

REPUBLIC OF KENYA



Paper laid
By Hon Aden Duale,
Leader of Majority on
Thurs 13/11/14
[Signature]

KENYA NATIONAL AUDIT OFFICE



Volume
24
2

REPORT

OF

THE AUDITOR-GENERAL

ON

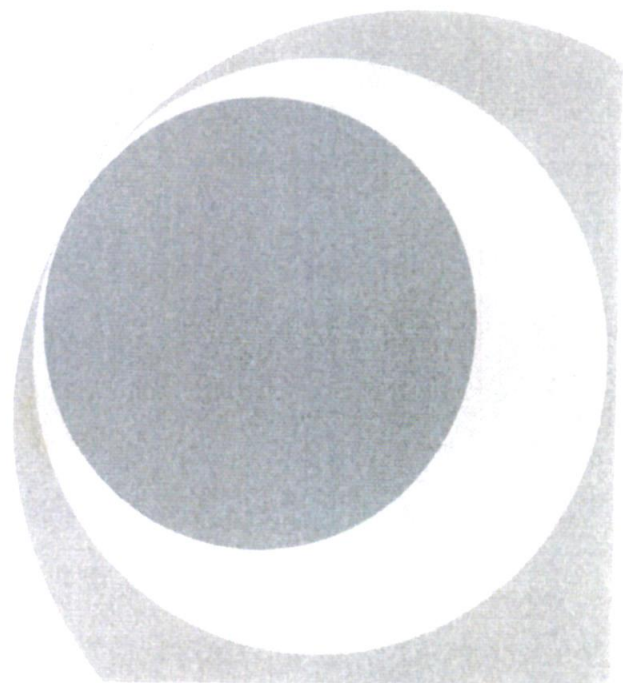
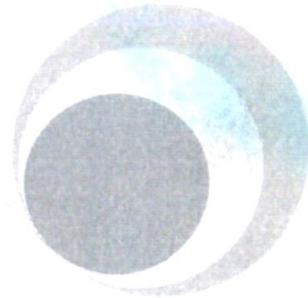
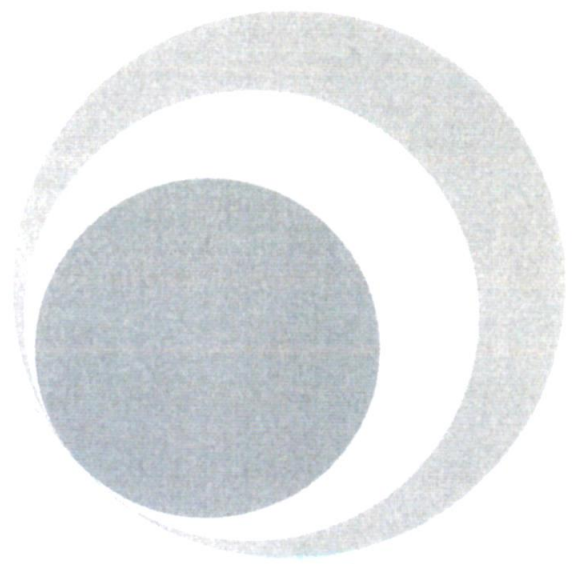
**THE FINANCIAL STATEMENTS OF
NATIONAL DROUGHT MANAGEMENT
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE 2013**



Annual Accounts and Financial Statements for the Year 2012-2013

NATIONAL DROUGHT MANAGEMENT AUTHORITY(NDMA)



National Drought Management Authority
Annual Accounts and Financial Statements for the Year 2012-2013

Table of Contents

General Information	2
Our Mandate.....	3
Our Objectives.....	3
Board of Directors	4
Committees of the Board.....	4
Corporate Governance Statement.....	6
Senior Management.....	7
Chairman of the Board Statement	8
Chief Executive Officer Statement.....	9
Statement of Director's Responsibility	11
Statement of Comprehensive Income for the Period Ending 30 th June 2013	12
Statement of Financial Position as at 30th June 2013	13
Statement of Cash flow for the year ended 30th June 2013	14
Statement of Changes in Reserves As At 30th June 2013.....	15
Notes to the Accounts	16

General Information

1 Ownership and Structure

The Authority is fully owned by the Government of Kenya, under the Ministry planning and Devolution.

