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| DATE: 02 MAY 2023 | DAY: Tuesday |
| TABLED BY: | Hon. Kimani Ichung'uah (Leader of the Majority Party) |
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OF

THE AUDITOR-GENERAL

ON

**NATIONAL DROUGHT MANAGEMENT
AUTHORITY**

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

OFFICE OF THE AUDITOR GENERAL
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National Drought Management Authority (NDMA)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2022

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
for the year ended June 30, 2022.**

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I. 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.
- 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.

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- 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.

(c) Key Management

The Authority's management is vested in the following:

- Eight (8) Board of Directors.
- Chief Executive Officer.
- Three (3) Directors.
- Ten (9) Deputy Directors in charge of Departments.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

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| No | Designation | Name |
|----|--|----------------------------|
| 1 | Chief Executive Officer | Hared Hassan Lt. Col (Rtd) |
| 2 | Director Corporate Services | Mr. Hashim Ali |
| 3 | Ag. Director Technical Services | Mr. Saiyan Lembara |
| 4 | Director Planning, Monitoring and Evaluation | Ms. Stella Kiptoo |
| 5 | Head of Finance | Mr. Yussuf Bagaja |
| 6 | Head of Procurement | Mr. Hussein Bilala |

(e) Fiduciary Oversight Arrangements

During the reporting period, the Authority had the following high level fiduciary oversight arrangements:

Audit and Risk Management 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.
- (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.
- (iv) 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.

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- (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.

(f) Entity Headquarters

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

(g) Entity Contacts

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

(h) Entity Bankers

NCBA Bank
Harambee Avenue Branch
P.O Box 44599 - 00100
Nairobi, Kenya

Kenya Commercial Bank
KICC Branch
P.O. Box 30081-00100
Nairobi, Kenya

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Equity Bank
Parliament Road
Embassy House, Harambee Avenue
Nairobi, Kenya

(i) Independent Auditors

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

(j) 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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2. THE BOARD OF DIRECTORS



Chairperson to the Board- Non-Executive Director

*Born on October 18th 1965
Master of Business Administration
Bachelor's Degree in Economics
Has over 20 years Aviation Sector Experience
Appointed on February 11th 2019*

Mr. Raphael Nzomo, MBS



Independent Board member

*Born on February 7th 1959
MBA Global Business Administration - USIU
Bachelor of Arts - The University of Nairobi
Chairs the HR committee
Member of Audit & Risk Management committee
Re-appointed on May 03, 2019*

Ms. Emily Mworira



Independent Board member

*Born on June 11th 1961
Former senator Wajir County
Chairs Technical Committee
A member of Audit & Risk Management committee
Former Senator Wajir County
Re-appointed on May 03, 2019*

Hon. Abdirahman Hassan



Independent Board member

*Born on December 21st 1960
Chairperson, Finance Committee
Member of Technical committee
B. Com Accounting – The University of Nairobi
Certified Public Accountant (K) - MNo. 24855
Diploma in Banking
7 years Director ADCA International Company Limited
Re-appointed on May 03, 2019*

Ms. Nancy Njiro

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Dr. Benson Longaritom

Independent Board member

Born on 1965

Member of finance and Human Resource committees

MBA (Entrepreneurship)

Bachelor of Veterinary Medicine

20 years of Managing Director of Paves Vetgro Limited

Appointed on October 21, 2019



Mr. Nasiuma Kasembeli

Board member Alternate

Representing PS The National Treasury

Born on July 22nd 1963

Member of Human Resource, finance and Audit & risk committees

Master's in Business Administration Bachelor of Social Science

Advanced Diploma in Financial Management

Over 20 years Civil Servant



Mr. Micah Powon

Board Member - Permanent Secretary State
Department for Development of the Arid and Semi-Arid Lands

Member of Finance and Technical committees

MSc. in Horticulture



Mr. Robert Kiteme

Board Member - representing the Council of Governors

Born on 1988

BSc. in Agriculture (Agricultural Economics Major)

Chairperson - Audit & Risk Management Committee

6 years Council of Governors employee

Appointed on July 31, 2017

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Chief Executive Officer and Secretary to the Board

Born on January 01, 1967

Masters' Degree in Strategic Security Studies

Masters' Degree in International Conflict Management

Masters' Degree in Military Arts and Science

Bachelor of Arts Degree in Political Science

Appointed on February 14th 2022

Lt Col. (Rtd) Hared Hassan



Chief Executive Officer and Secretary to the Board

Born on February 7, 1958

MSc. Agricultural extension & training

BSc. General Agriculture

NDMA CEO from 2013 to February 14, 2022

Re -appointed on February 15th 2018

Mr. James Oduor

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3. Management Team

The following was the Senior Management team during the 2021/22 financial year:



Lt Col. (Rtd) Hared Hassan
Chief Executive Officer
Masters' Degree in Strategic Security Studies
Masters' Degree in International Conflict Management
Masters' Degree in Military Arts and



Mr. James Oduor
Chief Executive Officer
MSc. Agricultural Extension & Training | BSc. General Agriculture



Mr. Sunya Orre
Director, Technical Services
MSc. Range Management
BSc. Animal Production
Diploma Animal Husbandry



Ms. Stella Kiptoo
Director, Planning Monitoring & Evaluation
Bachelor of Arts and social Science
Master's in Business Administration
Master of Arts in Economics



Mr. Hashim Ali Director, Corporate Services
MBA, Strategic Management
Certified Public Accountant *MNo. 2980*
Certified Internal Auditor
Certifies Information Systems Auditor
Certified Data Privacy Solution Engineer

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Mr. Saiyana Lembara
Deputy Director, Drought Contin
MA Environmental Planning and I
BSc Agriculture
Certificate Forestry



Eng. Hussein Jirma
Deputy Director, Drought Res
MSc Water and Environmenta
BSc Civil Engineering



Mr. Paul Obunde
Deputy Director, Planning,
Monitoring and Evaluation
MSc Environmental Economics
& Environmental Management
Post Graduate Diploma Environmental
Economics & Environmental Management,
BA Economics



Mr. Patrick Musichi
Deputy Director, Human
Resource &
Administration
Bachelor of Arts, Sociology
Higher Diploma in Human



Mr. Yussuf Bagaja
Deputy Director, Finance
and
Accounts
MBA Finance Option
Bachelor of Commerce
Certified Public Accountant
MNo. 8335

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Mr. Hussein Bilala
Deputy Director, Supply Chain
MSc Supply Chain & Logistics
BSc Business Administration
Advanced Diploma - CIPS



Mr. Martin Kiveu
Deputy Director, Internal Audit
BSc International Business Administration
Certified Public Accountant
MNo.4221



Mr. George Kimunguyi
Deputy Director, ICT
MSc Information Technology
BSc Applied Statistics
Cisco Certified
Certified Information Systems Auditor
Certified Data Privacy Solution Engineer

4. CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, I have the honour and pleasure to present the Annual Report and Financial Statements for the year ended 30th June 2022 for the National Drought Management Authority. During the year under review, the Authority discharged its mandate as stipulated in the NDMA Act, 2016. I am pleased to report that the NDMA achieved most of the targets set for the financial year despite the challenges of delayed disbursement of funds from the National Treasury and development partners.

Our drought early warning system, which integrates field data and remote-sensed information, continues to inform our drought risk management initiatives. To this end, we continued to modernize the system to increase on reliability, accuracy and timeliness.

The country continued to face serious drought which is the worst in 4 decades. The country had already recorded four failed seasons with the fifth season already projected to perform well below the expectation. The joint response efforts of the National Government, County Governments and Development Partners ensured that the impact of the pandemic remained lower as compared to previous comparable droughts.

This drought has been an awakening call to all of us to put measures in place that will accelerate the Government's goal of achieving drought resilience and putting an end to drought emergencies.

As a Board, we are glad to note that the National Drought Emergency Fund (NDF) was operationalized during the reporting period with initial capitalization of Kshs. 200 million. This Fund will finance investments in drought preparedness and resilience, drought response and recovery. It is our hope that the National Treasury will provide the annual requirement of Kshs. 2 billion to enable us realize the goal of the Fund.

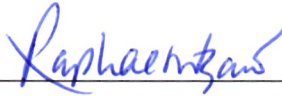
Having completed mid-term review of the Ending Drought Emergencies Initiative, the Board will take steps to ensure recommendations of the review are implemented to accelerate achievement of Kenya's goal of ending drought emergencies. This goal can only be achieved

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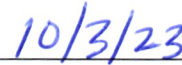
is all partners pill together with a common goal. We appreciate the existing partnership with our development partners that include sector ministries, county Governments, UN agencies, as well as bilateral and multilateral partners and none—governmental organizations.

I hereby acknowledge and appreciate the continued support of our partners during the year namely; the European Union, UK Department for International Development, World Bank, WFP, UNDP, IFAD, Green Climate Fund (GCF) and UNICEF. This is a sign of confidence in us. I pledge commitment to ensure that their resources are utilized as intended.

The NDMA Board of Directors has been strengthening corporate governance to improve on efficiency in service delivery and boost stakeholder confidence. It is also continued to ensure improved performance of all board members. It is worth noting that during the period under review, the performance evaluation for the Board as a whole, its committees, individual members, the chairman and the Chief Executive Officer was carried out on 19th August 2021. The results show impressive performance of all board members with Corporate Board Performance of 96.26%. It is our intension to work even harder to maintain the sterling performance.



Raphael Nzomo, MBS



Date

CHAIRMAN, Board of Directors

5. Report of the Chief Executive Officer



Drought is probably the most complex and severe weather-related natural hazard due to its intrinsic nature and wide-ranging impacts. It affects agricultural production, water availability and access, energy production, tourism, human health, biodiversity, and natural ecosystems. During the reporting period, the entire Horn of Africa, Kenya included faced the worst drought over the past 40 years. As at June 2022, Kenya had already registered four failed rain seasons, with projection of the fifth also failing. Consequently, 3.5 million people were facing high levels of acute food insecurity up from 3.1 million people in February 2022. Fourteen (14) ASAL counties were experiencing crisis food insecurity while nine (9) ASAL counties were in Stressed Food Security Phase. 884,464 children below 5yrs and 115,725 lactating mothers were with acute malnutrition and required treatment. Livestock mortality had reached 2.4 million by June 2022.

Judging from the severity of drought, the impact could have been higher were it not for a number of measures that have been taken under the coordination of the Authority. Some of these include: improved coordination of drought activities under NDMA; improved drought early warning systems; increased investment in building resilience by National Government, County Governments and Development Partners; timely and effective response; availability of strategic resources e.g. the Drought Contingency Fund provided by the EU; Contingency Funds by CGs; and social protection through among others cash transfer programmes that have scalability when drought strikes.

The Authority is committed to working in collaboration with others to put measures in place to ensure drought resilience is built and the goal of ending drought emergencies achieved. To this end, recommendations of the mid-term review for the Ending Drought Emergencies Initiative will be implemented with the aim of accelerating efforts towards achieving the goal. This will include working closely with the IGAD Secretariat under the IGAD Drought Disaster Resilience and Sustainability Initiative (IDDRSI) and various member states on cross border issues that may impede drought resilience.

During the reporting period, we continued to mobilize resources to enable us achieve our mandate. Some of the development projects through which we received funding include: the Kenya Social and

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Economic Inclusion Project (KSEIP) - Hunger Safety Net Programme (HSNP) funded by the World Bank and GoK; Ending Drought Emergencies: Support to Sustainable Livelihoods funded by the EU and GoK; Resilience and Food Systems Project funded by the WFP and GoK; Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands (TWENDE) funded by the GoK and GCF; and Integrated Response and Recovery of Livelihoods for Communities affected by Crises in Kenya funded by the UNDP.



