

REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 JUN 2024	DAY: TUESDAY
TABLED BY: HON. WIMANI ICHUMENI, MP	MASQUITY PARTY LEADER
CLERK-AT-THE-TABLE: INTSRU MWOLE	

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REPORT

OF

THE AUDITOR-GENERAL

ON

COAST DEVELOPMENT AUTHORITY

FOR THE YEAR ENDED
30 JUNE, 2023



COAST DEVELOPMENT AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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



ISO 9001:2015 CERTIFIED



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1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

ASALs	Arid and Semi-Arid Lands
ASK	Agricultural Society of Kenya
BETA	Bottom-Up Economic Transformation <i>Agenda</i>
CDA	Coast Development Authority
CDF	Constituency Development Fund
CECM	County Executive Committee Members
CIA	Certified Internal Auditor
CIDP	County Integrated Development Plan
CPA	Certified Public Accountant
EEZ	Exclusive Economic Zone
EIA	Environmental Impact Assessment
FY	Financial Year
GBV	Gender Based Violence
GOK	Government of Kenya
HRM	Human Resource Management
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information Communication Technology
KASNEB	Kenya Accountants and Secretaries National Examinations Board
KCPE	Kenya Certificate Primary Education
KCSE	Kenya Certificate of Secondary Education
KEMU	Kenya Methodist University
MBA	Master's In Business Administration
MD	Managing Director
MISHDP II	Malindi Integrated Social Health Development Program Phase II
PIC	Parliamentary Investment Committee

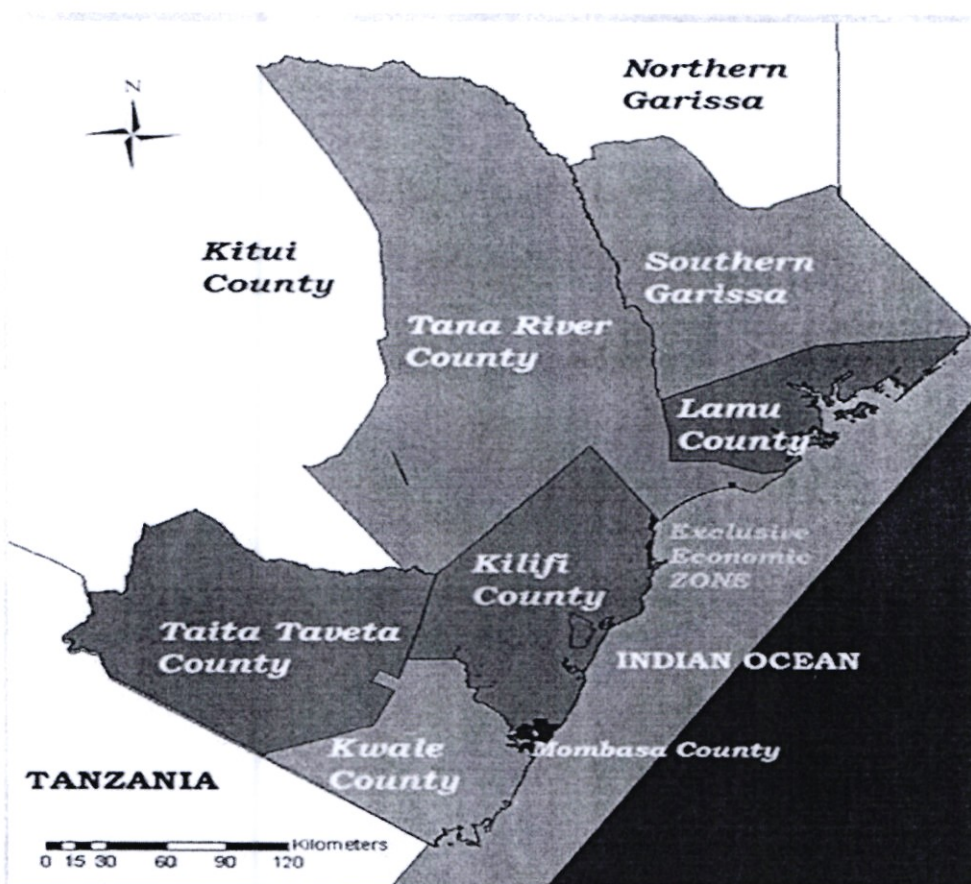
2. KEY ENTITY INFORMATION AND MANAGEMENT

Background information

Coast Development Authority (CDA) is a State Corporation established by an Act of Parliament No. 20 of 1990 (Cap 449), revised in 1992 with the mandate to provide integrated development planning, coordination and implementation of projects and programmes within the whole of Coast region and the southern part of Garissa County and the Kenya's Exclusive Economic Zone (EEZ) and for connected purposes.

Area of Jurisdiction

CDA's area of jurisdiction covers seven counties in coastal Kenya namely: Taita Taveta, Kwale, Mombasa, Kilifi, Tana River, Lamu and Southern part of Garissa County. The estimated area covered is 103,326 sq. km (Kilifi 13,013km², Kwale 8,322 km², Taita -Taveta 16,556 km², Mombasa 282 km², Tana-River 38,694 km², Lamu 6,814 km², Southern Part of Garissa 19,465 km²) and Kenya's Exclusive Economic Zone (EEZ) (200 Nautical Miles of the Indian Ocean).



Our Vision

To be the lead agency in implementing sustainable integrated development

Our Mission

To accelerate socio-economic development through innovation, planning, coordination and partnerships in implementation of integrated programs, value-addition and environmental management

Our Core Values

- Efficiency and effectiveness
- Transparency,
- Accountability
- Integrity
- Professionalism
- Good Leadership
- Respect
- Dignity
- Team Work
- Empowerment
- Commitment

Core Objectives

- Promote ownership and commercial sustainable exploitation of the region's natural resources
- Enhance food security in the region
- Reduce poverty and improve livelihoods of the community in the region
- Reduce unemployment in the region
- Conserve the environment and manage the natural resources for sustainable development.

a) Principal Activities

Based on the general functions as outlined in section (8) of the CDA ACT CAP.449, the functions of the authority are: -

1. Plan for the development of the Area and initiate project activities identified from such planning in the development and through the Government generally;
2. Develop an up-to-date long range development plan for the Area;
3. Initiate such studies, and carry out surveys of the Area as may be considered necessary by the Government or the Authority and to assess alternative demands within the Area on the natural resources thereof, and initiate, operate, or implement such projects as maybe necessary to exploit those natural resources including Agriculture (both irrigated and rain fed), forestry, wildlife and tourism industries, electric power generation, mining and fishing, and to recommend economic priorities;
4. Coordinate the various studies of schemes within the Area such that human, water, animal, land and other resources are utilized to the best advantage and to monitor the design and execution of planned projects within the Area;
5. Effect a programme of both monitoring and evaluating the performance projects within the Area so as to improve such performance and establish responsibility thereof, and to improve future planning;
6. Coordinate the present abstraction and use of natural resources, especially water within the Area and to set up effective monitoring of the abstraction and usage;
7. Cause and effect the construction of any works deemed necessary for the protection and utilization of the water and soils of the Area including hydro-power development for the multipurpose utilization of water resources;
8. Ensure landowners in the Area undertake all the measures specified by the Authority to protect the water and soils of the Area;
9. Identify, collect, collate and correlate all such data related to the use of water and other resources and also economic and related activities within the Area as maybe necessary for the efficient forward planning of the Area;
10. Maintain a liaison between the Government, the private sector and other interested agencies in the matter of the development of the Area with a view to limiting the duplication of effort and ensuring the best use of the available technical resources
11. Examine the hydrological effects and the subsequent ecological changes on the development programmes and evaluate how they affect the economic activities of the persons dependent on river environment;
12. Implement development projects and programmes whose primary objective is to promote socio-economic development of the Coast Province in particular and Kenya in general;
13. Plan and liaise with the relevant authorities as necessary in exploration and development of the extensive fishing and marine activities in Kenya especially in the exclusive economic zone.

c) Key Management

The entity's day to day management is under the following key organs

- Board of Directors
- Managing Director
- Directors
- Deputy Directors

d) Fiduciary Management

During the fiscal period to 30 June 2023, the following members of the management team were charged with direct fiduciary responsibility

No.	Designation	Name
1	Managing Director	Dr. Mohamed Keinan Hassan, OGW
2	Director Corporate Services	Ms. Pamela Maghema Ngure
3	Deputy Director, Finance & Accounts	Mr. Mohamed Adan Abdi
4	Manager, Supply Chain Management.	Ms. Violet Indiazi
5	Director Business Development	Mr. Griffin Muthomi
6	Deputy Director, Infrastructure Development & Management	Mr. William Fondo
7	Deputy Director, Internal Audit	Ms. Maximilla Kakuko
8	Deputy Director - Research Strategy & Planning Department	Dr. Mwanasiti Bendera

e) Fiduciary Oversight Arrangements

1. Human Resource Advisory Committee
2. Project Implementation Unit
3. Project Appraisal Unit
4. Management Committee
5. Corruption and Prevention Committee

f) Entity Head Quarters

Coast Development Authority

Mama Ngina Drive,
P.O. Box 1322-80100

Mombasa
Kenya

g) Entity Contacts

 + 254 020 8009196
 + 254 0794 100000
 cda@cda.go.ke
 www.cda.go.ke
 @CoastDev
 Coast Development Authority

h) Entity Bankers

National Bank of Kenya
Nkrumah Road Branch
P.O. Box 90363 – 80100
Mombasa

Kenya Commercial Bank
Treasury Square
P.O. Box 90254-80100
Mombasa

Equity Bank
Mombasa Supreme Centre
UTC Building,
P. O. Box 84618-80100
Mombasa

Absa Bank Kenya PLC
P.O Box 30120, 00100 GPO
Nkrumah Road
Mombasa

i) Independent Auditors

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

j) Principal Legal Adviser

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

3. BOARD OF DIRECTORS



CHAIRMAN

Mr.Mzee Mwinyi Mzee

Gazette Notice No.1363 of 3rd February,2023

Work experience

Accountant by profession with experience in the private sector.