2 Address/ Head Office

Lonrho House, 7th 8th and 17th floor.

P.O Box 53547, 00200

Nairobi, Kenya

Tel: (020) 2227496

Fax: (020) 2227982

3 Bankers

Kenya Commercial Bank

Moi Avenue and KICC Branches

A/C.Nos.1113447923, 1107462339 and 1136140255

P.O Box 30081 – 00100, GPO

Nairobi, Kenya

Citi N.A

Citi Bank House

Upper Hill Road

A/C.No.0400881006

Po Box 30711-00100

Nairobi, Kenya

NIC BANK

Harambee Branch

A/C.NO.1000584564

4 Auditor

Auditor General

Kenya National Audit Office,

P.O. Bo 30084-00100,

Nairobi

National Drought Management Authority
Annual Accounts and Financial Statements for the Year 2012-2013

National Drought Management Authority (NDMA) Profile

Our Vision

To be a world class Authority in drought management and climate change adaptation.

Our Mission

To provide leadership and co-ordination of Kenya's management of drought risks and adaptation to climate change.

Our Core Values

- Committed to results
- Integrity and accountability
- Responsive to the needs of vulnerable groups
- Empowering and participatory approach
- Transformative innovation
- Respect for Diversity

Our Mandate

The Authority derives its mandate from Legal Notice No.171 of November 24,2011, which states that:

"The Authority shall, either on its own or in association with other authorities or persons, establish mechanisms to ensure that drought does not become famine and the impacts of climate change are sufficiently mitigated"

Our Objectives

In pursuit of the vision, and in line with the mission, the Authority focuses on the following long-term objectives:

- To reduce drought vulnerability and enhance adaptation to climate change
- To provide drought and climate information to facilitate concerted action by relevant stakeholders
- To protect the livelihoods of vulnerable households during drought
- To ensure coordinated action by government and other stakeholders
- To develop and apply knowledge management approaches that generate evidence for decision-making and practice
- To strengthen institutional capacity, though among others attracting, developing and retaining competent staff
- To mobilize adequate financial resources and ensure sound management of the same
- To enhance corporate image

Board of Directors

Mr. Ibrahim M.Hussein	Chairman	Appointed o 24/04/2012
Mr. James Oduor Okoth	Chief Executive Officer	Appointed on 15/02/2013
Ms. Moza A.Jadeed	Board Member	Appointed on 02/03/2012
Mr. Peter L.Esimsidele	Board Member	Appointed on 02/03/2012
Ms. Rosemary N.Paring'iro	Board Member	Appointed on 02/03/2012
Mr. Omar Kassim Abikr	Board Member	Appointed on 02/03/2012
Amb Felistus Khayumbi	Representing P.S Devolution	Appointed on 02/03/2012
Mr.Kasembeli W.Nasiuma	Representing P.S Treasury	Appointed on 02/03/2012

Committees of the Board

1. Human Resources Management Committee

Purpose of the Committee

To ensure that the Authority has sound Human resources strategies which enable it to attract, develop, motivate and retain the right caliber of staff.

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

- a) Periodic review and advise 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 advise the board on staff benefits schemes including medical, retirement benefits and insurance schemes among others;

2. Finance Committee

Purpose of the Committee

To ensure that the Authority has sound financial management strategies, policies and systems which 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:

National Drought Management Authority
Annual Accounts and Financial Statements for the Year 2012-2013

- 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 allocation of resources is aligned to the priority areas identified with 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 budgeting matters of the Authority;
- e) Advise the Chief Executive Officer and the board on financial management approaches which serve to enhance internal controls in order to improve efficiency, transparency and accountability;
- f) Review major audit issues raised by both the internal and external auditors;
- g) Periodic reviews of adequacy of management procedures with regard to issues relating to risk management control and governance;
- h) Review of special audits/ investigations on any allegations, concerns and complains regarding corruption, lack of accountability and transparency brought to the committee's attention by the Authority's management and present to the board for discussion and direction.

