



PROJECT: ENHANCING COMMUNITY RESILIENCE AND ADOPTION TO
CLIMATE CHANGE IN MADERA COUNTY.

Grant Number: 14-1094-CCHA-DFID

FINANCIAL AUDIT REPORT

FOR THE PERIOD MAY 2014 TO OCTOBER 2014

DECEMBER 2014



Contact Person at RSM Ashvir:

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FINANCIAL AUDIT REPORT ON THE PROJECT – ENHANCING COMMUNITY RESILIENCE AND ADOPTING
TO CLIMATE CHANGE IN MADERA COUNTY

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1 BACKGROUND INFORMATION

Nomadic Assistance for Peace and Development (NAPAD) is a community based non-governmental development organization that operate on a non-profit basis. Its mission is to promote peace and development for sustainable livelihoods among nomadic communities through advocacy, social-economic and political empowerment. The overall goal for the project funded by ACT! is to empower the vulnerable community of Madera County to adopt to the effects of climate change through improved livelihoods, food security and a better ENRM policy.

The project has two objectives:

- ✓ Increase community resilience to the effects of climate changes by March 2014.
- ✓ Improve the Environmental Natural Resource Management policy in Madera County for climate change adoption by March 2014.

The following activities are to be undertaken:

- ✓ Capacity building communities on CC adaption measure.
- ✓ Promotion of diversification of livelihoods.
- ✓ Promotion of conservation of riverine vegetation.
- ✓ Promotion and advocacy of renewable energy technologies.
- ✓ Facilitating advocacy, lobbying and networking meetings on ENRM with emphasis on CC issues.
- ✓ Raising public awareness on climate change through mass media, where 59,000 persons in targeted community are expected to be reached.

1.1 Audit objective

The overall objective of the audit was to examine whether the project accounts are true and fair, and whether the transactions covered by the report are in accordance with the grants issued, the project agreement with the Act!, contracts entered into as well as acts and other regulations governing the grant administration of Act!. In addition assess whether due financial considerations have been made in the management of the grants that are covered by the project accounts in the receiving organization.

1.2 Audit scope

The purpose of the audit was to verify and provide reasonable assurance that:

- 1) Express a professional opinion on the project accounts as to whether they present a true and fair picture of the financial position of the NAPAD on funds received and expenditures incurred for the relevant accounting period from Act!, i.e. without significant errors and omissions;
- 2) The conditions for Act! grant support are met, including the provisions of the agreement with the donor and the regulations of the donor in all other respects;
- 3) The support received has been applied in accordance with objectives of the project document and the basis of the grant;
- 4) The recipient of the grant has due diligence, and the organization (NAPAD) has provided the donor Act! with correct and complete information on the fulfilment of objectives (in status reports); and
- 5) The financial reports from the partner have been submitted according to written agreements and project accounting figures are matched with the general accounts of the organization.

We reviewed the overall financial situation of the project for the period to 31 October 2014 in order to certify the Fund Accountability Statement for the period.

We performed the following tasks:

- ✓ Reviewed the expenditure report given to us and tested for the accuracy and completeness of the project costs;
- ✓ Carried out a general assessment of internal controls and verified the mathematical accuracy of the expense report provided;
- ✓ Tested the accuracy and authenticity of the reported Grant income, expenditure and closing fund balance as reported in the annual certified financial report; and
- ✓ Verified existence of proper recording of the equipment purchased.

2 Independent Auditors Report

We have audited the accompanying financial statements of the project Enhancing Community Resilience and Adopting to Climate Change in Madera County implemented by Nomadic Assistance for Peace and Development (NAPAD) and funded by Act Change Transform (Act!), which comprise the statement of fund accountability for the six months period ended 31 October 2014, and a summary of the significant accounting policies and notes. The financial statements have been prepared by management of Nomadic Assistance for Peace and Development (NAPAD) based on the financial reporting provisions as set out in the Grant Contract.