Mr.Robert Mue Kisyula

Gazette Notice No.1367 of 3rd February,2023

Education

Holds a B.Sc. in Agriculture (Horticulture) from Egerton University.

Work experience

Previously served as Makueni County CECM (Waziri) for Devolution, Water and Sanitation, Agriculture and Irrigation and Gender. Children and Social Services. Was member of the Makueni County Executive Committee (Cabinet) involved in annual budgeting, development of strategic documents such as County Integrated Development Plans (CIDP), procurement procedures and contract management, project delivery, audit process, performance contracting, staff management, policy formulation & working with the County Assembly in drafting of Bills and enactment of the same into laws. Was also involved in working with the national Government and building partnerships development partners, donors, NGOs and United Nations agencies.

From February 2014 to August 2016 he served as National Director, World Vision Malawi and has extensive experience in east and central Africa.



Ms. Dorcas Jibrán

Gazette Notice No.1367 of 3rd February,2023

Work experience

Chairperson of Sauti Ya Wanawake Pwani. Trained in small-scale business management. Involved in community development of rural women. Is passionate about affirmative action for women, human rights advocacy and finding solutions to gender-based violence (GBV).



Mr. Ricky W. Kambi

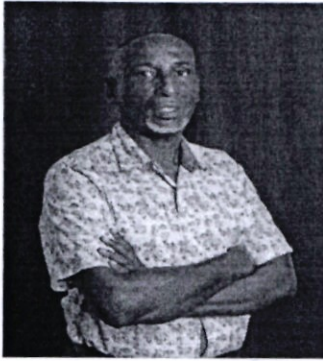
Gazette Notice No.1367 of 3rd February,2023

Education

Accountant by profession and holds a Master's in Business Administration (MBA) from Jomo Kenyatta University of Agriculture and Technology (JKUAT).

Work experience

Previously worked with Kenya Marine and fisheries Institute (KEMFRI).



Mr. Benson Muema Kilonzo

Gazette Notice No.1367 of 3rd February,2023

Work experience

Accountant by profession and has extensive experience in management. Is passionate about farming and believes in making farming and agriculture priority in transforming the economy



Mr.Ikhwan Omar Bwanaadi

Gazette Notice No.1367 of 3rd February,2023

Work experience

Represents people living with disabilities in Lamu Youth Assembly. Holds a Diploma in Information Technology from Mount Kenya University. Is currently Chair of Lamu Special School. Is also Chair of Lamu Organization for Youth and People Living with Disabilities (LOYD). Is passionate about community service and has previously initiated programmes for high school students such as planting trees civic education and economic empowerment for women.



Mr. Toash George Amuma

Gazette Notice No.1367 of 3rd February,2023

Work experience

Experienced in strategic planning and execution of projects. Skilled in vehicle inspection and motor vehicle mechanics



Ms. Bibi Salim Masha

Gazette Notice No.1367 of 3rd February,2023

Work experience

Experienced in budgeting at county level and in supply chain management. Skilled in nurturing women and youth in small-scale business ventures and assisting them to upscale. Previously worked with Kwale County in preparation of county strategic plans, and county fiscal strategy paper



Hon. Samuel Mgandi Kalinga
Gazette Notice No.7507 of 7th June,2023
Work experience

Mr Kalinga has served as Lead Proponent for Grievances Redress Committee (GRC) on Mombasa Development Projects Phase (II)-MPDP (11) National Technical Committee Member for Shipping and Maritime Technology, Kenya Bureau of Standards, Secretary Education Committee Likoni Constituency Development Fund (CDF), Volunteer Project Developer with Hatua Likoni Organization, Managing Director, Fujairah Investment Company (UAE), Panel Secretary for Mathematics teacher at Mtongwe Girls and Shikadabu CDF Secondary School

Alternate Directors

- | | |
|-----------------------|--|
| Ms.Charles Kisingu | - Representing CS National Treasury and Planning |
| Ms.Rhoda Onyancha | - Regional Commissioner ,Coast |
| Mr.Richard Ndegwa | - Representing PS Agriculture, Livestock and Fisheries |
| Mr.Anne Kariithi | - Representing PS, State Department Regional Authorities and Northern Corridor Development |
| Mr. Livingstone Mburu | - Representing Inspector General, State Corporations |
| Eng. Martin Tsuma | - Representing PS, Ministry of Water and Sanitation |

Board Committees



Name of Committee	Members
Finance and Establishment	<ol style="list-style-type: none"> 1. Bibi Salim Masha - Chairperson 2. Toash George Amuma – Member 3. Dorcas Jibrán – Member 4. Principal Secretary’s Representative RDA - Member 5. Inspector General Representative - Member
Audit Committee	<ol style="list-style-type: none"> 1. Ikhwan Omar Bwanaadi – Chairperson 2. Robert Mue Kisyula – Member 3. Samuel Kalinga Mgandi – Member 4. Principal Secretary’s Representative Treasury - Member
Projects and Planning Committee	<ol style="list-style-type: none"> 1. Benson Muema Kilonzo – Chairperson 2. Ricky W.Kambi – Member 3. Regional Commissioner – Member 4. Principal Secretary’s Representative Water 5. Principal Secretary’s Representative Agriculture – Member

4. MANAGEMENT TEAM


No	Management	Details	Areas of Responsibility
1	 <p>Mohamed Keinan Hassan, Ph. D, OGW Managing Director</p>	<p>Doctor of Philosophy (PhD) and M.Sc. from Jomo Kenyatta University of Agriculture and Technology Post Graduate Certificate-Enhancing Food Security in Africa, Murdoch University/West Australia B. in Vet Medicine, University of Nairobi Accounting Officers Course – Kenya School of Government. Strategic Leadership development Program- Kenya School of Government, Kabete Senior Management Course-Kenya School of Government, Kabete. Managing Director Coast Development Authority since 2016. Before this appointment, he worked with the Ministry of Devolution and Planning. He served in the Civil Service for over 30 years in different capacities and Ministries namely: Ministry of Livestock and later in the office of the President Special Programmes in the Arid Lands Resource Management Project (a food security project jointly funded by World Bank and GOK). Awarded Order of Grand Warrior of Kenya, OGW by the President of Kenya in December, 2011. The award was in recognition of his approach to service delivery i.e., participatory methodology which empowered community to successfully identify, implement and sustain priority projects that address food security and reduce livelihood vulnerability.</p> <p>He is also a trainer of Community Managed Disaster Risk Reduction.</p>	<p>The Managing Director is the Chief Executive Officer (CEO) is responsible to the Board of Directors for day-to-day management and coordination of activities in the Authority. Duties and responsibilities (i) Coordinating the operations and administrative functions (ii) Developing policies and programmes (iii) Managing funds and property and other resources (iv) Managing and developing staff (v) Developing operations plans and programmes for achieving the Authority's objectives (vi) Co-operating with lead agencies and organizations locally and globally (vii) Developing economic, efficient and cost-effective internal management structure (viii) Formulating, implementing and reviewing the Strategic Plan, business plan and annual plans (ix) Ensuring implementation and fulfilment of the policies and agreed objectives; performance targets and service standards of the Authority (x) Providing advice as required on all matters within the Authority's mandate (xi) Performing any other duty necessary as stipulated in the Act.</p>