3. Audit & Risk Management Committee

Purpose of the Committee

To ensure that the Authority has sound financial management strategies, policies and systems which 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 such other duties and responsibilities as it deems appropriate to carry out its purposes or as directed by the Board:

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

Corporate Governance Statement

Corporate governance is the process by which corporations are directed and controlled with the objective of increasing stakeholder's value and satisfying them. This is achieved by establishing a system of clearly defined authorities and responsibilities, which result in a system of internal controls that is regularly tested to ensure effectiveness.

The Board of Directors and Senior Management staffs of the National Drought Management Authority (NDMA) are planning to undergo a comprehensive Corporate Governance Training Course which will

- Broaden their knowledge and understanding of Corporate Governance,
- Provide an insight into the importance of good Corporate Governance in Corporate performance and productivity
- Increase their capacity on strategic direction setting and the interpretation of the best principles and practices in Corporate Governance.

Never the less, Corporate Governance has been exercised to the required standards resulting to increasing the Stakeholder's values and stratifying them as confirmed in the presented accounts. At National Drought Management Authority, the Board places a high degree of importance on maintaining sound controls and applying the highest standards of business integrity and professionalism in all areas of the Authority's activities.

The Board of Directors have continuously embraced the values embodied in our Strategic Plan of the Authority. Consistent with these values, we take corporate governance seriously. The Authority has strengthened its corporate governance with more detailed Corporate Governance Principles, reviewed committee charters and provided multiple means for stakeholders to contact the Board.

Our Governance strengths include:

- Our board of directors consists of independent Directors with a mix of skills from the private sector, from Government Institutions and the Chief Executive Officer.
- Our board holds quarterly scheduled meetings as provided for by the State Corporations Act Cap 446 and have access to information as required.
- Audit Committee of the Board has a charter to guide their activities. The board has directed that charter for the other three committees be prepared as well.

In conclusion the Board is responsible for the governance of the Authority and conducts its business and operations with integrity and in accordance with generally accepted corporate practices, in a manner based on transparency, accountability and responsibility.

National Drought Management Authority
Annual Accounts and Financial Statements for the Year 2012-2013

Senior Management

1. Mr. James Oduor -Chief Executive Officer
2. Ms. Ruth Gathii -Director, Resource Mobilization
3. Mr. Sunya Orre -Director, Technical Services
4. Mr. Hashim Ali -Director, Support Services
5. Mr. Lembara -Manager, Drought Response and Contingency Planning
6. Mr. Paul Kimeu -Manager, Drought Resilience
7. Mr. Valerian Micheni - Manager, Drought Information
8. Mr. Yussuf Bagaja -Manager, Finance and Accounts
9. Mr. Paul Obunde -Manager, Planning and Policy
10. Mr. John Ndung'u -Manager, HRM and Administration
11. Mr. George Kimunguyi -Manager, ICT
12. Mr. Hussein Bilala - Manager, Supply chain

Chairman of the Board Statement

This is the first annual report of the National Drought Management Authority [NDMA], which was established under the State Corporations Act (Cap 446) by Legal Notice No. 171 of 24 November 2011. The Legal Notice mandates the NDMA to establish mechanisms which ensure that droughts do not result in emergencies and that the impacts of climate change are sufficiently mitigated.

The creation of the NDMA is thus an illustration of the Government's commitment to end drought emergencies and of Kenya's global leadership in the specialist area of drought management. All too often, droughts are still the cause of human suffering and represent a major drain on our economy. Collectively, we have the knowledge and the tools to end this situation. With the support of all our partners, we are determined to do so.

One of the highlights of the past year has been the development of our strategic plan. This articulates our vision of the NDMA as a world-class authority in drought management and climate change adaptation. The plan is ambitious but achievable. We are embarking on its implementation with a sense of optimism, but also with an appreciation of the seriousness of our responsibilities.

A major constraint we face in implementing our strategic plan is that of inadequate resources. The NDMA is fortunate in the support it receives from many development partners, but its core funds are insufficient to meet the organisation's requirements in full. A modest increase in the NDMA's budget and in its capacity for early response would be a far more cost-effective strategy than relying yet again on late and expensive emergency response.