9/03/2023

Hared Adan Lt. Col. (Rtd)

Date

Chief EXECUTIVE Officer

6. Statement of Performance against Predetermined Objectives for FY 2021/22

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government Entity's performance against predetermined objectives. The National Drought Management Authority has seven (7) Strategic Objectives within the current Strategic Plan for the FY 2018/19 – 2022/23. These strategic objectives are as follows:

- 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.

The Authority develops its annual work plans based on the above seven Strategic Objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2021-2022 period for its seven strategic objectives, as indicated in the diagram below:

| 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 registration process and selection of beneficiaries in HSNP counties (Isiolo, Samburu, T. River, Garissa) | 969 stakeholders, including MPs, senators, women reps, Governors, staff from various sector ministries, commissioners |
| | 1.2 Invest in and coordinate Strategic preparedness, SP and CCA activities | No. of projects | Complete implementation of ongoing preparedness macro projects in W. Pokot, Kilifi, T. Taveta, Laikipia, Makueni, Isiolo, T. River, Turkana, Nyeri | All the projects completed |
| | | No. of households registered | Register households in new HSNP counties | 289,232 HHs registered |
| | | No. of hhs receiving regular cash transfers | Provide cash transfers to beneficiary hhs | 99, 474 households receive regular cash transfers |
| Strategic Objective 2: To provide drought and climate information to facilitate concerted actions | 2.1. Strengthen, manage and operate the national drought early warning system | No. of drought early warning bulletins produced and disseminated | Collect and analyse drought information and produce DEWS bulletins | 276 produced as planned |

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| by relevant stakeholders | 2.3. Coordinate and participate in drought risk baseline reviews and food security assessments | No. of county food security assessment reports. | Conduct long rains and short rains food security assessments | 46 with each county producing 2 reports |
| | | No. of county livelihood zoning reports. | Review and update livelihood zone profiles and maps in the 23 ASAL counties | 23 livelihood zoning reports. |
| 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 | 23 counties supported |
| | 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 | 275,571 households supported and Kshs. 861.4 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 stakeholders 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 | 345 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 proposal submitted to the EU |
| | 5.2. Develop strategies for generating revenue for DRM and CCA | Amount generated from rent | Generate revenue for NDMA from internal strategies | Kshs. 734,850 against the target of Kshs. 240,000 |
| Strategic Objective 6: To Strengthen Planning, Performance Management and Knowledge Management Approaches that Generate Evidence on DRMC/CCA/EDE for Decision Making and Practice | 6.1. Strengthen planning, M&E and results based performance management systems | No. of staff trained | Rollout the NDMA M&E guide to (Nyeri, Meru, Tharaka Nithi, Baringo, West Pokot, Narok, Laikipia, Lamu, Kwale, Kilifi, Tana River, Kajiado, Embu, Mandera) counties | A total of 121 officers from both the HQ and the counties have been trained and sensitized |
| | | No. of missions | NDMA joint monitoring missions | 26 missions conducted |

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| | | | | |
|---|---|---|---|---|
| | | | Produce and disseminate the NDMA annual report for 2020/2021 FY | |
| | 6.2. Strengthen research and KM for continuous improvement | No. of students supported | Support ongoing research by PhD students | 6 students |
| | | No. of HQ staff sensitized | Sensitize staff on the KM strategy | 121 staff |
| | | No. of platforms developed | Complete development of the knowledge management and information sharing platform | 1 platform completed |
| 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, with 4 being full board |
| | | No. of staff trained | Train staff based on training needs assessment (TNA) | 174 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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7. 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 2021/2022 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 Public Service, Gender and Youth Affairs.

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
- 2) Human Resources
- 3) Finance
- 4) Audit and Risk Management

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.

2.2.1 Committee membership

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

| | |
|--|---|
| <p>1) Human Resources</p> <p>i) Ms. Emily Mworja - Chairperson</p> <p>ii) Mr. Nasiuma Kasembeli - Member</p> <p>iii) Dr. Benson Longaritom - Member</p> <p>iv) Mr. Robert Kiteme – Member</p> | <p>2) Technical committee</p> <p>i) Hon. Abdirahman Hassan - Chairperson</p> <p>ii) Ms. Nancy Muthoni Njiro - Member</p> <p>iii) Ms. Emily Mworja - Member</p> <p>iv) Mr. Micah Powon - Member</p> |
| <p>3) Finance</p> <p>i) Ms. Nancy Muthoni Njiro - Chairperson</p> <p>ii) Mr. Micah Powon - Member</p> <p>iii) Mr. Nasiuma Kasembeli - Member</p> <p>iv) Dr. Benson Longaritom - Member</p> | <p>4) Audit and Risk Management</p> <p>i) Mr. Robert Kiteme - Chairperson</p> <p>ii) Ms. Emily Mworja - Member</p> <p>iii) Hon. Abdirahman Hassan - Member</p> <p>iv) Mr. Nasiuma Kasembeli - Member</p> |

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.

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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 advise 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.

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.

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- 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.

Board Meetings

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

| <i>Committee/Board</i> | <i>meetings</i> |
|--|-----------------|
| 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.

Board Performance

During the year under review, the Board did not undertake an evaluation of its performance as per the Code of Governance for State Corporations (*Mwongozo*) due to transition of both the Board and the NDMA leadership. The performance evaluation results for the 2020/2021 financial year that covered the Board as a whole, its committees, individual members, the chairman and the Chief Executive Officer was carried out on 19th August 2021. The results of the evaluation is summarized as follows, with Corporate Board Performance of 96.26%;

| | Name of Director | Position | Date of appointment | Expiry of term | Mean score | %age score |
|------------------------------------|-------------------------|---------------------|----------------------------|-----------------------|-------------------|-------------------|
| 1. | Mr. Raphael Nzomo, MBS | Chairperson | 11.02.2019 | 10.02.2022 | 4.9012 | 98.02 |
| 2. | Dr. Benson Longaritom | Member | 21.10.2019 | 20.10.2022 | 4.7445 | 94.89 |
| 3. | Mr. Abdirahman Hassan | Member | 03.05.2019 | 02.05.2022 | 4.7240 | 94.48 |
| 4. | Mr. Kasembeli Naisuma | Member Rep PS TNT&P | N/A | | 4.8006 | 96.01 |
| 5. | Mr. Micah Powon, CBS | Member PS SDDA | N/A | | 4.8756 | 97.51 |
| 6. | Mr. Robert Kiteme | Member Rep COG | 31.07.17 | 26.06.2020 | 4.7419 | 94.84 |
| 7. | Mrs. Emily Mworio | Member | 03.05.2019 | 02.05.2022 | 4.7196 | 94.39 |
| 8. | Ms. Nancy Njiro | Member | 03.05.2019 | 03.05.2022 | 4.6342 | 92.68 |
| 9. | Mr. James Oduor | Secretary/CEO | 14.02.17 | 13.02.2022 | 4.7526 | 95.05 |
| Corporate Board Performance | | | | | 4.8131 | 96.26 |

8. 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.

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. A total of 54 officers were trained on development and use of the pictorial evaluation tool (PET) so as to automate data collection on livestock body condition.
- ii. In partnership with FAO, NDMA co-funded the adoption of PET, with the former supporting piloting in six (6) counties (Kitui, Marsabit, Garissa, Kwale, Laikipia, West Pokot) and the Authority supporting rollout in the remaining 17 counties.
- iii. Trained 18 Drought Information Officers on the use of the Earth Observation Data Centre (EODC) as part of BOKU University hand-over of remote sensing data processing to the Authority.
- iv. Produced and disseminated 69 monthly county drought early warning bulletins, totalling 276.
- v. Produced and disseminated 12 consolidated monthly national drought early warning bulletins.
- vi. Provided monthly remote sensed information up to Ward level for the 23 ASAL counties for objective evidence-based information on the drought status.
- vii. Reviewed the county livelihood profile data culminating in reviewed livelihood zone maps across 23 ASAL counties.
- viii. Developed early warning system indicator trigger thresholds for 11 counties including Mandera, Marsabit, Tana River, Turkana, Wajir, Garissa, Baringo, Kilifi, Isiolo, Samburu and West Pokot
- ix. Carried out bi-annual multi-agency food and nutrition security assessments in the 23 ASAL Counties to inform response

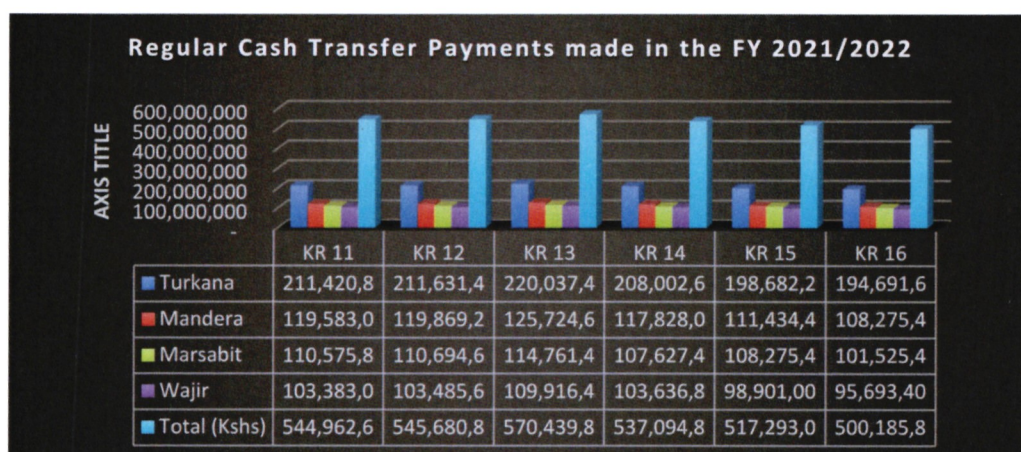
On issues relating to drought contingency planning and response, the Authority supported counties to update their drought as well as ward contingency plans. In addition, the drought response interventions were coordinated both at national and county levels. The Authority also supported the development and/or finalization of sector drought response SOPs for Water, Livestock, Health & Nutrition, Education, Agriculture and Coordination sectors. SOPs for Water, Livestock and Coordination sectors developed in the previous FY were finalized and validated during a finalization and validation workshop respectively and are ready for piloting for adoption. To support response, the Authority disbursed a total of KShs 401,808,749 through the DCF MIS to seventeen (17) counties facing drought. There were triggers for scale-up payments in the months of August 2021, November

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2021, December 2021 and January to June 2022. By June 2022 the Authority had processed payments in response to triggers from August 2021 to April 2022, for Wajir, Mandera, Turkana and Marsabit counties totalling Kshs. 862,285,500.

The Authority supported interventions towards drought resilience, climate change adaptation and social protection. In this respect, nine macro projects funded by the EU were completed. These were: Integrated Kuno irrigation project; Installation of water tank at Loglogo Girls Secondary School; Mt. Kenya Neema Self Help Group Project; Mbomboni integrated drought preparedness project; Sagalla Ward integrated livelihood drought preparedness project; Garseni Central integrated livelihood project; Laikipia-Baringo inter-county integrated drought preparedness and resilience project; Kainuk livestock market project; and Lelan highland dairy commercialization programme. 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 24 resilience projects in Embu, Makueni and Tharaka Nithi counties. During the reporting period, 264,567 households were registered into the KSEIP Hunger Safety Net Programme (HSNP) in the four additional counties of Garissa, Samburu, Tana River and Isiolo. An average of 99, 474 households received regular cash transfers in Turkana, Wajir, Marsabit and Madera.