<p>2</p>	 <p>Pamela Maghema Ngure Director Corporate Services</p>	<p>B. Com (Accounting) University of Nairobi Strategic Leadership development Program- Kenya School of Government, Kabete MBA Public Policy and Administration (on-going) Member Association of Chartered Certified Accountants IPSAS Reporting -Public Sector Accounting, Deloitte & Touché /National Treasury, Kenya School of Government, Nairobi Kenya Corruption Prevention and Good Adaptation, Transparency International Kenya ISO 19011: IFS System Certified Trainer, Kenya Tax Risk Management, KPMG, SAP R/3 Systems Certified Trainer, A.P. Moller – Maersk, Cape Town South Africa</p>	<p>(i) Developing and overseeing the implementation of a dynamic corporate strategy to deliver exemplary services and results as envisioned in the strategic plan; (ii) Developing the Authority's budget and continuously monitor and evaluate its implementation; (iii) Giving oversight to the Authority financial affairs and advise the Authority on financial planning strategies and policies; (iv) Ensuring effective and efficient management of the Authority's Resources including Finances and Assets; (v) Ensuring the provision of meaningful, accurate and prompt management accounts (vi) Negotiating with banks and donors for appropriate support; (vii) Giving oversight to the Authority's human capital affairs, ensuring that the Authority has the right and sufficient human resource to meet its objectives; (viii) Ensuring that current and future space and other facility needs are provided for; (ix) Providing oversight for effective records management operations; (x) Overseeing performance management system (xi) Participating in the development and review of the Institution's strategic plan; (xii) Ensuring compliance with labour laws, public, Public Financial Management Act, IPSAS and IFRS and ISO Standards; (xiii) Reviewing the Corporate Services business plans in line with the overall strategic objectives and government performance contract; (xiv) Overseeing operations of HRM, Administration, ICT and Finance & Accounting departments.</p>
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<p>3</p>	 <p>Griffin Muthomi Aritho Director Business Development Partnerships & Collaborations</p>	<p>Masters in Economics – Finance & International Trade option – Kenyatta University Bachelor of Arts in Economics – Economics and Finance Certificate in Risk and compliance – Centre for Corporate Governance Certificate in Corporate Governance and Ethics from Institute of Certified Public Accountants (ICPAK) Computer Proficiency Attended training and Empowerment for enhanced Customer Service organized by Power Play</p>	<ul style="list-style-type: none"> (i) Advising the Management on Viable Business and investment options and on related matters; (ii) Ensure development of policies, regulations, guidelines and strategy for Business Development and investments; (iii) Ensure development of CDA’s investment plans; (iv) Coordinate implementation and compliance with the CDA investment plans and strategies; (v) Advising Management of strategic investments opportunities; (vi) Ensure Establishment and linkages with strategic financial partners; (vii) Coordinate Regularly meeting with investment analysts and financial strategic partners to discuss investment opportunities; (viii) Ensure Development of Business and investment reports (ix) Coordinate Investment negotiations; (x) Oversee prudent management of all investment portfolios for the Authority; (xi) Oversee identification and monitoring of Risk and development of hedging mechanism and diversification strategies; (xii) Ensuring investment opportunities are aligned with CDA’s strategic objectives; (xiii) Overseeing the undertaking of Portfolio and Investment Research; (xiv) Liaison with external parties including, project developers and advisers; (xv) Ensuring that the Authority is adequately Advised on money markets; (xvi) Manage and supervise department staff; (xvii) Ensuring prudent utilization of the resources of the division;
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4	 <p>William Fondo Deputy Director, Infrastructure Development & Management</p>	<p>B.Sc. Control and Instrumentation, Jomo Kenyatta University of Agriculture and Technology Diploma in Agriculture Engineering- Farm Power Machinery, Egerton University Higher Diploma Mechanical Engineering, Mombasa Polytechnic</p>	<ul style="list-style-type: none"> i) Formulating environmental and social strategies and action plans that ensure sustainable development; ii) Ensuring compliance with the relevant environmental laws and social regulations; iii) Ensuring environmental and social concerns are properly addressed; iv) Reviewing progress on environmental and social performance systems; v) Overseeing the preparation of periodic reports on status of environment with a view to ensuring compliance with corporate standards; vi) Providing support to project development initiatives in the authority and ensuring environmental and social development issues are addressed; vii) Reviewing environmental priorities for the authority in collaboration with other stakeholders with a view to managing associated risks; viii) Monitoring emerging environmental regulatory and legislative policy changes and/or initiatives and facilitating incorporation and implementation of those changes within the authority's activities; ix) Establishing linkages with consultants and other stakeholders on environmental and social matters for mutual benefit of the Authority
5		<p>M.A Human Resources Management, Jomo Kenyatta University of Agriculture and Technology B.A Purchasing and Supplies Management, Jomo Kenyatta University of Agriculture and</p>	<ul style="list-style-type: none"> (i) Overseeing the development and implementation of supply chain management Policies, plans and strategies; (ii) Overseeing the preparation and submission of timely procurement reports;

	<p>Violet Indiazi Manager, Supply Chain Management</p>	<p>Technology Diploma in Supplies Management, Railway Institute Member Kenya Institute of Supplies Management</p>	<p>(iii) Resolving procurement issues with contractors and consultants; (iv) Ensuring that procurement and disposal functions are implemented in full compliance with statutory provisions by the authority; (v) Providing technical/secretariat services to the authority's tender, procurement and disposal committees; (vi) Ensuring timely implementation of decisions of tender, procurement and disposal committees; (vii) Submitting statutory reports and ensuring compliance to budget guidelines (viii) Formulating and developing policies, plans and strategies in the areas of supply chain, (ix) Overseeing procurement, activities in the authority; (x) Developing and maintaining supply chain, capability and culture that reflect the values which facilitates performance, professionalism and initiative by staff throughout the authority; (xi) Championing value-for-money and model cost-effective measurement techniques for assessing output quality delivered by supply chain; (xii) Coordinating all procurement activities in the authority and discharge its duties in line with procurement and disposal laws; (xiii) Providing advice to the authority as required in relation to procurement of goods, works and services and contract management; (xiv) Maintaining a sound procurement policy that ensures acquisition of goods, services and works is executed.</p>
<p>6</p>		<p>Bachelor of Business Management (BBM) Finance option Moi University Senior Management Course -Kenya</p>	<p>i) Overseeing the preparation of the Internal Audit systems, procedures and guidelines; (ii) Supervising the preparation of work programmes to ensure that</p>

	 <p>Maximilla Chelimo Kakuko Deputy Director, Internal Audit</p>	<p>School of Government, Mombasa Member Institute of Internal Auditors CIA on going Institute of Internal Auditors Global</p>	<p>audits are planned and well managed; (iii) Reviewing the internal controls and documenting on their effectiveness and adequacy; (iv) Recommending mitigation measures to address identified weaknesses where necessary; (v) Ensuring that the accounting, administration and other operations comply with CDA management policies; (vi) Overseeing the preparation and submission of audit reports to the CEO and the board; (vii) Ensuring that the internal audit systems, procedures and guidelines are prepared for approval; (viii) Supervising the preparation of work programmes to ensure that audits are planned and well managed; (ix) Ensuring that the internal controls are reviewed and documented on their effectiveness and adequacy; (x) Recommending mitigation measures to address identified weaknesses where necessary; (xi) Ensuring that the accounting, administration and other operations comply with CDA management policies; (xii) Overseeing the preparation and submission of audit reports to the MD and the board; (xiii) Liaising with the auditor general and ensure follow up on the process of implementation of internal and external audit recommendations; and (xiv) Supervising, training and developing staff under him or her</p>
7		<p>Bachelor of Business Administration (BBM) Human Resource option KEMU Certified Human Resource Professional (CHRP) Diploma in Business Administration UON</p>	<p>(i) Initiating innovative strategies to promote staff productivity and growth of the Authority (ii) Formulating strategic employee recruitment and retention plans (iii) Designing staff training and talent development programs (iv) Supporting management by</p>

	 <p>Joyce Ochako Principal Officer, Human Resource & Administration</p>	<p>Certified HR Auditor Member of the Institute of Human Resource</p>	<p>providing Human Resource advice (v) Planning, directing, supervising and coordinating work activities of Human Resource staff (vi) Ensuring legal compliance by monitoring and implementing applicable Human Resource requirements (vi) Maintaining management guidelines by preparing, updating and recommending human resource policies and procedures. (vii) Managing human resource operations by recruiting, selecting, orienting, training and coaching (viii) Coordinating counselling and disciplining of staff (ix) Supporting the development and delivery of HR business processes which focus on HR functions such as induction, learning and development, succession planning and performance management (x) Overseeing workforce analysis, staff mapping and distribution/rationalization (xi) Recruitment and reward system</p>
8	 <p>Mohamed Adan Abdi Deputy Director, Finance & Accounts</p>	<p>Bachelor of Economics and Statistics University of Nairobi MBA Finance Mt Kenya University (on going) Diploma in Business Management Mt. Kenya University CPA Part 2 KASNEB KCSE Wajir High School SMC FROM Kenya School of Government Quick book and Computer packages from Horn of Africa Management Role of Accountant in achieving vision 2030 from KCA University Basic vegetable dehydration and equipment training from Egerton University</p>	<p>(i) Manage all issues regarding the financing. (ii) Participate in Development and implementation of sound financial management policies and procedures. (iii) Consolidating the Authority's printed budget estimates and revised budget as per guidelines issued by The National Treasury. (iv) Forecasting annual cash flow requirements and coordinating preparation of annual budgets. (v) Ensure budgetary and cost control by reviewing expenditure returns from departments, prepare variance analysis and recommend corrective action; (vi) Guide other departments by interpreting government</p>

			<p>accounting policy and applying it consistently in all operations of the Authority.</p> <p>(vii) Plan and coordinate timely preparation of annual Work Plans and budget estimates.</p> <p>(viii) Develop and manage internal controls and ensuring compliance.</p> <p>(ix) Analyze and interpret financial reports .</p> <p>(x) Ensure prudent and optimal utilization of Authority’s funds and assets;</p> <p>(xi) Maintain proper records</p> <p>(xii) Oversee preparation of the Annual Financial Report in</p> <p>(xiii) Preparation of management accounting reports on quarterly and annual basis;</p> <p>(xiv) Maintain accurate and complete financial records of the Authority and regularly review the financial system;</p> <p>(xv) Ensure compliance with applicable financial statutory obligations and circulars.</p>
9	 <p>Dr. Mwanasiti M. Bendera Deputy Director Research and Planning</p>	<p>Ph.D (Chemistry – Chemical Ecology) Jomo Kenyatta University College of Agriculture and Technology M.Sc.(Chemistry Natural Products) Egerton University, Njoro B.Sc. General , Egerton University, Njoro KCSE (High School Certificate) Strategic Leadership & Development Programme (SLDP -Kenya School of Government Matuga Capacity Building on PPP Project</p>	<p>i) Overseeing construction and maintenance of structural works;</p> <p>(ii) Formulating and implementing policy matters on infrastructure development: coordinating the preparation, monitoring and evaluation of the strategic plans and projects;</p> <p>(iii) Coordinating the preparation of quality assurance plans facilitating the development of effective networks for risk management information sharing. (iv) Providing custody to risk methodologies and</p>

Coast Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2023

	<p>Proposal Development for Contracting Authorities Organized by National Treasury – PPP Unit Capacity Building Programme for Corporation Secretaries & Board Secretariat Staff Organized by SCAC and ICPS Senior Management Course-Kenya School of Government -Mombasa Innovative Technology for Sustainable Development Environment Impact Assessment and Audit training for EIA Experts Certification Public Procurement Regulations Procedures training, Mombasa Beach Hotel Quality Management System Internal Auditor Course, ISO 9001:2015 Biocom12 Conference on Semiochemicals involving plants organized by Phytochemical Society of Europe</p> <p>Member of Western Indian Ocean Marine Science Association (WIOMSA) Member of Research gate Group Member of <i>icipe</i> Scholar Association (IScA)</p>	<p>templates including risk registers, corporate risk profile, risk assessment criteria and business process documentation; (v) Ensuring preparation and implementation of environmental and social strategies and plans affecting CDA projects, environmental laws compliance in all projects; (vi) Ensuring monitoring and evaluation of projects in so far as its documented in the Environmental Management Plan.</p>
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5. CHAIRMAN STATEMENT

Introduction

Coast Development Authority (CDA) is a State Corporation established by an Act of Parliament No. 20 of 1990 (Cap 449), revised in 1992 with the mandate to provide integrated development planning, coordination and implementation of projects and programmes within the whole of Coast region (Six Coastal Counties), the southern part of Garissa County and the Kenya's Exclusive Economic Zone (EEZ) and for connected purpose and is currently domiciled in the Ministry of East Africa Community, Arid and Semi-Arid Lands and Regional Development, State Department of ASALs and Regional Development

On behalf of the Board, I acknowledge that we are responsible for corporate governance. I am specifically responsible for the leadership of the Board, ensuring its effectiveness on all aspects of its role, including good governance in dealing with our stakeholders.