The quality of governance within the NDMA is one of the Board's top priorities. We are fully conscious of our obligations in this regard, most particularly to the public in drought-prone areas who look to us to protect them from harm by using our resources in a prudent, wise and accountable manner. We will endeavour to do all we can to strengthen and sustain the trust which all parties have placed in us.

I wish to thank my fellow Board members for their support and guidance throughout the year. On behalf of the Board, I also convey my appreciation to the management and staff of the NDMA for their hard work and dedication, and to the Government of Kenya and our partners for their continued support.

Chairman

Agnes Walther

Date..14/4/2014...

National Drought Management Authority
Annual Accounts and Financial Statements for the Year 2012-2013

Chief Executive Officer Statement

It is with great pleasure that I present the financial statements for the National Drought Management Authority for the period 2012-13.

The NDMA has made some significant achievements in the first full year of its existence. The Authority is fully operational in Nairobi and in 23 of the most drought-prone counties. Officers were recruited in all these locations through an open process and have completed their induction and initial training programmes. Our strategic plan was recently approved by the Board of Directors and we are already moving forward with its implementation.

We are embarking on several new initiatives, particularly in the areas of social protection and climate change adaptation, and are building strong partnerships with a number of organisations including Parliament, the County Governments, our development partners, research institutions and the new ASAL Stakeholder Forum. The NDMA also led a multi-agency process to develop a Drought Risk Management and Ending Drought Emergencies Medium Term Plan for 2013-17, as part of the Kenya Vision 2030 second Medium Term Plan. As a result, drought risk management is becoming more firmly embedded within processes of development planning and resource allocation.

These achievements were inevitably coupled with challenges. Budget constraints mean that we have been unable to recruit our full complement of staff and are unable to take certain areas of work forward. The continued delay in establishing the National Drought Contingency Fund means that Kenya remains highly vulnerable to drought emergencies. All the preparatory work for the Fund has been done: it is critical that it is operational before the next drought develops.

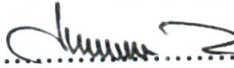
Internally, the Authority is placing a high priority on the quality of its performance, in order to ensure that its human and financial resources are used efficiently and accountable to deliver on its mandate.

We are also reviewing various parts of the drought management system, including the early warning system and the way we communicate with our stakeholders, to ensure that these are as relevant and effective as possible in the ever-changing context in which we work. In all that we do, we aim to be an institution of excellence.

In addition, the Authority is in process of purchasing and installing an Enterprise Resource Planning which is expected to synchronize all the Authority's activities at Head office and the 23 counties we operate in. On full adoption of the system, it is expected to reduce client service time in line with the Authority's desired efficient and effective service delivery as well as aid project planning and management as well as timely report.

I would like to express my gratitude to all our stakeholders and partners, whose support for the NDMA and contributions to our shared goal of ending drought emergencies have been invaluable. I also thank the Ministry of Devolution and planning, the NDMA's Board of Directors, and the management and staff of the Authority for their continued support.

Chief Executive Officer

..........

Date..14.04.14

National Drought Management Authority
Annual Accounts and Financial Statements for the Year 2012-2013

Statement of Director's Responsibility

The State Corporations Act Cap.446 of the Laws of Kenya requires us to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Authority as at the end of the 2012/2013 financial year and of its operating results for that year.

The Directors are required to ensure that the Authority keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Corporation. They are also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and of its operating results as at 30 June, 2013. The Directors further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls.

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.

Chairman

Agnes Walter

Date *14/4/2014*

Chief Executive Officer

James ?

Date *14.04.14*

REPUBLIC OF KENYA



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Website: www.kenao.go.ke

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NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF NATIONAL DROUGHT MANAGEMENT AUTHORITY FOR THE PERIOD ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Drought Management Authority for the year ended 30 June 2013 set out on pages 12 to 21, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, together with 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 14 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such 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.