During the 2021/2022 FY reporting period, the Authority monitored implementation of preparedness and response activities as well as HSNP activities by undertaking 134 monitoring missions. Fifteen monitoring and backstopping missions were conducted in 18 counties (Mandera, Wajir, Garissa, Tana River, Marsabit, Isiolo, Laikipia, Samburu, Lamu, Kilifi, Kwale, Narok, Kajiado, West Pokot, Embu, Tharaka Nithi, Makueni, and Kitui). Eleven missions were conducted to track implementation progress of resilience interventions in 11 counties (Tana River, Isiolo, West Pokot, Turkana, Kitui, Makueni, Taita Taveta, Kilifi, Baringo, Nyeri and Kajiado). HSNP activities were monitored by 96 missions, 12 post payment monitoring missions, and 96 registration monitoring missions.

During 2021/2022 FY, the design of the Knowledge Management and Information Sharing Platform was completed. Selected staff from all the 23 counties where NDMA operates and 10

representatives of the headquarter were trained and nominated as knowledge champions. The champions are tasked with training other staff and rolling out the use of the system.

9. Environmental and Sustainability Reporting

The National Drought Management Authority exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the Authority's policies and activities that promote sustainability.

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

As an institution, NDMA entrenched an objective system for attracting, nurturing and retaining talent to strengthen the Authority's capacity for Drought Risk Management. During the reporting period, the Authority undertook an organizational capacity assessment (OCA) to review its operational structure and capacity, come up with an action plan for capacity improvements and set priorities for actions it can take to strengthen its capacity. The Authority also continued with capacity building of staff through training. A total of 174 staff members were trained during the reporting period.

iv) Corporate Social Responsibility / Community Engagements

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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.

10. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the *Authority's* affairs.

i) Principal activities

The Authority has adopted the EDE strategy which envisages strong and functional institutional and financing mechanisms for drought risk management. The Authority is guided by the 'no-regrets' approach to *early action* in its efforts to protect lives and livelihoods. In order to ensure effective drought response coordination, the Authority implemented the following;

- a. Maintained the DCF MIS and the contingency funding business process to retain capacity for exclusive use of MIS for all contingency funding response requisitions and reduced average turnaround time to not more than 30 days, from county-level response triggering to disbursements of requisitioned DCF funds, achieved during the last drought response period.
- b. The use of vegetation condition index (VCI) as an objective and early trigger indicator remains a key consideration for justification for activation of drought contingency plans, the disbursement of contingency funds as well as the triggering for scale up cash transfers. The VCI is produced bi-monthly for county and sub-county levels. There exists internal capacity to produce scaled-down VCI at ward level enabling activation of ward level contingency plans.
- c. Following the amendment of the NDMA Act 2016 to conform to the Public Finance Management Act (PFMA 2012) and the gazettement of NDEF regulations, Government has established the NDEF and the process to capitalize and operationalize the Fund is now underway.

ii) Results

The results of the Entity for the year ended June 30, 2022, are set out on page viii of this report.

iii) Directors

The members of the Board of Directors who served during the year are shown on page xviii. During the year 2021/22 the following directors had their terms ending: Mr. Raphael Nzomo, MBS but was awaiting re-appointment; Ms. Emily Mworira; Hon. Abdirahman Hassan; Ms. Nancy Njiro; Dr. Benson Longaritom; and Mr. Nasiuma Kasembeli.

iv) Surplus remission


In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Entity did not make any surplus during the financial year 2021/22 and hence no remittance to the Consolidated Fund.

v) 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 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *Authority* for the year/period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


.....

Hared Adan Hassan Lt. Col. (Rtd)
Chief Executive Officer

II. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, - (entities should quote the applicable legislation under which they are regulated)) require the Directors to prepare financial statements in respect of that *Entity*, which give a true and fair view of the state of affairs of the *Entity* at the end of the financial year/period and the operating results of the *Entity* for that year/period. The Directors are also required to ensure that the *Entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Entity*. The Directors are also responsible for safeguarding the assets of the *Entity*.

The Directors are responsible for the preparation and presentation of the *Entity's* financial statements, which give a true and fair view of the state of affairs of the *Entity* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *Entity*; (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 *Entity*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *Entity'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 State Corporations Act) – *entities should quote applicable legislation as indicated under which they are regulated*). The Directors are of the opinion that the *Entity's* financial statements give a true and fair view of the state of *Entity's* transactions during the financial year ended June 30, 2022, and of the *Entity's* financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the *Entity*, which have been relied upon in the preparation of the *Entity's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the *Entity* 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 29/09/2022 and signed on its behalf by:



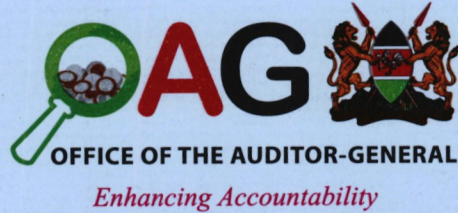
.....
Name RAPHAEL NZOMO
Chairperson of the Board/Council



.....
Name
Accounting Officer

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 NATIONAL DROUGHT MANAGEMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Drought Management Authority set out on pages 1 to 37, which comprise the statement of financial position as at 30 June, 2022, 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 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, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the National Drought Management Authority Act, 2016.

Basis for Qualified Opinion

1. Failure to Provide Ownership Documents for Assets

The statement of financial position and as disclosed in Note 22(a) to the financial statements reflects property, plant and equipment balance of Kshs.430,585,210. The balance comprises of land and buildings valued at Kshs.181,970,264, motor vehicles valued at Kshs.143,222,380, furniture and fittings valued at Kshs.38,653,964, computers valued at Kshs.60,492,812 and plant and equipment with a value of Kshs.6,245,789. However, title deeds for respective parcels land were not provided for audit. Further, Furniture and fittings and the computers were not tagged for ease of identification.

In the circumstances, the ownership, accuracy and existence of the property, plant and equipment balance of Kshs.430,585,210 as at 30 June, 2022 could not be confirmed.

2. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 23 to the financial statements reflects trade and other payables balance of Kshs.76,834,924. However, the review of supporting documents revealed that the balance includes amounts totalling to Kshs.5,059,531 which has been outstanding for more than one financial year. No explanation was provided for failure to settle the long outstanding balances in the year that they fall due or as first charge in the subsequent financial year.

In the circumstances, the accuracy, validity and fair statement of the long outstanding trade and other payables balance of Kshs.5,059,531 as at 30 June, 2022 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

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.6,614,395,464 and Kshs.6,011,286,831 respectively resulting to an under-funding of Kshs.603,108,633 (or 9%) of the approved budget. The underfunding affected the planned activities which may have impacted negatively on effective and efficient service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved and disclosed all the prior year matters as provided by the Public Sector Accounting Standards Board templates. Management has not provided satisfactory explanation for the delay in resolving the issues.

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. Construction of Ukakaani Earth Dam

The Authority awarded contract for the proposed construction of Ukakaani Earth Dam and auxiliary structures at a contract sum of Kshs.6,137,737 on 5 July, 2021. As at 30 June, 2022, the Contractor had been fully paid including the retention monies. However, as at the time of the audit, the dam was yet to be commissioned and handed over to the County Government of Kitui and the Community at large. Further, physical verification of the Project revealed that the embankment was not compacted and there was massive erosion and silting that caused the dam to fill up. Further, the dam had not been fenced and therefore faced the risk of vandalism.

In the circumstances, value for money from the expenditure of Kshs.6,137,737 on the construction of Ukakaani Earth Dam could not be confirmed.

2. Construction of Mitundu Earth Dam

The Authority awarded contract for the proposed construction of Mitundu Earth Dam and auxiliary structures at a contract sum of Kshs.4,220,100. As at 30 June, 2022, the Contractor had been fully paid including the retention monies. However, the dam had not been commissioned and handed over to the County Government of Kitui and the community as at the time of the audit. Physical verification of the Project revealed that the embankment was not compacted and there was massive erosion and silting that caused the dam to fill up. Further, gabion checks were not done hence significant siltation to the dam while toilets were not done to improve on hygiene. Some sections of the fence had also fallen with concrete poles having been destroyed.

In the circumstances, value for money from the expenditure totalling Kshs.4,220,100 on the construction of Mitundu Earth Dam and auxiliary structures could not be confirmed.

3. Community Earth Dams Constructed Without Land Donation Agreements

Review of contract documents for seven (7) Earth Dams totalling Kshs.35,175,862 constructed during the 2021/2022 financial year on community lands revealed that the donation agreements between the Authority and owners of the land on which the dams were erected were not provided for audit verification as detailed below:

| | Dam Description | Amount Contracted (Kshs.) | Amount Paid (Kshs.) |
|----|-------------------------------------|----------------------------------|----------------------------|
| 1. | Construction of Kilimboni Earth Dam | 5,987,185 | 5,543,085 |
| 2. | Construction of Kaveta Earth Dam | 4,524,888 | 4,235,943 |
| 3. | Construction of Mbarani Earth Dam | 6,439,700 | 6,439,700 |
| 4. | Construction of Ukakaani Earth Dam | 6,137,737 | 5,632,892 |
| 5. | Construction of Ngengi Earth Dam | 5,826,604 | 5,466,135 |
| 6. | Construction of Kataa Water Pan | 4,637,950 | 3,951,607 |
| 7. | Construction of Mitundu Earth Dam | 4,220,100 | 3,906,500 |
| | Total Cost | | 35,175,862 |

In the circumstances, value for money from the expenditure totalling Kshs.35,175,862 on earth dams and water pans could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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

Lack of Risk Management Policy

Management had not put in place a Risk Management Policy to mitigate against risk. Lack of Risk Management Policy is in contravention of Section 165 of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism; and system of risk management and internal controls that builds robust business operations.

In the circumstances, existence of effective risk management measures could not be confirmed.

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 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 governance.

In preparing the financial statements, Management is responsible for assessing the ability of the Authority 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 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 controls 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 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 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 going concern 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 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

14 April, 2023

National Drought Management Authority (NDMA)
Annual Report and Financial Statements for the year ended June 30, 2022.