Board Appointment

The new board was appointed in February 2023 and the new board brings vast experience in management and governance oversight. The board members were properly inducted to enable them take up their roles effectively. The board operates in line with Mwingozo Code of Conduct and Guidelines on Management of State Corporations.

Authority's Performance and Achievements

The financial year 2022/23 shows promising signs despite the challenging economic environment.

CDA was also awarded several trophies in this year's Mombasa ASK Show after showcasing projects and innovations in 5 clusters. The theme for this year's show was "Promoting Climate Smart Agriculture and Trade Initiatives for sustainable Economic Growth."

Looking Ahead

The Board is satisfied with the Authority's strategic plan for 2018/19 -2022/23.

I take this opportunity to thank my fellow directors on the Board for their commitment and wise counsel. I sincerely appreciate their significant contribution and cooperation.

The successes of the Authority would not have been possible without the hard work, tireless efforts, excellence, and teamwork of the management and staff of Coast Development Authority. My deepest gratitude goes to all of you.

My sincere appreciation for the continued support of our partners, customers, and other stakeholders.


Mzee Mwinyi Mzee
CHAIRMAN

6. REPORT OF THE MANAGING DIRECTOR

Overview

CDA is one of the six regional development authorities with mandate to initiate, plan and implement development projects and programmes within the coastal counties, southern half of Garissa County and the exclusive economic zone. It is one of the six RDAs in Kenya that include Tana & Athi Rivers Development Authority (TARDA), Lake Basin Development Authority (LBDA), Kerio Valley Development Authority (KVDA), Ewaso Ngiro North Development Authority (ENNDA) and Ewaso Ngiro South Development Authority (ENSDA).

The Authority's fourth Strategic Plan for 2018/19 -2022/23 is in line with the Bottom-Up Economic Transformation. *Agenda* BETA for Kenya and Vision 2030.

The funds for projects undertaken during the year came from the national government, development partners and internally generated resources. In addition CDA has proposed several projects for consideration under the Public Private Partnerships approach. These projects are awaiting review from the PPP Unit at the National Treasury.

Corporate Governance

The Authority's new Board was appointed in February 2023. The board comprises Chairman, eight (8) independent board members, representatives of the The National Treasury, State Department of Regional Development, Ministry of Agriculture, Ministry of Water and Sanitation and Regional Commissioner, Coast. The board was inaugurated by the Cabinet Secretary for East African Community, Arid and Semi Arid Lands and Regional Development Ms. Rebecca Miano, MBS

Human Resource

CDA enhances diversity, equity and inclusion at all levels of the Authority. Our qualified and dedicated staff are the driving force behind the high-quality services and achievements.

Our culture is grounded in our core values ie efficiency and effectiveness, transparency, accountability, integrity, professionalism, good leadership, respect, dignity, team work, empowerment and commitment.

In the financial year 2022/23 staff were facilitated to enhance their managerial and leadership skills by professional courses, workshops and seminars for continuous professional development.

The Authority ensures provision of adequate Staff Medical Insurance, Group Life Insurance and Work Injury Benefit Assurance (WIBA) .

During the financial year the Authority received 6 Interns from the Public Service Commission. The Interns are actively involved the activities and projects of the Authority.

Performance Contracting

The Authority is on performance contracting with the Ministry East African Community, Arid and Semi Arid Lands (ASAL's) and Regional Development

Financial Status

During the financial year 2022/2023 the Authority was allocated a total Kshs.244,030,00 Recurrent and Kshs 164,479,915 for Development expenditure and Ksh 271,535,110 for the Malindi Integrated Social Health Development Program Phase 11(MISHDP 11). The Authority has been able to pay salaries and all statutory payments within the stipulated deadlines.

Project Implementation

The Authority implemented the following projects during the financial year

- Integrated Fruit and Honey Processing Plant. - Galole Constituency, Tana River County
- Modernization of Wananchi Cottages - Kilifi Town, Kilifi County
- The Drought Mitigation Projects
- Small holder Irrigation Schemes
- Malindi Integrated Social and Health Development Project Phase 11(MISHDP11)
- Mwache Catchment Conservation Project
- 5 Billion Tree Nursery establishment initiative (Presidential Directive)

Malindi Integrated Social and Health Development Project (MISHDP 11)

The Malindi Integrated Social and Health Development Project (MISHDP 11) is a project implemented by CDA is funded by the Italian Government through the Italian Agency for Development Cooperation (AICS). Phase II funding is a concessional loan of Eur 6,395,373 (Ksh 786.6 M) Loan Agreement and Financial Agreement were signed by both the Italian Government and the Kenya Government on 26th January 2022 and the loan agreement came into force in May,2022.The implementation period for the project is 3 years.

The Authority received Ksh 271,535,110 during the financial year. Project activities have commenced and are expected to be completed within schedule.

Africa Public Service Day -2023

The Authority triumphed again in the Continental event held in Victoria Falls, Zimbabwe. The event attracted many exhibitors and innovations from African Union Member States competing 4 categories namely; Best managed organization, best innovation in service delivery ,most accountable and transparent organization, and best pavilion award.

Coast Development Authority wa declared winner of the Best Managed Organization in the highly contested category. Congratulations to the CDA team members comprising of Pamela Maghema Ngure, Director Corporate Services (Team Leader) Beatrice Kavemba Principal Officer ICT and Fredrick Mwabili Mwache Project Team Leader who presented their unique innovation titled “ Mangrove Restoration Process using Hydromodification Technology”

Legal Matters

Coast Development Authority (CDA) was sued in Mombasa High Court Civil Suit number 11 of 2017, Endebess Development Company Limited Versus Coast Development Authority. The Garnishee Order issued on 26th April 2021 Endebess Development Company Limited attaching *nisi* our salaries Bank Account Number 01004007563400, National Bank of Kenya, Nkrumah Road Branch, Mombasa has not been lifted. The matter was ruled against CDA and the Authority has a liability to pay of Ksh 124 Million .CDA appealed against the ruling but the Appeal Court upheld the High Court ruling.

ISO 9001:2015 Surveillance Audit

In the financial year 2022/2023 on site surveillance audit for ISO 9001:2015 confirmed the Authority’s Continued Certification of the ISO 9001:2015 by SGS.The audit concluded that the organization has maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope, organization’s policy and objectives. The Authority is committed to maintain the quality management system.

Appreciation

Through regular consultation with Cabinet Secretary for East African Community, Arid and Semi Arid Lands (ASAL's) and Regional Development, the Principal Secretary, State Department for Arid and Semi-Arid Lands (ASAL's) and Regional Development the objectives of the Authority were achieved. The support from the CDA Board has been instrumental in enhancing and improving performance of the Authority. I also thank all our staff for their commitment and hard work during the year.



Mohamed Keinan Hassan Ph.D. OGW
MANAGING DIRECTOR

**7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES
FOR FY 2022-2023**

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 Authority objectives are aligned to the Strategic Plan, Vision 2030 and Bottom-Up Economic Transformation. *Agenda*

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
Ownership and Commercial Exploitation of Natural Resources	Moder- nize Wanan chi Cottag es and Confer ence facility at Kilifi	<ul style="list-style-type: none"> • Conference facility furnished and equipped • Accommodation block furnished and equipped • Old facility renovated <p>Interior and exterior décor undertaken</p>	<ul style="list-style-type: none"> • Furnishing and equipping of the conference facility • Furnishing and equipping of the accommodation block • Renovation of the old facility <p>Interior and exterior décor</p>	<ul style="list-style-type: none"> • Conference facility at completed and functional • Modern kitchen equipped • Renovation of old office block renovated furnished and equipped • Renovation of old accommodation block completed and use converted to stores and other auxiliary structures • Outdoor restaurant constructed and furnished • Modern new gate installed • Construction Accommodation block at 83% completion • Landscaping work has commenced
	To operational ize Integrated Fruit processing Plant at Hola in Tana River County	<ul style="list-style-type: none"> • Pineapple processing plant procured and installed • Waste management system established • Litres of bottled water availed to the market • Tonnes of pulp availed to the market • No. of farmers trained 	<ul style="list-style-type: none"> • Procurement and Installation of pineapple processing line • Establishment of a waste management system • Avail 200,000 litres of bottled water to the market • Avail 200 tonnes of pulp to the market • Training of 300 farmers on Good Agricultural Practices on Mango Orchard 	<ul style="list-style-type: none"> • Procurement of pineapple processing plant ongoing • Waste management system established • 187,500 litres of bottled water availed to the market • 20tons of pulp produced, • 50 farmers trained on Good Agricultural practices

