out of the budgeted 1.2 million was received form the treasury which was used to pay salary and office operation.

● **Future outlook of the Authority**

The Authority requests H.E the Governor, Garissa County to allocate more funds to the Authority in order to serve its functions better.

Signed: _____



CEO, SIYAT OSMAN IBRAHIM

6. REPORT OF THE FUND ADMINISTRATOR

The Garissa County Investment Authority was established in 2018 with the gazettelement of the Garissa County investment Authority Act of 2018. However, the fund was operationalized in the financial year 2019/2020.

The challenge faced by the fund includes.

The following are among the challenges faced by the funds Administrator: -

1. Late disbursement of the Authority's Funds from the Treasury
2. The available funds could not fully cover the needs on the ground.
3. The vast land of Garissa County made some areas inaccessible due to various reasons such poor road infrastructure and insecurity making Mapping difficult.
4. The main functions of the office was not done, the office staffs have not received their salaries for the last seven months due to minimal financing from the county treasury.

Way forward

1. The county treasury should do timely disbursement of funds to the Authority to pay office salaries and operationalize the functions of the authority

Signed: _____

Mohamed Amin Muhumed

DIRECTOR ADMINISTRATION GIDA

7. CORPORATE GOVERNANCE STATEMENT

Garissa County investment development authority is established by and derives its authority and accountability from Garissa County investment development Authority Act, 2018 on 1ST December 2018. The Garissa County Investment Development Authority is wholly owned by the County Government of Garissa and is domiciled in Kenya.

The Authority's objective is to make investments on behalf of the county for the purposes of generating revenue.

THE MEMBERS OF THE BOARD

Process of Appointment

The management of the Authority shall vest in a board which shall consist of

- a) A non-executive chairperson who shall be appointed by the Governor.
- b) The chief officer for the time being responsible for matters of finance;
- c) The chief officer for time being responsible for matters of trade and investments;
- d) Two professionals appointed by the executive member in consultation with the governor
- e) The chief executive officer who shall be an ex-official member and secretary to the board.

The board of members is responsible for the long-term strategic direction of the Authority .The board of members' exercises leadership, enterprise, integrity and judgment in directing the Fund.

The members are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund administrator

All members of the board have been taken through a comprehensive induction programme, and are adequately trained on their roles as board members. The members are professional, committed and guided by the mission, vision and core values of the Fund in execution of their

BOARD MEETINGS

The board of trustees meets as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets.

STATEMENT OF COMPLIANCE

The board of trustees confirms that the fund has throughout the FY2020/2021 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

8. MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the County Assembly of Garissa appropriated Kshs. 20,000,000 for the Authority. The total Funds received during the year were Kshs. 1,200,000 out of which a total expenditure of Kshs. 1,200,000 was incurred on expenditure during the year. The expenditure was incurred as per the Authority Act and regulations approved by County Assembly of Garissa.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The fund was not involved in any corporate social responsibility activities in FY-2020/2021.

10. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Authority's affairs.

Principal activities

The purpose of the Authority is to attract investors, holding properties on behalf of the county for investment and attract investors to invest within the county.

Results

The results of the Authority for the year ended June 30, 2021 are set out on page 16.

Trustees

The members of the Board who served during the year are shown on page 2.

Auditors

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

Date: 

CEO GIDA

SIYAT OSMAN IBRAHIM

11. STATEMENT OF MANAGEMENT’S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Garissa County Investment Authority Act, 2018 shall prepare financial statements for the Authority in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

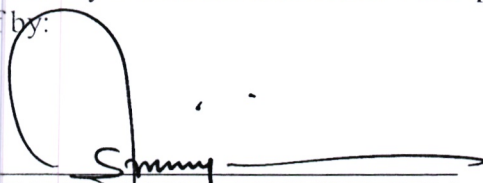
The Chief Executive Officer is responsible for the preparation and presentation of the Authority’s financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Garissa County investment Authority Act, 2018. The Chief Executive Officer is of the opinion that the Authority’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2021, and of the Fund’s financial position as at that date. The Chief Executive Officer further confirms the completeness of the accounting records maintained for the Fund, 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.

In preparing the financial statements, the Chief Executive Officer has assessed the Authority’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Chief Executive Officer 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

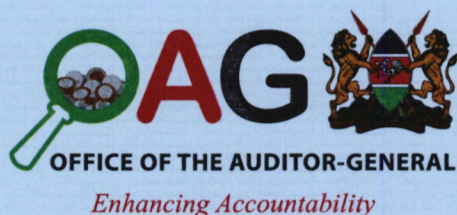
The Authority’s financial statements were approved by the Board on 30 June 2021 and signed on its behalf by:



CHIEF EXECUTIVE OFFICER GIDA

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON GARISSA COUNTY INVESTMENT DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

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 Garissa County Investment Development Authority set out on pages 16 to 42, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance,

Report of the Auditor-General on Garissa County Investment Development Authority for the year ended 30 June, 2021

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Garissa County Investment Development Authority as at 30 June, 2021, 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 Garissa County Investment Authority Act, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in the Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents balance of Kshs.17,880 as at 30 June, 2021. However, analysis of the cash flows indicate that depreciation cash and cash equivalents amount of Kshs.172,341 was omitted from the adjusting movement in arriving at the balance of Kshs.17,880 as at 30 June, 2021.