The management is also responsible for the submission of financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 (2) and (3) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

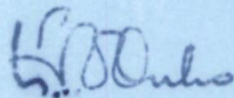
I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

The property, plant and equipment balance of Kshs.614,269,737.54 represents assets inherited in the year 2012/2013 from the former Arid Lands Resource Management Project under the Ministry of State for Special Programmes which are yet to be valued for the purpose of determining their actual book values. No depreciation has been provided for buildings and motor vehicles/cycles with balances of Kshs.11,176,266.00 and Kshs.438,532,353.55. These assets are registered under the Government of Kenya (Ministry of Special Programmes) name and not of the Authority. Consequently, in light of the above, I am unable to confirm the carrying values as stated in the financial statements reflect the fair values of the properties as at the statement of financial position date.

Qualified Opinion

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Authority as at 30 June 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the National Drought Management Authority Order, 2011.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

7 May 2014

National Drought Management Authority
Annual Accounts and Financial Statements for the Year 2012-2013

Statement of Comprehensive Income for the Period Ending 30th June 2013

	Notes	2012/2013 Kshs.
<u>Income</u>		
Government Grants	3	430,498,981.86
Donor Income	4	681,537,524.82
Other Income	5	1,309,612.95
Total Income		1,113,346,119.63
<u>Expenditure</u>		
Donor funded programs		648,703,741.82
cost-Development	6	
<u>Administrative Costs</u>		
Staff Costs	7	265,793,246.95
Board expenses	8	4,543,099.00
Other Admin. Costs	9	48,134,063.96
Total Admin. costs		318,470,409.91
Operating Costs	10	35,722,915.16
Total costs from operations		354,193,325.07
Bank Charges		493,677.45
Total Expenditure		1,003,278,473.27
Surplus/ deficit for the year		109,955,375.29

National Drought Management Authority
Annual Accounts and Financial Statements for the Year 2012-2013

Statement of Financial Position as at 30th June 2013

	<i>Notes</i>	2012/2013 Kshs.
Non Current Assets		
Property, Plant and Equipment	<i>11</i>	614,269,737.54
Current Assets		
Inventory	<i>12</i>	1,238,782.75
Receivables and Prepayments	<i>13</i>	8,852,789.40
Cash and Bank Balances	<i>14</i>	116,969,142.20
Total current Assets		127,060,714.35
Current Liabilities		
Payables and Accrued Expenses	<i>15</i>	16,846,344.65
Total current liabilities		16,846,344.65
Net Current Assets		110,214,369.70
Net Assets		724,484,107.24
Represented By:		
Capital Fund		614,528,731.95
Surplus/Deficit		109,955,375.29
Accumulated Fund		724,484,107.24

A. Peter Ndetei

Chairman

Date: *14/4/2014*

John S.

CEO

Date: *14.04.14*

Statement of Cash flow for the year ended 30th June 2013

	<i>Notes</i>	2012/2013 Kshs.
Cash generated from operations:		
Surplus for the Year		109,955,375.29
<i>add</i>		
Depreciation	<i>11</i>	788,574.41
Net Cash generated from operations:		110,743,949.70
Changes in Working Capital		
Increase in inventories	<i>12</i>	(1,238,782.75)
Increase in receivables	<i>13</i>	(8,852,789.40)
Increase in payables and accruals	<i>15</i>	16,846,344.65
Net changes in working capital		6,754,772.50
Net cash generated from Operations		117,498,722.20
Cash flows from Investing Activities		
Buildings		(11,176,266.00)
Computer and Accessories		(51,784,169.00)
Furniture and fixtures		(113,565,523.40)
Vehicle		(438,532,353.55)
Net cash used in Investing Activities	<i>11</i>	(615,058,311.95)
Cash flows from Financing Activities		
Capital fund		614,528,731.95
Net Cash flow from financing Activities		614,528,731.95
Increase / (decrease) in cash & cash equivalents		
Movement in cash & cash equivalents		116,969,142.20
At start of year		-
At end of year	<i>14</i>	116,969,142.20
Net movement in cash and cash equivalent		116,969,142.20

National Drought Management Authority
Annual Accounts and Financial Statements for the Year 2012-2013

Statement of Changes in Reserves As At 30th June 2013

	Accumulated Fund Kshs.	General Reserves Kshs.	Total Kshs.
<u>2012/2013</u>			
At start of year	-	-	-
Year's Contribution	614,528,731.95	109,955,375.29	724,484,107.24
At end of year	614,528,731.95	109,955,375.29	724,484,107.24

Note: Capital fund of Ksh.614,528,731.95 consist of assets inherited from the former Arid Land Resource Management Project (ALRMP) of Ksh.610,706,325.85 and KRDP (2011/2012) of Ksh.3,822,406.10 whilst the general reserve is made up of the current year's surplus.