Statement of financial performance for the year ended 30th June 2022

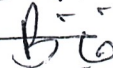
| Description | Notes | Kshs | Kshs |
|---|-------|----------------------|----------------------|
| Revenue from non-exchange transactions | | | |
| Public contributions and donations | 6 | 681,681,715 | 848,004,388 |
| Transfers from other governments – gifts and services-in-kind | 7 | 5,212,440,000 | 3,581,581,021 |
| Total Revenue from non-exchange transactions | | 5,894,121,715 | 4,429,585,408 |
| Revenue from exchange transactions | | | |
| Rental revenue from facilities and equipment | 8 | 477,350 | 317,200 |
| Other income | 9 (a) | 57,041,227 | 19,999,119 |
| Extra income | 9(b) | 58,577,313 | 4,842,338 |
| Total Revenue from exchange transactions | | 116,095,891 | 25,158,656 |
| Total revenue | | 6,010,217,605 | 4,454,744,064 |
| Expenses | | | |
| Use of goods and services | 10 | 215,427,857 | 184,959,452 |
| Employee costs | 11 | 612,423,697 | 583,389,352 |
| Board expenses | 12 | 19,269,875 | 15,015,157 |
| Depreciation and amortization expense | 13 | 79,348,428 | 65,865,980 |
| Repairs and maintenance | 14 | 35,276,850 | 32,726,060 |
| Grants and subsidies | 15 | 5,161,975,770 | 3,370,613,072 |
| Finance costs | 16 | 2,641,497 | 2,804,088 |
| Extra expenses | 17 | 82,105,937 | 40,074,669 |
| Total expenses | | 6,208,469,911 | 4,295,447,830 |
| Gain on disposal | 18 | 1,069,226 | - |
| Surplus/(deficit) for the period | | (197,183,080) | 159,296,235 |

The notes set out on pages 13 to 36 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 12 were signed on behalf of the Board of Directors by:

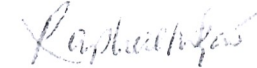
Name *Mared Adan*
 Accounting Officer 

Date *9/03/2023*

Name *Jussuf BAGAIF*
 Head of Finance 
 ICPAK Member Number:

Mno/8335
 Date *09/03/23*

Name *RAPHIEL NZOMO*
 Chairman of the Board


 Date *10/3/23*

National Drought Management Authority (NDMA)
Annual Report and Financial Statements for the year ended June 30, 2022.


I 4 Statement of financial position as at 30th June 2022

| Description | Notes | 2021-2022 | 2020-2021 |
|---|-------|----------------------|----------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 19 | 720,033,004 | 441,117,101 |
| Receivables and prepayments | 20 | 183,126,159 | 1,659,219,465 |
| Inventories | 21 | 3,601,575 | 2,573,295 |
| Total current assets | | 906,760,738 | 2,102,909,861 |
| Non-current assets | | | |
| Property, plant and equipment | 22 a | 430,585,210 | 387,367,134 |
| Intangible Assets | 22 c | 39,834,728 | 39,834,728 |
| Total non-current assets | | 470,419,938 | 427,201,862 |
| Total assets | | 1,377,180,676 | 2,530,111,722 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 23 | 76,824,924 | 1,033,774,302 |
| Net assets | | 1,300,355,753 | 1,496,337,420 |
| Financed By | | | |
| Capital fund | | 372,983,050 | 372,983,050 |
| General Reserve | | 874,960,326 | 1,070,941,994 |
| Revaluation Reserve | | 52,412,375 | 52,412,375 |
| Total net assets and liabilities | | 1,300,355,752 | 1,496,337,420 |

The financial statements set out on pages 1 to 12 were signed on behalf of the Board of Directors by:


Name *Hared Adaw*
 Accounting Officer 

Date *9/3/2023*

Name *TUCUP BAKAJA*
 Head of Finance 
 ICPAK Member Number:

Mno/8335
 Date *09/3/2023*

Name *RAPHAEL NZOMO*
 Chairman of the Board


 Date *10/3/23*

National Drought Management Authority (NDMA)
Annual Report and Financial Statements for the year ended June 30, 2022.

I 5 Statement of changes in net assets for the year ended 30th June 2022

| Description | Capital fund | General Reserve | Revaluation Reserve | Total |
|---------------------------------------|--------------------|----------------------|---------------------|----------------------|
| | Kshs | Kshs | Ksh | Kshs |
| Balance as at June 30, 2019 | 372,983,050 | 1,357,048,783 | - | 1,730,031,833 |
| Balance as at July 01, 2019 | 372,983,050 | 1,357,048,783 | - | 1,730,031,833 |
| Revaluation Reserve | - | - | 52,412,375 | 52,412,375 |
| Transfers to/from accumulated surplus | - | (485,240,781) | - | (485,240,781) |
| Balance as at June 30, 2020 | 372,983,050 | 871,808,002 | 52,412,375 | 1,297,203,427 |
| Balance as at July 01, 2020 | 372,983,050 | 871,808,002 | 52,412,375 | 1,297,203,427 |
| Prior year adjustment FY 2019/20 | - | 3,030 | - | 3,030 |
| Intangible assets | - | 39,834,728 | - | 39,834,728 |
| Transfers to/from accumulated surplus | - | 159,296,235 | - | 159,296,235 |
| 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) | - | (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 |

National Drought Management Authority (NDMA)
Annual Report and Financial Statements for the year ended June 30, 2022.

The prior year adjustments;

1. Of Kshs. 1,087,748 relates to gratuity payable to Mr. ISAAK Abdille which was provided for in the FS 2019/20 but erroneously expensed in the FY 2020/21 thus understating retained earning
2. Of Kshs. 6,930 related to deficit of FY 2020/21 which was understated thus increasing the retained earnings
3. Of Kshs. 120,594 related to payment that was erroneously treated as payable

6. Statement of cash flows for the year ended 30 June 2022

| Description | | 2021-2022 | 2020-2021 |
|---|--------------|----------------------|------------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | Notes | | |
| Receipts | | | |
| Public contributions and donations | 6 | 681,681,715 | 848,004,388 |
| Transfers from other governments – gifts and services-in-kind | 7 | 5,212,440,000 | 3,581,581,021 |
| Rental revenue from facilities and equipment | 8 | 477,350 | 317,200 |
| Other income | 9 (a) | 57,041,227 | 19,999,119 |
| Extra income | 9(b) | 58,577,313 | 4,842,338 |
| Total Receipts | | 6,010,217,605 | 4,454,744,064 |
| Payments | | | |
| Use of goods and services | 10 | 215,427,857 | 184,959,452 |
| Employee costs | 11 | 612,423,697 | 583,389,352 |
| Board expenses | 12 | 19,269,875 | 15,015,157 |
| Repairs and maintenance | 14 | 35,276,850 | 32,726,060 |
| Grants and subsidies | 15 | 5,161,975,770 | 3,370,613,072 |
| Finance costs | 16 | 2,641,497 | 2,804,088 |
| Extra expenses | 17 | 82,105,937 | 40,074,669 |
| Net cash flows from/(used in) operating activities | | 6,129,121,483 | 4,229,581,850 |
| | | (118,903,878) | 225,162,214 |
| Cash flows from other operating activities | | | |
| Increase/decrease in receivables-non exchange | 20 | 1,476,093,306 | (1,376,750,011) |
| Increase/decrease in trade and other payables | 23 | (956,949,378) | 207,050,691 |
| Increase/decrease in inventories | 21 | (1,028,280) | (538,213) |
| Total cashflow from other operating expenses | | 518,115,648 | (1,170,237,533) |
| Cash flows from investing activities | | | |
| Computers | 22a | (60,797,863) | (6,887,296) |
| Furniture and fixtures | 22a | (14,954,208) | (3,098,522) |
| Motor Vehicle | 22a | (40,448,350) | - |
| Buildings | 22a | (7,392,558) | (12,832,538) |
| Proceeds from disposal | 22d | 2,095,701 | 3,032 |
| prior year adjustment | | 1,080,818 | - |
| prior year adjustment | | 120,594 | - |
| Net Cash flows from investing activities | | (120,295,866) | (2,363,290,390) |

National Drought Management Authority (NDMA)
Annual Report and Financial Statements for the year ended June 30, 2022.

| | | | |
|--|--|--------------------|--------------------|
| Increase / (decrease) in cash and cash equivalents | | 278,915,903 | (2,138,128,176) |
| Cash and cash equivalents at July 01, 2021 | | 441,117,101 | 1,409,007,744 |
| Cash and cash equivalents at June 30, 2022 | | 720,033,004 | 441,117,101 |

The financial statements set out on pages 1 to 12 were signed on behalf of the Board of Directors by:

Hamed Adam

Name: *Hamed Adam*
Accounting Officer
Date *9/3/2023*

YUSUF BAGAJI

Name: *Yusuf Bagaji*
Head of Finance
ICPAK Mno/8335
Date *09/3/2023*

RAPHAEL NZOMO

Name: *Raphael Nzomo*
Chairman of the Board
Date *10/3/23*

National Drought Management Authority (NDMA)
Annual Report and Financial Statements for the year ended June 30, 2022.

17. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2022

| Description | Original budget | | Adjustments | | Final budget | | Actual on comparable basis | Performance difference | % Of Utilization | Ref |
|---|----------------------|------|--------------------|-------|--------------|----------------------|----------------------------|------------------------|------------------|-----|
| | Kshs. | a | Kshs. | b=c-a | Kshs. | c | | | | |
| Revenue | Kshs | Kshs | Kshs | Kshs | Notes | Kshs | Kshs | | | |
| Public contributions and donations - EDE SDRM (AIA) | 279,000,000 | | 446,569,056 | | 6 | 725,569,056 | 447,976,121 | 277,592,935 | 38 | a |
| Public contributions and donations - IPF Grant | 150,000,000 | | - | | 6 | 150,000,000 | 73,396,499 | 76,603,502 | 51 | b |
| Public contributions and donations - IPF - IDA LOAN | 175,500,000 | | - | | 6 | 175,500,000 | - | 175,500,000 | 100 | |
| Public contributions and donations - Twende IUCN | 62,617,764 | | - | | 6 | 62,617,764 | 62,617,764 | - | - | |
| Government grants - TWENDE GOK | 55,000,000 | | - | | 7 | 55,000,000 | 55,000,000 | - | - | |
| Public contributions and donations - UNDP IRRL | 97,691,331 | | - | | 6 | 97,691,331 | 97,691,331 | - | - | |
| Public contributions and donations - WFP/SFSP | 117,000,000 | | - | | 6 | 117,000,000 | - | 117,000,000 | - | |
| Government grants and subsidies - WFP/SFSP | 35,000,000 | | - | | 7 | 35,000,000 | 35,000,000 | - | - | |
| Government grants - KSEIP-HSNP III | 4,100,100,000 | | - | | 7 | 4,100,100,000 | 4,100,100,000 | - | - | |
| Government grants - DRMC GoK | 30,000,000 | | - | | 7 | 30,000,000 | 30,000,000 | - | - | |
| Government grants - SDRM GoK | 100,000,000 | | - | | 7 | 100,000,000 | 100,000,000 | - | - | |
| Government grants - (Recurrent) | 662,340,000 | | - | | 7 | 662,340,000 | 662,340,000 | - | - | |
| Government grants -KRDP | 30,000,000 | | - | | 7 | 30,000,000 | 30,000,000 | - | - | |
| Government grants -NDEF | 200,000,000 | | - | | 7 | 200,000,000 | 200,000,000 | - | - | |
| Tender sale / Disposal | - | | 2,000,000 | | 9a | 2,000,000 | 1,097,226 | 902,774 | 45 | c |
| Interest income | - | | 12,550,000 | | 9a | 12,550,000 | 57,013,227 | (44,463,227) | (354) | d |
| Rents and Rates -Non Residential | - | | 450,000 | | 8 | 450,000 | 477,350 | (27,350) | (6) | e |
| Others (Miscellaneous and extra incomes) | - | | 58,577,313 | | 9b | 58,577,313 | 58,577,313 | - | - | f |
| Total income | 6,094,249,095 | | 520,146,369 | | | 6,614,395,464 | 6,011,286,831 | 603,108,633 | | |

National Drought Management Authority (NDMA)
Annual Report and Financial Statements for the year ended June 30, 2022.