In the circumstances, it was not possible to confirm that the cash and cash equivalents balance of Kshs.17,880 as at 30 June, 2021 was fairly stated.

2. Unauthorized Expenditure

Analysis of the budget absorption indicates that the Authority spent Kshs.1,389,697 out of the Kshs.1,200,000 received, resulting to an over expenditure of Kshs.189,697. No explanation or authority for the over expenditure was provided for audit review.

In the circumstances, the unauthorized over expenditure may be an irregular charge to public funds.

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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.20,000,000 and Kshs.1,200,000 respectively, resulting to an underfunding of Kshs.18,800,000 or 94% of the budget. Similarly, the Authority spent Kshs.1,389,697 against an approved budget of Kshs.20,000,000 resulting to an under-expenditure of Kshs.18,610,303 or 93% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and report in Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has 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 matter 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. Unapproved Budget

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects a budget of Kshs.20,000,000. A review of documents provided for audit revealed that annual budget of the Authority was not approved by the Board. This is contrary to Section 40(1) of the Garissa County Investment and Development Authority Act, 2018.

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

2. Property, Plant and Equipment

Note 5 to the financial statements reflects property, plant and equipment at a net book value of Kshs.1,034,045 as at 30 June, 2021. However, the serial number of computers and printers were not recorded in the asset register therefore, it was not possible to

identify them. Further, the non-current assets were not coded or tagged for ease of identification and tracking as required by Regulation 132(b) of the Public Finance Management (County Governments) Regulations, 2015.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Non-Compliance with Gender and Ethnic Composition

During the year under review, the Board of Directors of the Authority were appointed in accordance with Section 17 of Garissa County Investment and Development Authority Act, 2018. However, the Board members were of the same gender and therefore the Board composition did not meet the two-third gender principle as spelt out in Article 27 (8) of the Constitution.

Consequently, the Authority was in breach of the law.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and 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.

Those charged with governance are 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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in

accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority and to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 July, 2022

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2021

13. FINANCIAL STATEMENTS

13.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2021

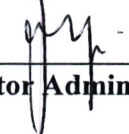
	Note	2020/2021	2019/2020
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from the County Government	1	1,200,000	15,001,050
Revenue from exchange transactions			
Interest income		-	-
Total revenue		1,200,000	15,001,050
Expenses			
Staff Cost	2	711,760	10,797,786
General Expenses	3	505,595	2,789,303
Depreciation	5	172,341	172,341
Total expenses		1,389,696	13,759,430
Other gains/losses			
Gain/loss on disposal of assets		-	-
Surplus/(deficit) for the period		(189,696)	1,241,620

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2021

13.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020/2021	2019/2020
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	4	17,880	35,235
Non-current assets			
Property, plant and equipment	5	1,034,045	1,206,385
Total assets		1,051,924	1,241,620
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions		-	-
Non-current liabilities			
Non-current employee benefit obligation		-	-
Total liabilities			
Net assets		1,051,924	1,241,620
Accumulated surplus		1,051,924	1,241,620
Total net assets and liabilities		1,051,924	1,241,620

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30 JUNE 2021 and signed by:


Director Administration

13.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

	Revaluation Reserve	Accumulated surplus	Total
	KShs	KShs	KShs
Balance as at 1 July 2019			
Surplus/(deficit) for the period	-	-	-
Balance as at 30 June 2020	-		
Balance as at 1 July 2020		1,241,620	1,241,620
Surplus/(deficit) for the period	-	(189,696)	(189,696)
Balance as at 30 June 2021		1,051,924	1,051,924

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2021

13.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Not e	2020/2021	2019/2020
		KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	1,200,000	15,001,050
Total Receipts		1,200,000	15,001,050
Payments			
Staff cost	2	711,760	10,797,786
General Expenses	3	505,595	2,789,303
Total Payments		1,217,355	13,587,089
Net cash flows from operating activities		(17,355)	1,413,961
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	1,378,726
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents			35,235
Cash and cash equivalents at 1 July 2020	4	35,235	-
Cash and cash equivalents at 30 JUNE 2021	4	17,880	35,235

13.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Transfers from County Govt.	20,000,000	-	20,000,000	1,200,000	18,800,000	6%
Total income	20,000,000	-	20,000,000	1,200,000	18,800,000	6%
Expenses						
Office operations	20,000,000	-	20,000,000	1,389,697	18,610,303	7%
Total expenditure	20,000,000	-	20,000,000	1,389,697	18,610,303	7%
Surplus for the period	-	-	-	(189,696)		