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Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
			Management	
Integrated Development Programmes and Projects	Boji, Chakama, Challa, Bura and Vanga Small Holder Irrigation Project	<ul style="list-style-type: none"> No. of Topographical survey and designs undertaken No. of irrigation infrastructure established in Chakama No of Irrigation infrastructure and Auxiliary facilities establish in Challa No. of households capacity built in Chakama on high value crop production and irrigation farming Report on Community water user association capacity built on operation and maintenance of water and irrigation infrastructure Report on operationalization of 10-acre demonstration farm in Chakama 	<ul style="list-style-type: none"> Carry out topographical survey and designs targeting 200 acres at Vanga Irrigation Establish irrigation infrastructure in 250 acres of land in Chakama Establish Irrigation infrastructure and Auxiliary facilities in 50 acres in Challa Capacity building of 300 households in Chakama on high value crop production and irrigation farming Capacity building of community water user association on operation and maintenance of water and irrigation infrastructure Operationalize a 10-acre demonstration farm in Chakama 	<ul style="list-style-type: none"> Topographical survey and designs for 200 acres at Vanga Irrigation undertaken Irrigation infrastructure for 618 acres of land in Chakama (Gaba and Kanduru) established and land put under irrigated cultivation Irrigation infrastructure for 618 acres of land in Chakama (Gaba and Kanduru) established and land put under irrigated cultivation Construction of irrigation infrastructure (water pipelines) in in Challa completed and 64 acres currently under irrigation with farmers producing tomatoes, maize, onions, chilies, bananas, beans and watermelons Training undertaken for 314 households on GAPs in Chakama on high value crop 10 acres Demonstration farm operationalized. Production and sale of farm produce undertaken during the period which bananas, maize and watermelons. 14,000 casuarina tree seedlings were grown
	Mwache Multipurpose Dam Integrated project implemented-Mwache	<ul style="list-style-type: none"> Ha. under catchment management interventions Km of terraces established 	<ul style="list-style-type: none"> Marking and pegging of riparian areas – 50Km Establishment of 30 Km terraces in Mwache Catchment 	<ul style="list-style-type: none"> Marked & Pegged 7km of riparian area at Bemrezi River; Cumulatively, 117.88km (335.8ha) Up-scaling to be done through WRUA grants

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
	Catchment Management	<ul style="list-style-type: none"> No. of trees planted and grown No. of WRUAs capacity built No. of SCMPs developed WRUAs sub-grants 	<ul style="list-style-type: none"> Implementation of Mechanized Terracing-4000km Tree Growing 3,000 and 4000 planting Planting and growing of 50,000 trees in the Mwache catchment area Capacity building and development of Sub-catchment Management Plans (SCMPs) for 5No. Water Resource Users Associations (WRUAs) , SCMPs Development (5 No.) Disbursement/Implementation of WRUAs -6 - sub grants Mwache catchment management campaign & information dissemination 	<p>conservation activities;</p> <ul style="list-style-type: none"> Vallerani equipment deployed to Nyongoni WRUA; Currently testing done on 3km; Site identified 100km; Setting out done 28km; Cumulatively, Manual terracing achieved 148.85km (446.55ha) ; 4,000 tree seedlings planted <p>Coast Water Works Development Agency and Mazeras Girls and Primary Schools in collaboration with Ministry of Water.</p> <p>Cumulatively, 378,137 trees equivalent to 378.1ha Capacity build 3 WRUAs namely Mlunguni, Barani and Shirango-Kafuloni</p> <ul style="list-style-type: none"> 3 SCMPs Developed 3 WRUAs Capacity Built (WRUAs Ndokoko Lukakani, Magombe Shariani, Birikani Kirongwe, Buguta) <p>Cumulatively, the project has developed 22 SCMPs remaining 2No. to have total of 24 SCMPs;</p>
	Malindi Integrated Social Development Program	<ul style="list-style-type: none"> Km of road with tarmac No of ICU centers constructed & equipped 	<p>Tarmacking of Mjanaheri -Ngomeni Road</p> <p>Construction and equipping the Malindi Subcounty Hospital</p>	<ul style="list-style-type: none"> Tenders advertised and awarded. Sites handed over to contractors Developing of Detailed designs and BQ's being

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Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
	Phase 11	<ul style="list-style-type: none"> No of schools constructed/rehabilitated and furnished No of foot bridge constructed 	<p>Construction and furnishing of Burangi, Rasi Primary Schools</p> <p>Construction of Burangi Foot bridge</p>	developed for the tarmacking of Mjanaheri-Ngomoni road and Burangi foot bridge
National Government Strategic Programmes	Support to resilience and mitigation measures for development of adverse calamities	<ul style="list-style-type: none"> No. of water pans/Earth-fill dams constructed in drought prone areas No of boreholes drilled and equipped 	<ul style="list-style-type: none"> Rehabilitation of Mahumbo Waterpan, Ganze Kilifi County Rehabilitation of Bulale Waterpan Fafi, Garissa Rehabilitation of Haades, Fafi Garissa County Drilling and Equipping of Ikanga Borehole, Voi Taita Taveta County Construction of Chifiri waterpan ,Galole, Tana River County Construction of Assa Kone waterpan ,Galole,Tana River County 	Tenders awarded and construction of waterpans and drilling of boreholes ongoing
Cross Cutting Issues	Institutional Capacity developed	<ul style="list-style-type: none"> No. of Staff capacity build Training needs assessment report Job evaluation and salary review report 	<ul style="list-style-type: none"> Carry out training needs assessment Review the terms and conditions of service Providing short courses 	<ul style="list-style-type: none"> Staff training assessment done Staff attended short courses under various disciplines
	National Cohesion and Values	Report on national values and principles of governance	<ul style="list-style-type: none"> Fast track implementation of programmes, projects and activities Submit Annual Report on measures taken and progress achieved in the realization of National Values and Principles of Governance 	<ul style="list-style-type: none"> Report on national values and principles of governance submitted and achieved a score of 100% from the Directorate of National Cohesion and Values

8. CORPORATE GOVERNANCE STATEMENT

The Authority's Board comprises the Chairman and eight (8) independent, non-executive members. The Board also includes the Principal Secretaries to The National Treasury, State Department for Arid and Semi Arid Lands (ASALS) and Regional Development, Ministry of Agriculture and Livestock Development, Ministry of Water and Sanitation and Regional Commissioner, Coast. The Managing Director is an ex-officio member and Secretary to the Board. The Board brings together members with vast experience from different professional backgrounds with diverse skills.

The Board is responsible and accountable to the Government through the National Treasury and Planning and adheres to the highest standards of corporate governance and ethics as well as ensuring compliance with all applicable laws. It is committed to ensuring that the Authority's obligations, roles and responsibilities to its various stakeholders are fulfilled through its corporate governance practices. The Members and Management perform their duties with impartiality, honesty, transparency and accountability, professionalism, integrity, care and due diligence and act in good faith to the best interests of the public. Further, the Board is committed to ensuring that ethics and integrity remain at the core of the Authority's operations. It recognizes that ethical management is key to the Authority's sustainability and is therefore, continuously putting in place practices, systems and processes to integrate ethics in all its operations. All new Members and staff equally undergo mandatory induction training that includes ethical conduct and are required to sign the Code of Ethics and to adhere to its principles and provisions.

Role of the Chairman of the Board

The Chairman provides leadership and governance of the Board and creates conditions for overall Board and individual Director's effectiveness by ensuring that all key and appropriate issues are discussed by the Board in a timely manner. He ensures that the Board plays a full and constructive part in the development and determination of the Authority's strategies and policies. He also ensures that the Board is supplied with timely and sufficient information to enable it to discharge its duties effectively. In furtherance of the above, the Chairman ensures adherence to good corporate governance practices and procedures, and continuously promotes the highest standards of integrity, probity and corporate governance throughout the Authority and particularly at Board level.

Role of the Board

The Board is responsible for overall strategic direction and operational guidance of the Authority. In this regard, the responsibilities of the Board include:

- Establishing short and long-term goals of the Authority and develop strategies to achieve these goals;
- Monitoring the Authority's performance against these set goals;
- Overseeing the preparation of annual financial statements and reports;
- Approving annual budgets;
- Ensuring that the Authority has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

The Board's key achievements during the FY 2022/23 were: -

- Approved and continually monitored the implementation of the Authority's Annual operating Plans and Budget;
- Implemented the Authority's Performance Contract with The National Treasury and Planning;
- Drought Mitigation-Initiated water pans, drilling boreholes and rehabilitation of Strategic Water Facilities.

Board Membership and Attendance

Board Committees

The Board meets at least once every quarter depending on the exigencies of the business.

The Board has established three (3) standing committees to assist in the execution of its responsibilities: Finance and Human Resource, Projects and Planning and Audit.

a) Finance and Human Resource Committee

The Finance and Resource committee is responsible for reviewing budgeting process and oversight of financial reporting. This Committee is mandated to review Human Resource policies and succession planning aspects of the Authority, review of Human Resources compliance with national legislation, organize the structuring and performance evaluation of Senior Staff, oversee and advise the Board on recruitment and promotion of staff.

b) Projects and Planning Committee

The Projects and Planning Committee's mandate is to guide on strategic planning and related technical aspects of the operational performance of the Authority. This involves review of the Strategic Plan, Annual Development Budget, monitoring of projects under implementation and operation strategies.

c) Audit Committee

The Audit Committee is mandated to periodically review the Authority's financial statements in liaison with the External Auditors, review the financial statutory and non-statutory reporting obligations, advice on risk identification and mitigation measures and check on effectiveness and robustness of internal control measures. The Authority's internal auditor attends all meetings of the committee.

Capacity Building for the Board

During the year the induction of the Board members was undertaken to equip the Board with the necessary skills for effective discharge of their mandate.

Board Evaluation

Board evaluation is key in assessing the performance, efficiency and effectiveness of an organization. The Authority undertakes regular annual performance evaluation of its Board to enable it review its strategies to ensure continuous growth and sustainability. The evaluation exercise was not undertaken during the year in review.

Board Remuneration

Members are entitled to a sitting allowance for every meeting attended, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable. This is done within the limits set by the Government for State Corporations. In addition, the Chairman is paid a monthly honorarium and airtime.