| | | | | | | | |
|--|----------------------|--------------------|----------------------|-------------|----------------------|--------------------|------|
| Finance Costs | 1,600,000 | - | 1,600,000 | 16 | 858,686 | 741,314 | 46 |
| Other Project Operating & Coordination | 450,804,920 | 37,927,672 | 488,732,592 | 10,12,14,15 | 427,183,792 | 61,548,800 | 13 a |
| Purchase of building | 7,390,558 | 2,400 | 7,392,958 | 22 | 7,392,558 | 400 | 0 |
| Purchase of Furniture & Fitting | 5,650,800 | 305,000 | 5,955,800 | 22 | 5,954,442 | 1,358 | 0 |
| Totals | 4,100,100,000 | 308,887,544 | 4,408,987,544 | | 4,291,192,790 | 117,794,754 | |
| KSEIP IPF Grant Expenses | | | | | | | |
| Staff compensation PMU | 40,788,800 | 211,200 | 41,000,000 | 15 | 37,668,000 | 3,332,000 | 8 |
| Insurance costs | 10,500,000 | (7,554,694) | 2,945,306 | 11 | 2,945,306 | - | - |
| Finance Costs | 60,000 | (2,000) | 58,000 | 16 | 57,954 | 46 | 0 |
| Purchase of motor vehicle | 40,000,000 | 500,000 | 40,500,000 | 22 | 40,448,350 | 51,650 | 0 a |
| Purchase of Furniture | 6,700,000 | - | 6,700,000 | 22 | 6,697,440 | 2,560 | 0 |
| Purchase of Computers | 10,000,000 | (1,000,000) | 9,000,000 | 22 | 9,000,000 | - | - |
| Other Project Operating & Coordination | 41,951,200 | 163,620,684 | 205,571,884 | 10&15 | 20,707,006 | 184,864,878 | 90 b |
| Totals | 150,000,000 | 155,775,190 | 305,775,190 | | 117,524,056 | 188,251,134 | |
| KSEIP IPF Loan Expenses | | | | | | | |
| Purchase of assets | 50,000,000 | - | 50,000,000 | 22 | 47,713,333 | 2,286,667 | 5 |
| Finance Costs | 2,000 | - | 2,000 | 16 | 1,503 | 497 | 25 a |
| Other Project Operating & Coordination | 125,498,000 | 42,191,823 | 167,689,823 | 15 | 11,743,174 | 155,946,649 | 93 b |
| Totals | 175,500,000 | 42,191,823 | 217,691,823 | | 59,458,010 | 158,233,813 | |
| EDE DRMC Expenses | | | | | | | |
| DRMC -Donor | - | 84,000,000 | 84,000,000 | 15 | 81,219,273 | 2,780,727 | 3 |
| Totals | - | 84,000,000 | 84,000,000 | | 81,219,273 | 81,219,273 | |
| DRMC Gok | | | | | | | |
| Govt contribution to projects | 30,000,000 | 17,835 | 30,017,835 | 15 | 30,017,750 | 85 | 0 |
| Totals | 30,000,000 | 17,835 | 30,017,835 | | 30,017,750 | 85 | |
| EDE SDRM Expenses | | | | | | | |
| SDRM -Donor | 279,000,000 | 446,569,056 | 725,569,056 | 15 | 625,850,885 | 99,718,171 | 14 |
| Totals | 279,000,000 | 446,569,056 | 725,569,056 | | 625,850,885 | 99,718,171 | |

Explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.1 .

Revenues

- a. Donor funds for EU were revised upwards during supplementary hence the favourable variance.
- b. The Authority did not receive all funds from World Bank and WFP as earlier anticipated hence the adverse variance.
- c. The Authority did not achieve the target on tender sale/disposal since the successful bidders for disposal had not finalised with the logistics to settle down the amounts due.
- d. The Authority surpassed the target on interest revenue as a result of interest payable to Donor by EU being recognised as income.
- e. Rental income increased as a result of leasing out the Chemolingot office in Baringo County.
- f. Miscellaneous and extra incomes were not part the initial budget

Expenses

Recurrent

- a. Staff compensation increased as a result gratuity to employees that had not been budgeted for. The same was catered for from the overall surplus under recurrent.
- b. Postal and courier services went down since the Authority continued to communicate through emails hence the savings.
- c. Savings under consumables was occasioned by Donor funds contribution towards the same.
- d. Adverse variance on finance costs, membership and contractual costs was as result of introduction of online payment taxes by the Government. The same was catered for from the overall surplus under recurrent.
- e. Advertising costs went down since the same was supported under donor funds.
- f. Depreciation is a non-cash item hence the non-allocation.
- g. Maintenance costs went down since most of the Authority assets in use were in good condition

KSEIP – Gok

- a. Adverse variance on finance costs was as result of introduction of online payment taxes by the Government. The same was catered for from the overall surplus under KSEIP budget.
- b. Other project operating and coordination expenses were under-utilised due to procurement process that had not been finalised by end of the year.

KSEIP – IPF GRANT

- a. Other project operating and coordination expenses were under-utilised due to lengthy procurement process and which were awaiting 'no objection' opinion from the Bank.

a. KSEIP – IPF LOAN

- b. Finance costs savings were as a result of minimal transactions during the year.

- c. Other project operating and coordination expenses were 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 funds could not be fully spent;

EDE – SDRM Gok

- a. The adverse variance on Project coordination was occasioned by additional VAT claims by EU not initially anticipated.
- b. Adverse variance on finance costs was as result of introduction of online payment taxes by the Government.

Other Donor related expenses

- a. WFP funds activities were not executed since the Authority did not receive funds from the Donor.
- b. UNDP, TWENDE and NDEF funds were not utilised during the year since funds were received at the closure of the financial year.

Extra Expenses

- a. The remaining funds under UNICEF were meant for monitoring activities in the Financial Year 2022/23.

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.
- 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 2020/21.

18. 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) with perpetual succession, power to sue and be sued in its own name, and ability to own and alienate movable and immovable property. The Authority is governed by the provisions of the State Corporations Act, Chapter 446 of the Laws of Kenya, an Act of Parliament which provides for control and regulation of State Corporations

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 entity.

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 2021.***

| Standard | Impact |
|-----------------------------|---|
| Other Improvements to IPSAS | <p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p> |

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 2022

| Standard | Effective date and impact: |
|---|--|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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. |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol 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><i>(State the impact of the standard to the entity if relevant)</i></p> |

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021/2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably.

Tender sale income

Revenue from the sale of tenders is recognized when such has been received the significant risks of cancellation of the tender sale and rewards of ownership have been transferred to the buyer, usually after the close of the offer of the tender and when the amount of revenue can be measured reliably and it is probable that the economic benefits with the transaction will flow to the Authority. The period under review there was no sale of tender documents.

Interest income

Interest income of the Authority is recognised when earned and the same reflected on the bank statement. The interest income has been as a result of the Authority opening current bank accounts with NIC where the interest is earned on daily available balances to those accounts according to the market rate.

Rental income

Rental income is arising from the Authority's guest houses in Mandera and Moyale. Initially the guest house in Mandera had been leased by the County Government which saw the incomes generated to grow. The facility is however in a deteriorating condition which has resulted to guests seek for better facilities in the area hence the continuous reduction of collections. Plans are however under way for some refurbishment. The same is recognised when earned.

b) Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Authority differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the

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Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

e) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Summary of Significant Accounting Policies (Continued)

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 Authority.

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f) Provisions

Provisions are recognized when the Authority 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 Authority 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.

The Authority did recognise provision for audit fee during the year under audit since it was evident that there was an obligation to pay.

g) Contingent liabilities

The Authority 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. Nothing has come to the attention of the Authority that there is any likely of a contingent liability to occur

h) Contingent assets

The Authority 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 Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

i) Nature and purpose of reserves

The Authority does not create and maintain reserves in terms of specific requirements. Authority's amounts reflected as reserves are made up of the surpluses/deficits realised during the years.

j) Changes in accounting policies and estimates

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

Summary of Significant Accounting Polices (Continued)

k) Employee benefits

Retirement benefit plans

The National Drought Management Authority Staff Pension Scheme was registered on 14th August 2015 with an effective date of 1st March 2013. Contributions into the scheme commenced in the month of August 2015 with employees contributing 10% of basic salary and the employer (Sponsor) contributing equivalent of 20% of the employee's basic salary into the scheme.

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Considering that the effective date of the scheme was 1/3/2013, the sponsor undertook to seek funds to pay into the scheme the 20% employer portion into the scheme w.e.f 1/3/2013.

In FY2017/18, an allocation to cater for the 20% employer portion was made in the NDMA budget for payment into the scheme by 30th June 2018 and the same was successfully achieved, hence the employer is not tied to any past pension benefits.

This pension scheme which is a defined contribution operates under a Trust Deed and Rules where the same has put the eligible membership age to be 55yrs and below. Any employees who had attained the age of 55yrs by the inception date was taken under Contractual terms of employment where they will be entitled to a gratuity upon their retirement dates.

l) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of reporting 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. During the financial year, the Authority did not deal with foreign exchange; neither does the Authority operate a foreign bank account.

m) 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. The Authority did not enter into any borrowing transactions during the year under audit.

n) Related parties

The Authority regards a related party as a person or an Authority with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the Board of Directors, Chief executive officer, the departmental Directors and the sectional Managers.

Key management compensation:

| Description | 2021-22 | 2020-21 |
|--------------|-------------------|-------------------|
| | KShs | KShs |
| Directors | 10,116,800 | 12,082,800 |
| Managers | 24,769,840 | 27,848,400 |
| TOTAL | 34,886,640 | 39,931,200 |

NB: Please note that the amount of Kshs. 74,817,840 disclosed above relate salaries paid to top management staff of the organization. These were paid through the monthly payrolls and it is part of the employee related costs figure of **Kshs. 565,689,589** on note number 11.

o) Service concession arrangements

The Authority analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Authority 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 Authority also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

p) 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 various commercial banks at the end of the financial year.

q) Comparative figures

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority'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.

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 Authority 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 Authority. Such changes are reflected in the assumptions when they occur

Useful lives and residual values

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

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

Depreciation Policy

Depreciation is calculated on reducing balance (as per the proposed finance manual) basis at annual rates from the year of purchase. All assets have been depreciated at the rates applicable as per NDMA finance manual as shown below:

% per annum

- Land & Buildings 2.5%
- Plant and Machinery 2.5%
- Motor Vehicles & Motor Cycle 25.0%
- Furniture, Fittings & Office Equipment 12.5%
- Computer and accessories 30.0%

Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) and as a result of a past event, it is probable that an outflow of resources embodying economic benefits or services potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

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, 2021

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6. Public contributions and donations

| Description | 2021-2022 | 2020-2021 |
|--|--------------------|--------------------|
| | KShs | KShs |
| Receipts from EDE DRMC (Donor) | | 224,071,699 |
| Receipts from EDE SDRM(Donor) | 447,976,121 | 279,000,000 |
| Receipts from EDE SDRM(Donor) | | |
| Receipts from KSEIP HSNPIII-IPF Grant (Donor) | 73,396,499 | 191,851,100 |
| Receipts from KSEIP- HSNPIII-IDA (Donor) | - | 42,194,223 |
| Receipts from WFP-SFSP(Donor) | - | 27,870,366 |
| Receipts from UNDP-SRC(Donor) | - | 83,017,000 |
| Receipts from UNDP-IRRL(Donor) | 97,691,331 | - |
| Receipts from TWENDE IUCN GCF (Donor) | 62,617,764 | - |
| Total transfers and sponsorships | 681,681,715 | 848,004,388 |