Notes to the Accounts

1. Accounting Policies

a) Basis of Preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The financial statements are presented in Kenya Shillings. The preparation of financial statements is in conformity with generally accepted accounting principles which requires the use of estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and the reporting amounts of revenues and expenses during the reporting period.

b) Revenue Recognition

- (i) Government grants are recognized as income when they have been received.
- (ii) Donor income is recognized when expenditures have been undertaken; Un utilized grants are treated as liabilities.
- (iii) Rental Income is recognized on a time when the amount is collected and deposited to the bank.

c) Property, Plant and Equipment

All categories of property, plant and equipment are recorded at cost. The Property, plant and equipment were inherited from the Arid Lands Resource Management Project (ALRMP) at their historical cost values. The Authority intends to carry out valuation to determine the current values of the assets. The depreciation for the inherited assets could therefore not be recognized in the first year of operation and hence the current figure reflects the historical costs. However depreciation rates applicable in NDMA are as shown below

	% per annum
Buildings	2.5%
Plant and Machinery	2.5%
Motor Vehicles & Motor Cycles	25.0%
Furniture, Fittings & Office Equipment	12.5%
Computer and accessories	30.0%
Freehold land <i>is not depreciated.</i>	

National Drought Management Authority
Annual Accounts and Financial Statements for the Year 2012-2013

Depreciation method applicable is straight line over the useful lives and residual values which will be ascertained once the valuation exercise is complete.

d) **Trade and Other Receivables**

Trade and other receivables are carried at original invoiced amount.

e) **Trade and Other Payables**

Trade and other payables are originally recognized at their cost/ invoice amounts or at cost for goods and services that have been received/rendered to the Authority.

2. Retirement Benefit Obligation

The Authority is in the process of instituting a retirement benefit scheme for all its eligible employees. Once this is operational, the Authority's obligation to the staff retirement benefit plans will be charged to the Statement of Comprehensive Income as and when they fall due.

3 <u>Government Grants</u>	2012/2013 Kshs.
Opening surpluses from ALRMP	81,203,768.57
Opening surpluses from Districts	14,168,731.85
Opening surplus from NIC account	94,659.44
Opening surpluses additional	593,050.00
Exchequer received 2012/2013	334,438,772.00
Total Government grants	430,498,981.86
<hr/>	
4 <u>Donor incomes</u>	Kshs.
Receipts from UNDP	372,281,421.07
Receipts from WFP	56,535,691.20
Receipts from KRDP	249,247,777.55
Receipts from WFP/ARC	3,472,635.00
Total Donor funds	681,537,524.82
<hr/>	
5 <u>Other Incomes</u>	Kshs
Tender Sale Income	85,000.00
Interest income	51,693.00
Rental Revenue	1,172,920.00
Total Other incomes	1,309,613.00
<hr/>	
6 <u>Donor program-Development</u>	Ksh
Activities by UNDP	372,281,421.07
Activities by WFP	27,174,543.20
Activities by KRDP	249,247,777.55
Total	648,703,741.82

7 Staff Costs	Kshs.
Basic Salary	211,692,822.95
House Allowance	9,565,000.00
Commuter Allowance	6,674,000.00
Other Allowance	5,993,043.00
Group Accident Insurance Expenses	1,523,113.00
WFP/ARC staff salary	984,120.00
WFP Salaries	26,387,863.00
WFP Group Medical insurance	2,973,285.00
Total	265,793,246.95

8 Board Expenses	Kshs
Board Allowances	3,583,099.00
Chairman's Honoraria	960,000.00
Total	4,543,099.00

9 Other Administrative Costs	2012/2013 Kshs.
Communication Costs	6,535,591.65
Travel Costs (Domestic & Foreign)	18,952,518.90
Utility Bills	2,130,307.80
Publicity and Advertising Costs	1,881,856.00
Rent and Rates Costs	9,547,933.30
Staff Welfare Expenses	2,506,617.00
Computer Expenses	1,874,816.00
Office Supplies	5,359,821.26
Closing inventory	(1,238,782.75)
Cleaning and Sanitation Costs	583,384.80
Total	48,134,063.96