Statement of Compliance and Conflict of Interest

Conscious of its responsibilities to Members, service providers, suppliers, creditors, employees and the society, to the best of the Authority and management's knowledge, no person, employee or agent acting on behalf of the Authority, with the knowledge of authority of the Authority or management, committed any offence under the Prevention of Corruption Act or indulged in any unethical behaviour in the conduct of the Authority's business, or been involved in money laundering, or any practice or activity contrary to national laws or international conventions.

Code of Conduct

Each Member of the Authority derives his/her authority and position from a legitimate nomination procedure. However, on becoming a member, he/she becomes bound by the

overriding fiduciary duty to act in good faith in pursuit of the best interests of the Authority Members as a whole. In the discharge of their duties, Members operate within the framework of a collective Authority. In order to enable the Members to operate effectively and in the best interest of the Authority, all Members observe rules and regulations governing the conduct of Authority as contained in its manual.

Risk Management

The Members of the Authority are committed to a process of Risk Management that guides in the identification of strategic and operational risks through a structured, systematic, proactive and integrated process. This is done through a risk management framework, which enables management to focus in a comprehensive and holistic manner on all risks faced by Authority. A risk management policy established by the Authority is one of the important steps in ensuring that the management identifies and manages all risks, and further that the Members of the Authority provide oversight, as well as policy direction in managing risks.

Risk Management Structure and Roles

Risk management requires an integrated approach between the various risk related specialists, department and staff. The risk management structure of the Authority comprises; The Audit Committee and the management team.

Role of the Audit Committee

The Authority established committees among them, the Audit Committee, whose mandate is to monitor implementation of risk management framework established by the Authority. The Committee also ensures that the risk management system implemented by management meets the requirements set out in the policy.

Role of Internal Audit and Risk

In addition to implementation of the risk management framework, the Authority has an independent Internal Audit Department, whose function is to provide independent assurance to the Authority and management through structured audits, reviews, testing and other techniques, carrying out risk-based audits, reporting on effectiveness and efficiency of risk management process, as well as reporting on the Authority's compliance with the risk policy. Continuous risk assurance audits were conducted during the year to review the Authority risk status. A review of the strategic and operational risk registers were undertaken.

Role of Management Team

The Management team's role in risk management is that of implementing the risk framework established by the Authority. In addition, the management receives and approves quarterly reports on operational risk management issues, and reports to the Audit Committee and the board, on any strategic risks identified. The management team also approves risk mitigating actions to be taken by the Authority, contributes to the development of the Risk Management System.

Risk Categories

The Authority has identified and categorized risks as follows:

1. Strategic risks: These arise out of the Authority's strategic plan.
2. Financial risks: They are associated with the financial operations of the Authority
3. Operational risks: These are risks associated with the operations of the Authority.
4. Legal and regulatory risks: Legal risks can arise from non-compliance with the legal and regulatory requirements.

Risk Training and Awareness

The Authority's commitment to risk management has also been evidenced by the awareness and continuous training offered to the Members of the board, management and staff of the Authority throughout the year.

Code of Conduct

The Authority has continued to observe and implement the provisions of the Code of Conduct as stipulated in the Mwongozo. The Code binds both the Board Members and staff who commit to its requirements upon joining the Authority

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Board Member	Gender	Classification	Designation	Research & Planning Committee	Finance & Establishment Committee	Audit Committee	Full Board Meeting
				(Total no of meetings held 3)	(Total no of meetings held 18)	(Total no of meetings held 3)	(Total no of meetings held 5)
Mr.Mzee Mwinyi Mzee	M	Independent Member	Board Chairman	n/a	n/a	n/a	1
Ms. Bibi Salim Masha	F	Independent Member	Chairperson Finance & Establishment Committee	n/a	1	n/a	1
Mr.Ikhwan Omar Bwanadi	M	Independent Member	Chairperson Audit Committee	n/a	n/a	1	1
Mr.Benson Muema Kilonzo	M	Independent Member	Chairperson Projects and Planning Committee	1	n/a	n/a	1
Mr. Ricky W Kambi	M	Independent Member	Member	n/a	n/a	1	1
Mr. Toash George Amuma	M	Independent Member	Member	n/a	1	n/a	1
Mr. Dorcas Jibrán	F	Independent Member	Member	n/a	1	n/a	1
Mr.Robert Mue Kisyula	M	Independent Member	Member	n/a	n/a	1	1
Hon. Samuel Kalinga Mgandi	M	Independent Member	Member	n/a	n/a	n/a	1
Ms.Anne Kariithi	F	Representing the PS East Africa Community and Regional Development	Member	n/a	1	n/a	1

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Board Member	Gender	Classification	Designation	Research & Planning Committee (Total no of meetings held 3)	Finance & Establishment Committee (Total no of meetings held 18)	Audit Committee (Total no of meetings held 3)	Full Board Meeting (Total no of meetings held 5)
Eng.Martin Tsuma	M	Representing the PS— Ministry of Water and Sanitation	Member	1	n/a	n/a	1
Mr. Richard Ndegwa	M	Representing the PS - Ministry of Agriculture and Livestock Development.	Member	n/a	n/a	n/a	1
Mr, Charles Kisingu	M	Representing PS, The National Treasury	Member	n/a	n/a	n/a	1
Ms.Rhoda Onyancha	F	Regional Commissioner, Coast	Member	1	n/a	n/a	1
Livingstone Mburu	M	Representing Inspector General Corporations	Member	n/a	1	n/a	1
Dr. Mohamed Keinan Hassan, OGW	M	Ex Officio Member	Secretary to the Board	1	1	n/a	1

9. MANAGEMENT DISCUSSION AND ANALYSIS

The Authority is currently implementing its strategic plan, which covers the period Strategic Plan 2018/19 – 2022/23, which coincides with the implementation of the government’s Bottom-Up Economic Transformation. *Agenda*, the Third Medium Term Plan of Kenya’s Vision 2030. The goals and initiatives of the strategic plan will provide guidance to the Authority as it develops activities to realize the stated objectives. These activities support the Key Result Areas of Ownership and commercial exploitation of natural resources, Integrated Regional Development Planning, Integrated Development Programmes and projects - Conservation and Environmental management, Basin-based resource studies, information and technology transfer, Community Support and Empowerment, Blue Economy and Exclusive Economic Zone of Kenya and National government strategic programmes

a) Operational Performance

During the financial year 2022-2023 the approved budget for the Authority was Gross Ksh 244,030,000 for recurrent expenditure, Appropriation in Aid Ksh 18,000,000 and Ksh 164,479,945 and Ksh 271,535,110 for development expenditure. The projects for implementation under the Gok funding were Small Holder farmers Irrigation Scheme, Integrated Fruit Processing Plant, Strategic Water Structures and Malindi Integrated Social Health Development Program Phase 11 (MISHDP 11).

For the donor funded projects the Authority received Ksh 704,000 for the Kenya Climate Change Adaptation project being supervision for projects undertaken by NEMA. The Authority did not receive any disbursement for the Mwache Catchment Conservation Project.

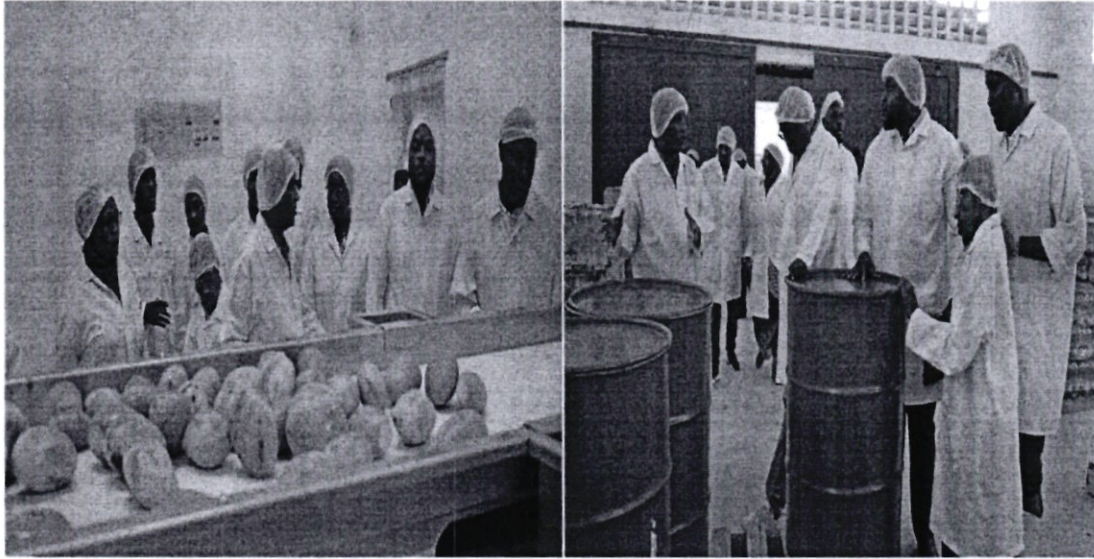
The Authority has been able to meet obligations as they fall due.

b) Key Projects Implemented

Name of Project
Integrated Fruit and Honey Processing Plant
Small holder Irrigation Schemes
Drought Mitigation
Modernization of Wananchi Cottages
Rehabilitation of Strategic Water Facilities
Malindi Integrated Social Health Development Program Phase 11