7. Transfers from other Government Entities

| Description | 2021-2022 | 2020-2021 |
|--|----------------------|----------------------|
| | KShs | KShs |
| Unconditional grants | | |
| Operational grant | 662,340,000 | 646,940,000 |
| | 662,340,000 | 646,940,000 |
| Conditional grants-Government Grants | | |
| World Food Programme | 35,000,000 | 30,541,021 |
| Kenya Drought Early Warning | 30,000,000 | 30,000,000 |
| EDE- DRMC | 30,000,000 | 30,600,000 |
| EDE-SDRM | 100,000,000 | 90,000,000 |
| KSEIP- HSNP III | 4,100,100,000 | 2,753,500,000 |
| NDEF | 200,000,000 | - |
| TWENDE | 55,000,000 | - |
| | 4,550,100,000 | 2,934,641,021 |
| Total government grants and subsidies | 5,212,440,000 | 3,581,581,021 |

8. Rental revenue from facilities and equipment

| Description | 2021-2022 | 2020-2021 |
|----------------------|------------------|------------------|
| | KShs | KShs |
| Rental income | 477,350 | 317,200 |
| Total rentals | 477,350 | 317,200 |

Notes to the financial statements (continued)

9 (a) Other incomes

| Description | 2021-2022 | 2020-2021 |
|--------------------------------------|-------------------|-------------------|
| | KShs | KShs |
| Income from sale of tender | 28,000 | - |
| Miscellaneous income | - | 63,343 |
| EU Premiums on bank balances - Gross | - | - |
| Premiums on bank balances - Gross | 72,969,493 | 32,642,295 |
| Tax on premiums withheld | (15,956,266) | (12,706,520) |
| Total other income | 57,041,227 | 19,999,119 |

9. (b) Extra incomes

| Description | 2021-2022 | 2020-2021 |
|----------------------------|-------------------|------------------|
| | KShs | KShs |
| ZEF funds | 6,785,373 | 4,842,338 |
| UNICEF | 12,182,590 | - |
| KCEP-CRAL | 39,609,350 | - |
| Total Extra incomes | 58,577,313 | 4,842,338 |

NB: Extra incomes relate to funds received by the Authority that were not part of the approved budget F/Y 2021/22

10. Use of goods and services

| Description | 2021-2022 | 2020-2021 |
|--|-----------|-----------|
| | KShs | KShs |
| Electricity - Recurrent | 3,360,688 | 2,863,996 |
| Electricity - KSEIP | 1,266,104 | 645,087 |
| Water - Recurrent | 259,770 | 180,854 |
| Water - KSEIP | 635,818 | 461,797 |
| Contracted Services Security - KSEIP | | 628,461 |
| Contracted Services Security & Cleaning services - Recurrent | 9,430,266 | 8,875,314 |
| Contracted Services Security & Cleaning services - KSEIP | 661,766 | - |
| Subscription to prof. Bodies - Recurrent | 778,564 | 742,717 |
| Subscription and Newspapers - Recurrent | 746,137 | 694,887 |
| Subscription and Newspapers - KSEIP | 198,031 | 246,720 |
| Subscription and Newspapers - WFP | 2,476 | |
| Advertising and Publicity - Recurrent | 1,534,785 | 642,126 |
| Advertising and Publicity - KSEIP | 212,115 | - |
| Provision for Audit Fees- for 2019/2020 | 1,160,000 | 1,160,000 |
| Hospitality and Conference facilities-Recurrent | 5,222,861 | 5,450,461 |

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Notes to the financial statements (continued)

| | | |
|---|--------------------|--------------------|
| Hospitality and Conference facilities-KSEIP | 1,394,813 | 1,117,990 |
| Consumables - Recurrent | 7,362,692 | 8,655,605 |
| Consumables - KSEIP | 3,390,467 | 2,199,307 |
| Fuel, oil & Lubricant -SDRM | 13,399,970 | 13,237,973 |
| Fuel, oil & Lubricant - KSEIP | 5,076,381 | 5,940,780 |
| Motor vehicle insurance - Recurrent | 2,778,379 | 3,148,981 |
| Motor vehicle insurance - KSEIP | 812,648 | 2,715,190 |
| Motor vehicle insurance - WFP | - | 248,614 |
| Postage – Recurrent | 538,690 | 446,687 |
| Postage – KSEIP | 219,330 | 255,840 |
| Publishing and Printing - Recurrent | 1,079,980 | 1,178,378 |
| Publishing and Printing - KSEIP | 28,500 | - |
| Rental - Recurrent | 27,318,011 | 22,229,566 |
| Rental – KSEIP | 2,902,338 | 5,738,360 |
| Telecommunication - Recurrent | 8,482,951 | 4,084,292 |
| Telecommunication- KSEIP | 1,358,000 | 1,137,653 |
| Telecommunication- SDRM | 15,293,810 | 14,131,851 |
| Training -EDE Gok | - | 3,443,280 |
| Training -KSEIP | 4,062,573 | - |
| Training – Recurrent | 21,672,788 | 11,769,704 |
| Travel costs (Domestic) KSEIP | 27,643,861 | 12,098,010 |
| Travel costs (Domestic) - Recurrent | 19,143,164 | 13,158,482 |
| Travel costs (Domestic) - SDRM | 25,999,129 | 8,497,150 |
| Travel costs (Domestic) - EDE | - | 22,529,430 |
| Travel costs (Foreign) - Recurrent | - | 287,830 |
| Asset tagging - EDE GoK | - | 3,364,102 |
| Asset tagging -Recurrent | - | 751,977 |
| Total Use of Goods and services | 215,427,857 | 184,959,452 |

II. Employee Costs

| Description | 2021-2022 | 2020-2021 |
|--------------------------------|------------------|------------------|
| | KShs | KShs |
| Salaries and wages - Recurrent | 467,512,347 | 451,034,619 |
| Medical Insurance - Recurrent | 46,214,461 | 47,372,909 |
| Medical Insurance – WFP | 937,500 | 703,605 |
| Medical Insurance - KSEIP GOK | 22,861,741 | 20,931,890 |
| Medical Insurance - KSEIP IPF | 1,180,236 | 1,190,779 |
| Group Insurance - Recurrent | 2,508,656 | 3,960,412 |
| | | |

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| Notes to the financial statements (continued) | | |
|---|--------------------|--------------------|
| Group Insurance -WFP SFSP | 500,000 | 500,000 |
| Group Insurance -KSEP | 2,647,368 | 879,328 |
| Group Insurance -KSEP IPF | 1,765,070 | - |
| Employee related costs -Contribution to Pension - Recurrent | 57,513,562 | 55,870,011 |
| Employee related costs -Contribution to NSSF - Recurrent | 892,620 | 764,000 |
| Employee related costs -Contribution to NITA - Recurrent | 184,500 | 181,800 |
| Gratuity -WFP | 370,760 | - |
| Gratuity -Recurrent | 4,170,495 | - |
| Gratuity -IPF | 1,530,342 | - |
| Gratuity -KSEIP | 1,634,040 | - |
| Employee costs | 612,423,697 | 583,389,352 |

| 12. board expenses | | |
|--|-------------------|-------------------|
| Description | 2021-2022 | 2020-2021 |
| | KShs | KShs |
| Chairman's Honoraria - Recurrent | 670,000.00 | 960,000 |
| Directors emoluments (CEO) - Recurrent | 4,807,939.65 | 5,750,000 |
| Allowances - KSEIP | 160,000 | 84,000 |
| Allowances - Recurrent | 6,588,113 | 4,653,481 |
| Allowances - EDE DRMC | - | - |
| Domestic Travel - Recurrent | 4,448,732 | 2,066,556 |
| Domestic Travel - EDE DRMC | 266,000 | - |
| Domestic Travel - KSEIP | - | 235,000 |
| Training expenses -Recurrent | 1,028,060 | 387,800 |
| Telephone expenses -Recurrent | 549,000 | 878,320 |
| Board Expenses: Goods & Services | - | - |
| Telephone expenses -KSEIP | 260,000 | - |
| Medical expenses- Recurrent | 327,030 | - |
| Club Membership | 165,000.00 | - |
| Total director emoluments | 19,269,875 | 15,015,157 |

13. Depreciation and amortization expense

| Description | 2021-2022 | 2020-2021 |
|------------------------|------------------|------------------|
| | KShs | KShs |
| Motor vehicles | 47,740,794 | 50,511,608 |
| Furniture and fittings | 5,521,995 | 4,175,161 |
| Computers | 25,925,491 | 10,981,089 |

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| Notes to the financial statements (continued) | | |
|--|-------------------|-------------------|
| Plant and Equipment | 160,148 | 198,122 |
| Total depreciation expense | 79,348,428 | 65,865,980 |

14. Repairs and Maintenance

| Description | 2021-2022 | 2020-2021 |
|--------------------------------------|-------------------|-------------------|
| | KShs | KShs |
| Property & Buildings - KSEIP | 1,596,443 | 116,345 |
| Property & Buildings - Recurrent | 1,601,905 | 496,675 |
| Plant & Equipment - Recurrent | 1,284,830 | 1,984,051 |
| Plant & Equipment - KSEIP | 119,500 | 199,500 |
| Motor Vehicles - SDRM | 16,748,884 | 18,238,284 |
| Motor Vehicles - EDE DRMC | - | - |
| Motor Vehicles - KSEIP | 10,793,920 | 8,409,680 |
| Motor Vehicles - Other | 17,104 | - |
| Computers - Recurrent | 1,426,835 | 2,535,726 |
| Computers - KSEIP | 1,687,430 | 745,799 |
| Total repairs and maintenance | 35,276,850 | 32,726,060 |

15. Grants and Subsidies

| Grants and subsidies / Donor related expenses | 2021-2022 | 2020-2021 |
|--|----------------------|----------------------|
| | KShs | KShs |
| Community development - KRDP EWS (GoK) | 30,471,991 | 30,922,687 |
| Community development - KSEIP-HSNP III (GoK) | 4,185,356,817 | 2,820,286,605 |
| Community development - KSEIP-HSNP III IPF Grant | 56,844,664 | 48,832,610 |
| Community development - KSEIP-HSNP III IPF loan | 7,267,525.60 | - |
| Community development - SDRM (GoK) | 30,511,875 | 43,809,724 |
| Community development - EDE DRMC (GoK) | 29,751,750 | 53,008,416 |
| Community development - UNDP (Donor - Revenue) | 82,995,166.70 | 7,443,561 |
| Community development - WFP (GoK) | 31,705,823 | 60,921,298 |
| Community development - EDE SDRM (donor) | 625,850,885 | 189,843,752 |
| Community development - EDE DRMC (donor) | 81,219,273 | 115,544,418 |
| Total grants and subsidies | 5,161,975,770 | 3,370,613,072 |

16. Finance costs

| Description | 2021-2022 | 2020-2021 |
|--------------------|------------------|------------------|
| | KShs | KShs |
| Recurrent | 905,223 | 792,250 |

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| Notes to the financial statements (continued) | | |
|--|------------------|------------------|
| WFP | 69,477 | 151,737 |
| KRDP GoK | 79,933 | 26,640 |
| SDRM | 532,649 | 481,471 |
| UNDP DRR | 23,506 | 36,134 |
| KCEP CRAL | 105,040 | 25,878 |
| KSEIP HSNP III | 858,686 | 1,239,459 |
| KSEIP IPF GRANT | 57,954 | 48,120 |
| KSEIP IPF Loan | 1,503 | 2,400 |
| TWENDE | 1,353 | 105,040 |
| EDE | 6,172 | - |
| Total finance costs | 2,641,497 | 2,804,088 |