10 Operating Costs	Kshs.
Mechanical Assets Maintenance	29,351,962.95
Maintenance of Office Assets	5,052,797.80
Purchase of office equipment	529,580.00
Depreciation expenses	788,574.41
Total	35,722,915.16

NB: Please note that the Authority received Ksh.3,472,635.00 during the financial year as a salary top-up for one of the employees (as shown on note 4 above). These funds were deposited on the recurrent account and amounts spent as at 30th June 2013 was Ksh.984,120.00 as shown on note 7 above. The balance of Ksh.2,488,515.00 is part of the recurrent bank balance (KCB) as shown on note 14.

**National Drought Management Authority
Annual Accounts and Financial Statements for the Year 2012-2013**

**11. FIXED ASSETS SCHEDULE
2012/2013**

	Freehold land	Freehold building	Plant & equipment	Motor vehicles	Furniture & equipment	Computers & accessories	TOTAL
Depreciation rate	0%	2.5%	2.5%	25%	12.5%	30%	
Historical cost as at 1st July 2012	-	11,176,266.00	-	438,532,353.55	110,611,115.30	50,386,591.00	610,706,325.85
Assets acquired by KRDP for NDMA	-	-	-	-	2,449,528.10	1,372,878.00	3,822,406.10
Additions during 2012/13	-	-	-	-	504,880.00	24,700.00	529,580.00
Total as at June 2013	-	11,176,266.00	-	438,532,353.55	113,565,523.40	51,784,169.00	615,058,311.95
Depreciation							
Charge for the year	-	-	-	-	369,301.01	419,273.40	788,574.41
Totals as at 30 June 2013	-	11,176,266.00	-	438,532,353.55	113,196,222.39	51,364,895.60	614,269,737.54

Note:

- Depreciation has been calculated on office equipments and computers worth Ksh.2,979,108.10 and 1,372,878.00 respectively which were acquired during the previous financial year (2011/2012) and 2012/2013. All have been depreciated.
- Amounts of historical costs of assets could not be subjected to depreciation since these have to be assessed and valued.

12	Inventory	2012/2013
		Kshs.
	General Office	
	Stationery	1,238,782.75
	Total	1,238,782.75

13	Receivables and Prepayments	2012/2013
	KDRP Cash Advance	7,073,676.40
	Undp Cash Advance	1,704,800.00
	Staff debtors-Imprest	179,313.00
	Less debts from project	(105,000.00)
	Total	8,852,789.40

Note:

- Receivables of ksh.7,073,676.40 which were an internal borrowing for the long rain assessment by the donor partner (KRDP) have since been cleared during the current financial year 2013/2014.
- Ksh.1,704,800.00, an internal borrowing by donor partner (UNDP) was also cleared in the current financial year 2013/2014.
- Amounts on staff debtors of ksh.74,313.00 have since been cleared in the current financial year while the unsettled amounts (ksh.105,000.00) relate to unsettled balances during the ALRMP and held by employees who left the institution.

Cash and Bank		
14	Balance	2012/2013
		Kshs.
	Cash in hand	-
	Recurrent Account-KCB	89,881,031.45
	Recurrent Account-CITIBANK	9,190,268.42
	County balances	1,144,863.74
	NIC BANK	94,659.44
	Donor Account-UNDP	486,242.10
	Donor Account-WFP	16,172,077.05
	Total	116,969,142.20

National Drought Management Authority
Annual Account; and Financial Statement; for the Year 2012-2013

15. Payables and Accrued Expenses	2012/2013
	Kshs.
Advances From KRDP	15,000.00
Un Utilized Donor Funds-UNDP	486,242.10
Un utilized Donor Funds-WFP	16,172,077.05
Bank charges to Citibank	17,097.50
Staff debtors-2011/12	105,000.00
Staff advances-donor funds	50,928.00
Total	16,846,344.65