Management Responsibility for the Fund Accountability Statement

Management is responsible for the preparation of these financial statements in accordance with the funding agreement and for such internal control as management determines is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based upon the results of our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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3 Opinion

In our opinion, the financial statements of the project Enhancing Community Resilience and Adopting to Climate Change in Madera County implemented by Nomadic Assistance for Peace and Development (NAPAD) and funded by Act Change Transform (Act!) for the for the period ended 31 October 2014 are prepared, in all material respects, in accordance with financial reporting provisions of the Grant Contract.

Basis of Accounting and Restriction of Distribution and Use

Without modifying our opinion, we draw attention to Note 6 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist Nomadic Assistance for Peace and Development (NAPAD) to comply with the financial reporting provisions of the contract referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Act Change Transform (Act!) and Nomadic Assistance for Peace and Development (NAPAD) and should not be distributed to or used by parties other than Act Change Transform (Act!) and Nomadic Assistance for Peace and Development (NAPAD).

The engagement partner responsible for the audit resulting in this independent auditor's report was FCPA Ashif Kassam. Practicing Certificate No.1126

RSM Ashvir

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4 Special Purpose Financial Statement for the period ended 31st October 2014

The table below provides financial information on the Grant Agreement funds from Act Change Transform (Act!).

NAPAD Fund Accountability Statement	Notes	Period ended 31st October 2014
		KES
Funds received		
Partner	5. II	11,235,836
Bank interest		-
Total funds available		11,235,836
Less:		
Project expenditure		
Salaries and fringe benefits		1,851,040
Travel and per-diem		1,604,000
Implementation costs		5,507,648
Training and capacity building		178,700
Administration/operations costs		164,485
Total expenditure		9,305,873
Fund surplus	6. a	1,929,473

The above statement and the accompanying notes on pages 7 to 9 were approved for Act Change Transform (Act!) by Nomadic Assistance for Peace and Development (NAPAD) on 22nd DECEMBER 2014 and signed on its behalf by:

Signed:  Designation: EXECUTIVE DIRECTOR

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5 Accounting policies

The following is a summary of the significant accounting policies adopted in the preparation of the financial statement.

I. Basis of preparation

The financial statement has been prepared on a cash basis of accounting.

II. Funds received

Funds received represent Grant amount from Act Change Transform (Act!) and the interest earned on bank. They are recognized when received into the NAPAD's Act! – Enhancing Community Resilience and Adopting to Climatic Change in Madera County project bank account.

Act Change Transform (Act!) approved a total grant of KES 13,568,800 for the project, Enhancing Community Resilience and Adopting to Climate Change in Madera County.

The grant is payable over a period of 12 months from 1st April 2014 up to 31st March 2015. The grant status is as follows:

NAPAD	KES
Grant approved	13,568,800
Less:	
Disbursement on 08/05/2014	4,621,000
Disbursement on 01/09/2014	4,606,279
Disbursement on 13/10/2014	2,008,557
Total disbursement	11,235,836
Grant amount due	2,332,964

III. Project expenditure

All expenses except for management fees are recognized when goods and services have been received or when funds are committed. Expenditure is as per Act Change Transform (Act!) financial regulations, rules, practices and procedures for the Work Plan or project.

IV. Capital expenditure

Fixed assets are expensed as they are purchased. However, a Capital Assets Register is maintained by NAPAD for control purposes.

6 Notes

General information

The current period's expenditure for the project is based on specific approved budget and work plans.

a) Fund balance at project completion

The project fund at the end of the project's period had not been exhausted on the implementation plan to completion with a surplus of KES 1,929,473. The fund surplus is maintained in the projects separate Bank Account.

b) Project's separate bank

NAPAD has set up a separate bank account for Grants through which funds are transferred from Act Change Transform (Act!) to NAPAD. The bank account is a current account which is operated with Equity Bank Limited and thus no interest accrues on the fund balances in the project account.

c) Project expenditure

Expenditure as per the Act Change Transform (Act!) financial guidelines is made up of current receipt, accruals and effective disbursements. The expenditure for the period comprises of KES. 9,305,873 being the Grant amount budget by Act Change Transform (Act!).

We have reviewed and verified the projects expenditure during the Grant Agreement period and obtained reasonable assurance that the project's expenditure related to the overall objective of the project.