17. Extra expenses

| Description | 2021-2022 | 2020-2021 |
|-----------------------------|----------------------|-------------------|
| | KShs | KShs |
| ZEF Funds | 3,171,784 | 2,602,606 |
| WFP FFA Expenses | | 12,030,952 |
| KCEP CRAL | 68,522,367.41 | 25,441,111 |
| UNICEF - FUNDS | 10,411,786.30 | - |
| Total Extra expenses | 82,105,937 | 40,074,669 |

18. Gain on Sale of Assets

| Description | 2021-2022 | 2020-2021 |
|---|------------------|------------------|
| | Kshs | Kshs |
| Motor Vehicles, Including Motorcycles | 1,065,571 | - |
| Office Equipment, Furniture, And Fittings | (2,375) | - |
| Computers | 6,030 | - |
| Total gain on sale of assets | 1,069,226 | - |

19. Cash and cash equivalents

| Bank | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | KShs | KShs |
| KCB-NDMA 1136140255 | 4,840,039 | 3,309,736 |
| NDMA- TWENDE PROJECT -IUCN GCF 214470087 | 62,649,210 | - |
| NATIONAL DROUGHT EMERGENCY FUND 214470163 | 200,139,726 | - |
| NCBA-NDMA 2144470179 | 4,900,544 | 34,741,261 |

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Notes to the financial statements (continued)

| | | |
|--|--------------------|--------------------|
| NCBA- UNDP DRR 2144470095 | - | 30,945 |
| UNDP-INTEGRATED RESPONSE AND RECOV 2144470158 | 97,748,206 | - |
| NCBA- WFP-SFSP 2144470142 | 6,878,466 | 655,429 |
| NCBA- KRDP DCF 2144470074 | 39,308 | 7,478,951 |
| NCBA- EDE DRMC - SP5- 1144540094 | 635,380 | 249,309 |
| NCBA-EDE DRMC-SP6 1144540089 | 681,653 | 3,974,482 |
| NDMA COUNTY BANKS Balances | 45,548,177 | 66,752,648 |
| KCB-EDE-DRMC COUNTY BANKS | 16,423,164 | 4,026,240 |
| EQUITY - KSEIP/HSNP III 1770278883942 | 340,201 | 877,500 |
| NCBA EDE SDRM 1144540073 | 148,255,997 | 9,297,324 |
| NCBA -KSEIP HSNP III IPF Grant 2144470121 | 23,363,817 | 155,775,190 |
| NCBA - KSEIP -HSNP III GOK Funds 2144470116 | 41,422,444 | 105,653,685 |
| NCBA -KSEIP HSNP III IPF IDA CREDIT 2144470032 | 65,712,485 | 42,191,823 |
| NCBA - KCEP CRAL 2144470108 | 454,187 | 6,102,579 |
| Total cash and cash equivalents | 720,033,004 | 441,117,101 |

| 20. Receivables from non-exchange contracts | | |
|--|--------------------|----------------------|
| | 2021-2022 | 2020- 2021 |
| | KShs | KShs |
| NDMA -Staff Debtors (Imprest) | - | 240,300 |
| Insurance & other prepayments | 59,631,670 | 58,071,094 |
| Bank clearing | 1,466,687 | 14,993,011 |
| Salary advances | 696,541 | 1,045,133 |
| Inter-account borrowings | 16,954,115 | 39,760,000 |
| Isuzu East Africa | | 534,365 |
| EDE DRMC (Donor) | 9,680,532 | 144,736,942 |
| Creditors | | - |
| EDE - EU Inter-borrowing | 35,000,000 | 246,500,000 |
| Receivable: Mandera Guest House | | 270,000 |
| Petty Cash Control | | - |
| UNICEF | | - |
| FAO | 688,899 | 688,899 |
| PS ASAL | 59,007,716 | 1,152,379,720 |
| Total current receivables | 183,126,159 | 1,659,219,465 |

National Drought Management Authority (NDMA)
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Notes to the financial statements (continued)

| 21. INVENTORIES | | |
|--|------------------|------------------|
| Description | 2021-2022 | 2020-2021 |
| | KShs | KShs |
| Consumable stores | 3,601,575 | 2,573,295 |
| Total inventories at the lower of cost and net realizable value | 3,601,575 | 2,573,295 |

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22. a) Property, plant and equipment

| Cost | Land and Buildings | | Motor vehicles | | Furniture and fittings | | Computers | | Plant and Eqpnt | | Total | |
|------------------------------------|--------------------|--------------------|----------------|--------------------|------------------------|-------------------|-----------|--------------------|-----------------|------------------|-------|--------------------|
| | | Kshs | | Kshs | | Kshs | | Kshs | | Kshs | | Kshs |
| As At 1 July 2020 | | 161,745,168 | | 269,395,243 | | 34,631,732 | | 42,451,904 | | 6,808,308 | | 515,032,355 |
| Additions | | 12,832,538 | | - | | 3,098,522 | | 6,887,296 | | - | | 22,818,356 |
| Disposals | | - | | - | | - | | - | | - | | - |
| Transfers/Adjustments | | - | | - | | - | | - | | - | | - |
| As At 30th June 2021 | | 174,577,706 | | 269,395,243 | | 37,730,254 | | 49,339,200 | | 6,808,308 | | 537,850,710 |
| Additions | | 7,392,558 | | 40,448,350 | | 14,954,208 | | 60,797,863 | | - | | 123,592,979 |
| Disposals | | - | | 1,360,000 | | 5,000 | | 3,000 | | - | | 1,368,000 |
| Transfer/Adjustments | | - | | - | | - | | - | | - | | - |
| As At 30th June 2022 | | 181,970,264 | | 308,483,593 | | 52,679,462 | | 110,134,063 | | 6,808,308 | | 660,075,690 |
| Depreciation And Impairment | | | | | | | | | | | | |
| At 1 July 2020 | | - | | 67,348,811 | | 4,328,967 | | 12,735,571 | | 204,249 | | 84,617,598 |
| Depreciation | | - | | 50,511,608 | | 4,175,161 | | 10,981,089 | | 198,122 | | 65,865,980 |
| Impairment | | - | | - | | - | | - | | - | | - |
| Transfers/ Adjustments | | - | | - | | - | | - | | - | | - |
| As At 30 June 2021 | | - | | 117,860,419 | | 8,504,128 | | 23,716,660 | | 402,371 | | 150,483,578 |
| Depreciation | | - | | 47,740,794 | | 5,521,995 | | 25,925,491 | | 160,148 | | 79,348,428 |
| Disposals | | - | | 340,000 | | 625 | | 900 | | - | | 341,525 |
| Impairment | | - | | - | | - | | - | | - | | - |
| Transfer/Adjustment | | - | | - | | - | | - | | - | | - |
| As At 30th June 2022 | | - | | 165,261,213 | | 14,025,498 | | 49,641,251 | | 562,519 | | 229,490,481 |
| Net Book Values | | | | | | | | | | | | |
| As At 30th June 2021 | | 174,577,706 | | 151,534,824 | | 29,226,126 | | 25,622,540 | | 6,405,937 | | 387,367,132 |
| As At 30th June 2022 | | 181,970,264 | | 143,222,380 | | 38,653,964 | | 60,492,812 | | 6,245,789 | | 430,585,209 |

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22(b) Property, plant and equipment @ cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

| | Cost | | Accumulated Depreciation | | NBV | |
|---|--------------------|------|--------------------------|------|--------------------|------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| Land and Buildings | 181,970,264 | | - | | 181,970,264 | |
| Plant And Machinery | 6,808,308 | | 562,519 | | 6,245,789 | |
| Motor Vehicles, Including Motorcycles | 308,483,593 | | 165,261,213 | | 143,222,380 | |
| Computers and Related Equipment | 110,134,063 | | 49,641,251 | | 60,492,812 | |
| Office Equipment, Furniture, And Fittings | 52,679,462 | | 14,025,498 | | 38,653,964 | |
| Total | 660,075,690 | | 229,490,481 | | 430,585,209 | |

22 (c) Intangible Assets

| Description | 2021-2022 | | 2020-2021 | |
|------------------------------------|------------|------|------------|------|
| | Kshs | Kshs | Kshs | Kshs |
| Cost | | | | |
| At beginning of the year | 39,834,728 | | 39,834,728 | |
| Additions | - | | - | |
| At end of the year | 39,834,728 | | 39,834,728 | |
| Additions—internal development | - | | - | |
| At end of the year | 39,834,728 | | 39,834,728 | |
| Amortization and impairment | | | | |
| At beginning of the year | 39,834,728 | | 39,834,728 | |
| Amortization | - | | - | |
| At end of the year | 39,834,728 | | 39,834,728 | |
| Impairment loss | - | | - | |
| At end of the year | 39,834,728 | | 39,834,728 | |

**National Drought Management Authority (NDMA)
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NBV | 39,834,728 | 39,834,728

NDMA holds intangible assets with an indefinite useful life worth Kshs. **39,834,728** as per the schedule below. The same has not been amortized as guided by IPSAS 31.106 which Provides that an intangible asset with an indefinite useful life shall not be amortized.

22 (d) Disposal analysis

Motor vehicle

| | |
|---|------------------|
| Motor vehicle @ cost (Revaluation on FY 2019/20) | 1,360,000 |
| Accumulated depreciation FY 2020/21 = 0.25x 1,360,000=340,000 | 340,000 |
| Proceeds on disposal | 2,085,571 |
| Gain on disposal | 1,065,571 |

Furniture

| | |
|---|----------------|
| Furniture @ cost (Revaluation on FY 2019/20) | 5,000 |
| Accumulated depreciation FY 2020/21 = 0.125x 5,000= 625 | 625 |
| Proceeds on disposal | 2,000 |
| Loss on disposal | (2,375) |

Computers

| | |
|---|--------------|
| Computers @ cost (Revaluation on FY 2019/20) | 3,000 |
| Accumulated depreciation FY 2020/21 = 0.3x 3,000= 900 | 900 |
| Proceeds on disposal | 8,130 |
| Loss on disposal | 6,030 |

Total gain on disposal

1,069,226

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23. Trade and other payables

| Description | 2021-2022 | 2020-2021 |
|---------------------------------------|-------------------|----------------------|
| | KShs | KShs |
| Other payables (EDE-DRMC) | 564,215 | 144,736,942 |
| Refundable deposits on disposal | 5,873,866 | 311,100 |
| Payroll Liabilities | 657,603 | 1,201,071 |
| NITA | 450 | 15,400 |
| Withholding tax | 639,134 | 133,824 |
| Isuzu East Africa | 19,430 | 0 |
| Accrued Expenses | 13,671,451 | 559,013,692 |
| Audit fees accrued | 2,320,000 | 1,160,000 |
| Trade and Other payables | | 648,714 |
| EDE DRMC Interest Payable | - | 36,552,299 |
| Insurance compensation-GPI | 200,000 | 4,857,600 |
| 10 % Retention | 584,459 | - |
| Inter-account borrowings | 16,954,115 | 37,760,000 |
| UNICEF | | 6,160 |
| Bank clearing control | | - |
| Un Honoured Cash Transfers | 340,201 | 877,500 |
| County Clearing Account | | - |
| EDE - EU Inter borrowing | 35,000,000 | 246,500,000 |
| Total trade and other payables | 76,824,924 | 1,033,774,302 |

24. FINANCIAL RISK MANAGEMENT

Exposure to currency, commodity, interest rate, liquidity and credit risk arises in the normal course of the Authority's operations. This note presents information about the Authority's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Authority's management of capital. Further quantitative disclosures are included throughout these financial statements.