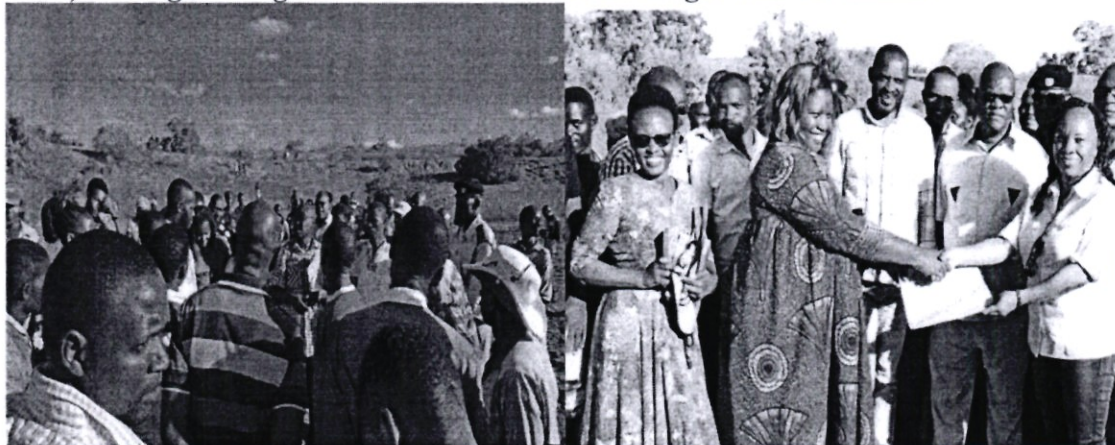
PROJECT PICTORIALS

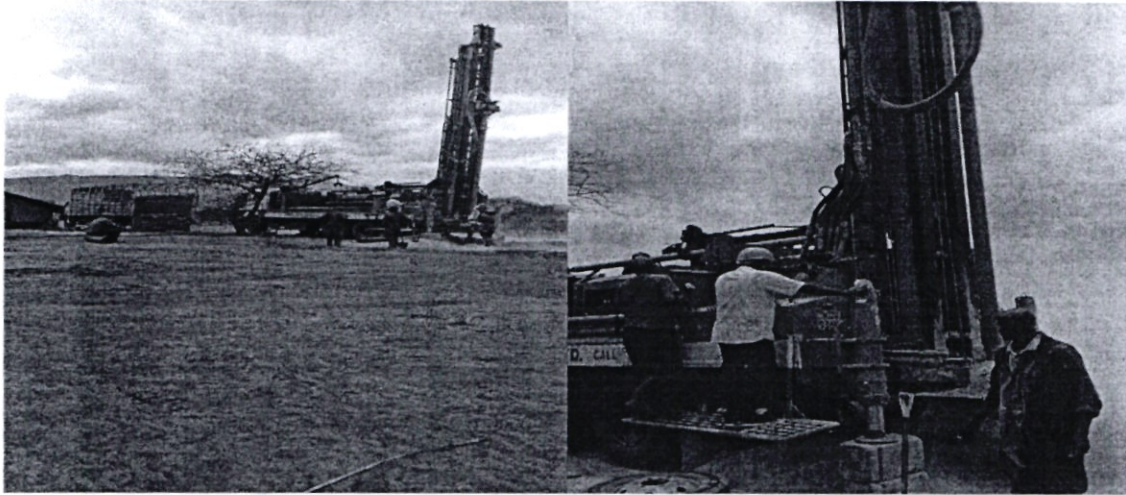
i) Integrated Fruit and Honey Processing Plant



Mango processing and water production at the Hola Plant in Tana River.

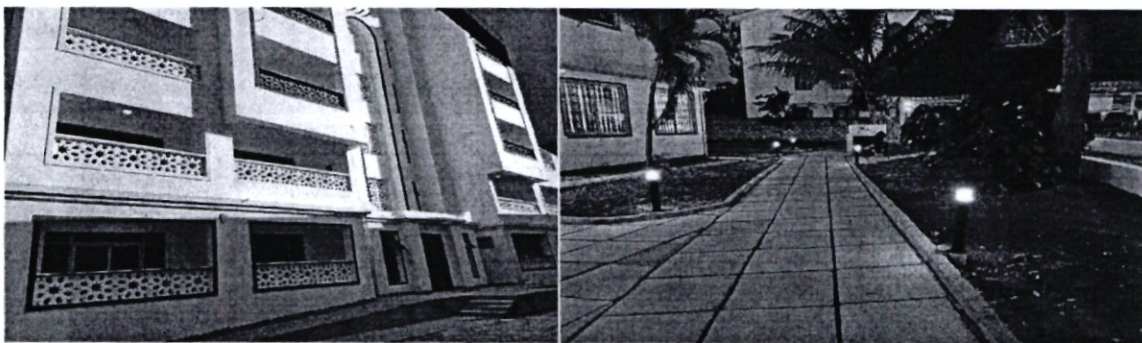
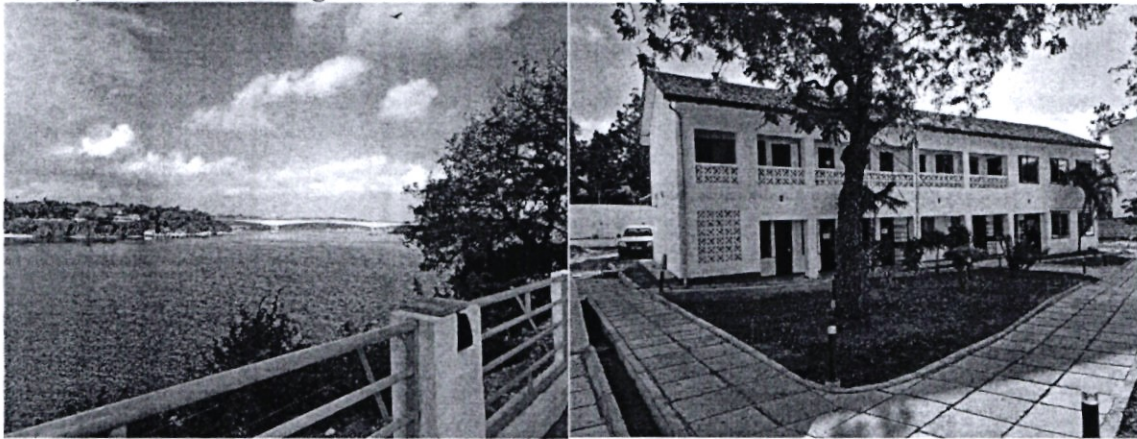
ii) Drought Mitigation / Rehabilitation of Strategic Water Facilities





Mahumbo Water Pan and Ikanga Borehole

iii) Wananchi Cottages and Conference Facility



c) Financial Performance

i) Budget Performance

The Authority had an approved budget of Ksh 244,030,00 for recurrent. For Development Budget FY 2022/23 the Authority approved was Ksh 164,479,915 GOK Development MISHDP11 271,535,109 (Donor)

ii) Expenditure

The Expenditure of the Authority is as per below analysis

Expenditure Item	2022/2023	2021/2022
Compensation to Employees	204,009,730	191,737,694
Board Expenses	18,747,990	15,847,718
Use of goods and services	244,072,000	105,730,334
Depreciation	32,634,225	21,048,123
Total	255,391,945	334,363,869

The Authority reported a Deficit of Ksh 227,219,036 in the year under review compared to a deficit of Ksh 40,195,231 in the previous year.

d) Compliance with Statutory Requirements

The Authority is required to comply with various laws and constitutional provisions, which include the Constitution, the CDA Parliament No. 20 of 1990 (Cap 449), revised in 1992, the PFM Act, Income Tax Act, NSSF Act and the National Hospital Insurance Fund (NHIF) Act, among others. Further, provisions of Article 226 (1a) of the Constitution requires that the Authority to prepare annual report and financial statements, which should be submitted to the Office of the Auditor General and the National Assembly. Other provisions of the laws such as the NHIF Act, NSSF Act and Income Tax Act have also been complied with by the Authority, and the related monthly and annual deadlines for returns observed as per the requirements of each Act.

e) Major Risks Facing the Authority

The Authority has identified risks affecting which are categorized as below

- Strategic risks: These arise out of the Authority's strategic plan.
- Financial risks: They are associated with the financial operations of the Authority.
- Operational risks: These are risks associated with the operations of the Authority.
- Legal and regulatory risks: Legal risks can arise from non-compliance with the legal and regulatory requirements.

The Authority further adopted various mitigation measures against the identified risks. The major risks identified are as follows:

No	Nature of Risks	Description	Risk Rating	Mitigation Measures
1	Strategic risks	Changing economic and political environment	Medium	The Authority to invest in public sensitization and stakeholders' involvement forum at every stage of the strategic programmes' implementation
		Community Opposition to projects		
		Inadequate legal interventions in the legal framework, which interfere with the implementation of the strategic objectives of the Authority		
2	Operational Risks	Loss of skilled workforce	Low	Authority to hire high calibre staff, train increase retention of staff.
		Inadequate support from major stakeholders and partners		Regular collaborations and sensitization of stakeholders and partners on the essence of the Authority's mandate
		Inadequate understanding of the Authority's mandate by customers.		Sensitization of the Authority's customers on the mandate of the Authority.
3	Financial Risks	Inadequate funding from GoK and insufficient support from development partners.	High	Continuous engagement with the NT and development partners for optimal funding .
4	Technological Risk	Rapid technological changes.	Low	Regular training on technological changes
		Cyber Crime		Monitoring and implementation of latest technology and enhancement of knowledge in cyber security
5	Legal	Policy Changes	Medium	Partner with the Attorney General and National Assembly for necessary support
		Law Suits		

f) Financial Probity and Serious Governance Issues

There are no issues of financial improbity reported by any board committee or by external auditors. There are no governance issues and no undisclosed conflicts of interest at the Board or top management of the Authority.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Coast Development Authority (CDA) is a State Corporation with the mandate to provide integrated development planning, coordination and implementation of projects and programmes within the whole of the Coast region, Southern Garissa and Kenya's Exclusive Economic Zone (EEZ).