There exists a risk matrix in the Organization under which these risks and their mitigating factors are analysed.

Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Authority's financial instruments.

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| | Carrying amount | Fair value |
|--|------------------------|--------------------|
| Financial Assets | Kshs | Kshs |
| At June 30, 2022 | | |
| Receivables from non-exchange transactions | 183,126,159 | 183,126,159 |
| Cash and cash equivalents | 720,033,004 | 720,033,004 |
| Total | 903,159,163 | 903,159,163 |

| Financial Liabilities | | Fair value |
|---|-------------------|-------------------|
| At 30 June 2022 | | |
| Trade payables from exchange transactions | 76,824,924 | 76,824,924 |
| Total | 76,824,924 | 76,824,924 |

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate the carrying amounts largely due to the short-term maturities of these instruments.

Credit risk

Credit risk is the risk of financial loss to the Authority if customers or counterparties to financial instruments fail to meet their contractual obligations. The Authority's credit risk is primarily attributable to its receivables and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings. The maximum exposure to credit risk as at 30 June 2020 was:

| | Fully performing | Past due | Impaired | Total |
|--|-------------------------|-----------------|-----------------|--------------------|
| | Kshs | Kshs | Kshs | Kshs |
| Non-exchange receivables | 182,126,159 | 688,899 | - | 182,815,058 |
| Cash and cash equivalents | 720,033,004 | - | - | 720,033,004 |
| Maximum exposure to credit risk | 902,159,163 | 688,899 | - | 902,848,062 |

Credit quality

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Credit quality is assessed risk of default attached to counterparties to which the Authority extends credit and also those parties with whom the Authority invests. As such, the credit quality assessed extends to the customers, investments and banks of the Authority. For financial statement purposes, the investments and balances with banks are limited to the cash and cash equivalents line items in the statement of financial position neither does the Authority enter into any overdraft agreements with its bankers.

Receivables

The Authority does not extend credit to external parties. All services performed by the Authority are rendered upon payment by the customers. The receivables from non-exchange transactions relate to staff advances and advances to internal donor activities. The advances were made in the financial year 2019/2020 and are therefore current.

Cash and cash equivalents

The Authority limits its exposure to credit risk by investing cash and cash equivalents with only reputable financial institutions that have a sound credit rating. Consequently, the Authority does not consider there to be any significant exposure to credit risk.

Liquidity risk

Liquidity risk is the risk of the Authority not being able to meet its obligations as they fall due. The Authority's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when they fall due, without incurring unacceptable losses or risking damage to the Authority's reputation. Prudent liquidity risk management includes maintaining sufficient cash to meet the Authority's obligations.

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

| | Less than | Between | Over | |
|---|-----------|------------|------------|------------|
| | 1 month | 1-3 months | 5 months | Total |
| At 30 June 2020 | Kshs | Kshs | Kshs | Kshs |
| Trade payables from exchange transactions | - | - | 76,925,250 | 76,925,250 |
| | - | - | 76,925,250 | 76,925,250 |

Market risk

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the Authority's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk. The Authority is not exposed to any significant market risks.

Capital risk management policies

The primary objective of managing the Authority's capital is to ensure that there is sufficient cash available to funding requirements, including capital expenditure, to ensure that the Authority remains financially sound. The Authority monitors capital using a gearing ratio, which is net debt, divided by total capital, plus net debt.

As at the end of the year, the Authority had no debt. The capital structure of the Authority consists only of a general fund. The gearing ratio of the Authority is therefore 0%.

19 Appendix:

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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|--|-----------------------------------|--|
| 2020/2021 | Qualified opinion on the basis of: <ul style="list-style-type: none"> Anomalies in property plant and equipment Inaccuracies in the statement of cashflow Misstatement comparative amount of employees costs | <ul style="list-style-type: none"> The authority is awaiting directives from parliamentary (PIC) | NDMA accounting officer | Awaiting | NA |

Chief executive officer



Date..... 9/03/2023

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Appendix II: Project implemented by National Drought Management Authority

| Project Code & Project Title | Financing | | Actual cumulative Exp. up to 30th June 2022 | Project completion % as at 30th June 2022 | 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 | report 1,980 | 660 | 1,313 | 1 | 100 | 279 | GoK and EU |
| Integrated response and recovery of livelihood for communities affected by crisis in Kenya. | 228 | - | 98 | 1 | - | 110 | UNDP |
| Kenya Hunger Safety Net Programme | 28,811 | 28,811 | 10,954 | 0 | 5,081 | - | GoK |
| Kenya Social and Economic Inclusion Project (KSEIP) | 1,200 | - | 363 | 0 | - | 267 | WB |
| Resilience and sustainable Food Systems Project | 568 | 140 | 104 | 0 | 45 | 117 | GoK and WFP |
| Ending Drought Emergencies Eco System based Adaptation in Kenya's Arid and Semi- Arid Rangelands (TWEENDE) | 869 | 264 | 118 | 0 | 50 | 93 | GoK and GCF |
| National Drought Emergency Fund (NDEF) | 20,000 | 20,000 | - | - | 500 | - | GoK |
| Dryland Climate Action for Community Drought Resilience (DCADR) | 2,250 | 625 | 1,625 | - | - | - | GoK and EU |
| TOTAL | 55,907 | 50,500 | 12,949 | | 5,776 | 867 | |

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Appendix :III 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 | Receivables | Total Transfers during the Year |
|--|-------------------------------------|--------------------------------------|--------------------|-------------|---------------------------------|
| | | | | | |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 26-Aug-21 | Recurrent | 165,585,000 | - | 165,585,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 19-Nov-21 | Recurrent | 165,585,000 | - | 165,585,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 14-Feb-22 | Recurrent | 165,585,000 | - | 165,585,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 28-Apr-22 | Recurrent | 165,585,000 | - | 165,585,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 31-Aug-21 | Recurrent -EWS | 7,500,000 | - | 7,500,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 19-Nov-21 | Recurrent -EWS | 7,500,000 | - | 7,500,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 18-Feb-22 | Recurrent -EWS | 7,500,000 | - | 7,500,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 28-Apr-22 | Recurrent -EWS | 7,500,000 | - | 7,500,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 31-Aug-21 | Development -SDRM - GoK | 50,000,000 | - | 50,000,000 |

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| | | | | | |
|--|-----------|---------------------------|---------------|-------------|---------------|
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 9-Jun-22 | Development -SDRM - GoK | 50,000,000 | - | 50,000,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 31-Aug-21 | Development - WFP -GoK | 17,500,000 | 4,291,021 | 21,791,021 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 9-Jun-22 | Development -WFP -GoK | 17,500,000 | - | 17,500,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 31-Aug-21 | Development -EDE-DRMC GoK | 15,000,000 | - | 15,000,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 9-Jun-22 | EDE-DRMC GoK | 15,000,000 | - | 15,000,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 12-Dec-21 | Development -EDE-DRMC EU | 444,144,031 | 224,071,699 | 668,215,730 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 31-Aug-21 | Development -KSEIP - GoK | 1,025,025,000 | 562,000,000 | 1,587,025,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 29-Sep-21 | Development -KSEIP - GoK | 1,025,025,000 | - | 1,025,025,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 11-May-22 | Development -KSEIP - GoK | 1,025,025,000 | - | 1,025,025,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 21-Jun-22 | Development -KSEIP - GoK | 1,025,025,000 | - | 1,025,025,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 9-Jun-22 | Development -KSEIP - Loan | 73,396,499 | - | 73,396,499 |

**National Drought Management Authority (NDMA)
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| | | | | | |
|--|-----------|----------------------------|----------------------|--------------------|----------------------|
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 20-Jun-22 | Development - UNDP-IRRLLC | 97,691,331 | - | 97,691,331 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 21-Jun-22 | Development - NDEF | 200,000,000 | - | 200,000,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 9-Jun-22 | Development - TWENDE - GCF | 62,617,764 | - | 62,617,764 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 12-Nov-21 | Development - KCEP-CRAL | 40,000,000 | - | 40,000,000 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 11-Nov-21 | Others - UNICEF | 2,340,600 | - | 2,340,600 |
| Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programme | 26-Dec-21 | Others - UNICEF | 9,841,990 | - | 9,841,990 |
| WFP | 22-Oct-21 | Others - ZEF | 5,000,000 | - | 5,000,000 |
| University of Sussex | 8-Nov-21 | Others - ZEF | 795,938 | - | 795,938 |
| University of Sussex | 8-Apr-22 | Others - ZEF | 989,436 | - | 989,436 |
| Total | | | 5,894,257,588 | 790,362,720 | 6,684,620,307 |

Appendix iv Project implementation by NDMA funded by Development Partners

| Project Title | Project No. | Donor | Period/ duration | Donor Commitment | Separate donor reporting required as per | Consolidated in these financial |
|---------------|-------------|-------|------------------|------------------|--|---------------------------------|
| | | | | | | |

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| | | | | | | | | donor agreement (Yes/No) | statements (Yes/No) |
|--|----------|------|---------|----------------|-----|-----|--|-----------------------------|------------------------|
| Ending Drought Emergencies Support to Resilient Livelihoods and Drought Risk Management II | | EU | 4 years | 1.32 billion | No | Yes | | | |
| Ending Drought Emergencies Support to Resilient Livelihoods and Drought Risk Management I | | EU | 4 years | 3.4 billion | No | Yes | | | |
| Integrated response and recovery of livelihood for communities affected by crisis in Kenya. | 00126076 | UNDP | 2 years | 228.4 million | No | Yes | | | |
| Kenya Social and Economic Inclusion Project (KSEIP) | PI64654 | WB | 5 years | 1.2 billion | Yes | Yes | | | |
| Resilience and Sustainable Food Systems Project | | WFP | 4 years | 428.47 million | No | Yes | | | |
| Ending Drought Emergencies Eco System based Adaptation in Kenya's Arid and Semi- Arid Rangelands (TWEENDE) | | GCF | 5 years | 605.46 million | No | Yes | | | |

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Status of Project Completion

| Project Title | Total Project cost (Mil Kshs) | Total expended to date (June 2022) (Mil Kshs) | Completion % to date | Budget 2021/22 (Mil Kshs) | Actual 2021/22 (Mil Kshs) | Sources of funds |
|--|-------------------------------|---|----------------------|---------------------------|---------------------------|------------------|
| Ending Drought Emergencies Support to Resilient Livelihoods and Drought Risk Management II | 1,980 | 1,312.78 | 75% | 379 | | GoK/EU |
| Ending Drought Emergencies Support to Resilient Livelihoods and Drought Risk Management I | 4,240 | 4,028 | 95% | 110.5 | | GoK/EU |
| Integrated response and recovery of livelihood for communities affected by crisis in Kenya. | 228.4 | 97.69 | 43% | 150 | | UNDP |
| Kenya Social and Economic Inclusion Project (KSEIP) | 1,200 | 363.31 | 30% | 267 | | WB |
| Kenya Hunger Safety Net Programme | 28,811.24 | 10,953.89 | 38% | 4,425.6 | | GoK |
| Resilience and sustainable Food Systems Project | 568.47 | 104.12 | 20% | 152.4 | | GoK/WFP |
| Ending Drought Emergencies Eco System based Adaptation in Kenya's Arid and Semi- Arid Rangelands (TWEENDE) | 868.96 | 117.62 | 15% | 241 | | GoK/GCF |
| National Drought Emergency Fund (NDEF) | 20,000 | 0 | 0% | 200 | | GoK |