CDA works with stakeholders in the planning, formulation, implementation, monitoring and evaluation of its projects/programmes with the aim to improve the socio-economic well-being of the communities through sustainable exploitation and management of the natural resources. This is in line with the vision and mission. The Coast region is endowed with natural resources however, the poverty level is still high. In addition to poverty levels, the region experiences other development challenges such as poor infrastructure, environmental degradation, unemployment, food deficit and high prevalence rate of HIV/AIDS. In order to address these challenges, CDA has been adopting a participatory and integrated approach in implementing its development projects for sustainable utilization and management of the natural resources. CDA therefore, will continue working with all relevant stakeholders in the planning, formulation, implementation, monitoring and evaluation of its projects/programmes. In so doing, the Authority hopes to improve the socio-economic well-being of the community in line with its mandate and vision.

i) Sustainability Strategy and Profile

The Authority deployed resources in the implementation of various development and income generation projects.

The implementation of these programmes is continuous and will be enhanced

In the FY 2022/2023 to ensure the Authority's sustainability. The Authority is completing construction of the Wananchi Cottages which will have 41 accommodation rooms, modern restaurant, 2 conference rooms for 400 participants. The additional multiline fruit processing plant has been procured for the Integrated Fruit Factory Plant in Hola to complement the Mango Processing line.

ii) Environmental Performance

The Authority undertook programmes to ensure that its environmental activities remain sustainable in the long run. This effort is demonstrated by establishment of tree nurseries and donation of tree seedlings in the Mwache Catchment area, and establishment of woodlot at Chakama. The Authority has established waste management system at its Integrated Fruit Processing Plant in Hola. At the head office the has set up an environmentally friendly garbage disposal process. All projects undertaken by the Authority are subjected to Environmental Impact Assessment (EAI) audits.

iii) Employee Welfare

Human Resources Policy Instruments

The Authority has in place approved human resource instruments and transition staff in line with the approved transition matrix. The Authority adheres to the Employment Act. The Authority advertises for posts using different media platform i.e., Daily Newspapers (My Gov) and through the Authority website. CDA is an equal opportunity employer committed to gender and disability mainstreaming

• Staff Performance and Training

Staff are subjected to a fair performance appraisal system whose output, amongst other aspects, is the identification of areas of improvement and training aligned to the Performance Contract and annual workplans for the department.

- National Cohesion and Equal Opportunity

The Authority submits an annual report to the Directorate of National Cohesion and Values on the measures taken and progress achieved in the realization of national values and principle of governance. The Authority ensures inclusivity in all its programmes.

- Staff Insurance and Safety

The Authority has developed policy on safety and compliance and initiates annual safety Audit in all the Authority work stations. The Authority offices are a certified registered place of work with the Ministry of Labour, and thus, it is in conformity with the requirements of the Occupational Safety and Health Act of 2007, (OSHA, 2007). The Authority has adequate insurance cover for all its employees (medical, life, injury etc). All staff are well equipped with appropriate protective equipment.

iv) Market Place Practices

The Authority is pursuing public private partnerships and has signed MOUs with various investors interested in undertaking projects conceptualised by CDA.

The National Ethics and Anti-Corruption Policy is anchored on the Political Pillar of Kenya Vision 2030. The MTP II identifies National Values and Ethics as one of the cornerstones of the Country's overall development through a value-based system. The Authority adheres to the Anti-Corruption Policy. The Anti-Corruption committee meets every quarter to review and mitigate corruption in the Authority. The Authority has in place a Corruption Risk Mitigation Plan

a) Responsible Supply Chain and Supplier Relations.

The procurement process for the Authority is guided by the Public Procurement and Asset Disposal Act (No. 33 Of 2015) The Public Procurement and Asset Disposal Regulations, 2020.

All successful tenders are advertised and updated on the Authority's website.

The office is open for all suppliers during working hours of 8am to 5pm Monday to Friday hence ready to receive clarifications, complaints and any compliments which are acted on promptly.

The special groups also compete among themselves on reserved tenders which are set aside by the Authority and pays within 15 days as directed.

CDA has given procurement opportunities to various supplies and settles all payables within 30 days. CDA does not hesitate to issue information on the winning supplies as well as regret letters to those that were not successful encouraging them for any future engagements during the tendering process.

b) Responsible Marketing and Advertisement

The Authority endeavours to act in an ethical manner when providing services to the citizens. The Authority maintains the balance of interests of all the stakeholders as well as in providing benefits to various stakeholder groups. The Authority reputable media channels which have ethical backgrounds for all its advertisements and communication.

11. REPORT OF THE DIRECTORS

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

i) Principal Activities

The principal activities of the entity continue to be

- Wananchi Cottages
- Integrated Fruit Processing Plant Project
- Boji Irrigation Scheme
- Malindi Integrated Social Health Development Program Phase 11
- Mwache Multipurpose Dam Development Project
- Lake Challa Water Resources Project
- Integrated Water and Coastal Management Project (Adaptation to climate change)
- Integrated Community Water Supply (Water pans, dams and boreholes)
- Integrated Community Development Projects (Mineral Exploration and Promotion).
- Dry Port
- Integrated Livestock improvement

ii) Results

The results of the entity for the year ended June 30, 2023 are set out on page 1-6

iii) Directors

The Chairperson was appointed with effect from 30th January 2023 and Seven independent board Members were appointed with effect from 1st February 2023 a period of three years each.

Director Samuel Kalinga Mgandi was appointed on 7th June, 2023

The members of the Board of Directors who served during the year are shown on page x to xiv.

iv) Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act 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 is not a regulatory entity and did not make any surplus during the year (FY 2022/2023 Nil) and hence no remittance made to the Consolidated Fund.

v) Auditors

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

By Order of the Board


.....

Name

Corporate Secretary/Secretary to the Board

12. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 15 (1) of the State Corporations Act, 2012 requires that the Directors shall be responsible for the proper management of the affairs of the state corporation and shall be accountable for the moneys, the financial business and the management of the state corporation.

The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on 30th June, 2023. This responsibility includes:

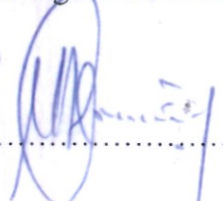
- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing 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 Authority;
- (v) selecting and applying appropriate accounting policies;
- (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and State Corporations Act, 2012. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended 30th June 30, 2023 and the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

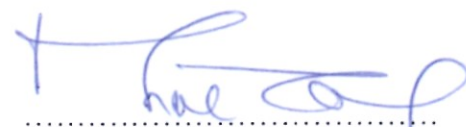
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 29/08/2023 2023 and signed on its behalf by:


.....

Chairman of the Board

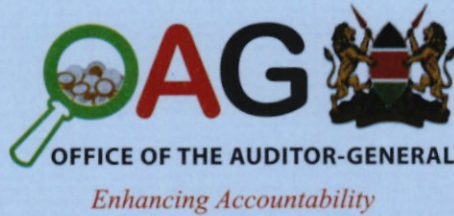

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Mohamed Keinan Hassan, Ph.D, OGW

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 COAST DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and 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 Coast Development Authority set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and 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 the Coast Development Authority as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Property, Plant and Equipment Balance

The statement of cash flows reflects purchase of property, plant and equipment and intangible assets of Kshs.143,932,552 while the asset movement schedule in Note 23 to the financial statements reflects additions to property, plant and equipment of Kshs.84,467,188 and additions to intangible assets of Kshs.4,513,271 all totalling to Kshs.88,980,459. The resultant variance of Kshs.54,952,093 was not reconciled. In addition, the statement of cash flows reflects an out flow in respect of work-in-progress of Kshs.106,270,290 which was not supported.

In the circumstances, the accuracy of the property, plant and equipment balance of Kshs.143,932,552 could not be confirmed.

2. Unsupported General Expenses

The statement of financial performance reflects general expenses of Kshs.53,696,235 which includes an amount in respect of asset impairment of Kshs.620,000 as disclosed in Note 14 to the financial statements. However, Management did not provide schedules to support the amount.

In the circumstances, the accuracy of the general expenses of Kshs.53,696,235 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Coast Development Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget amount of Kshs.275,925,751 and actual revenue realized during the year of Kshs.272,231,509 resulting to underfunding of Kshs.3,694,242, or 1.3% of the budget. Similarly, the Authority expended Kshs.499,463,945 against an approved expenditure budget of Kshs.275,925,751, resulting in an over expenditure of Kshs.223,538,194 or 81.1% of the budget.

My report is however not modified in respect of this matter.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. The issues were indicated as resolved awaiting the parliamentary committee recommendations. However, Management did not provide evidence to confirm how the issues were resolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Over-Expenditure on Board Expenses

The statement of financial performance reflects Board of Directors expenses of Kshs.18,747,990. This exceeds 5% of the repair and maintenance budget of Kshs.244,030,000 by Kshs.6,546,490. This was contrary to the Head of Public Service Circular OP/CAB.9/1A of 11 March, 2020, which provides that the Board expenses for a financial year shall be capped at Kshs.30 million or 5% of the operations and maintenance budget of the state corporation, whichever is less. Any exceeding budgets shall require approval of the Cabinet Secretary for The National Treasury. Management did not provide an approval from the Cabinet Secretary for The National Treasury for the over-expenditure.

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

The audit was conducted in accordance with ISSAI 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, 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 THE 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 matters 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

1. Failure to Conduct Board Competency Needs Assessment

The Authority's Board did not plan and conduct a competency needs assessment program including a comprehensive annual development exercise with a minimum of two (2) days per Board member during the financial year. Management did not provide evidence to confirm that the Board had been certified by an accredited body within the first six (6) months of their appointment. This was contrary to governance principles provided in Section 1.10 of the Mwongozo (Code of Governance for State Corporations), 2015.

In the circumstances, the effectiveness of the governance structures in the Authority could not be confirmed.

2. Lack of Board Committees Charter

During the year under review, the Board of Directors established three (3) Board Committees namely; Audit Committee, Finance and Human Resource Committee and Projects and Planning Committee. The Audit Committee had developed a draft charter which had not been approved by the full Board. However, the Finance and Human Resource Committee and the Projects and Planning Committee did not have an approved committee charter.

In the circumstances, the effectiveness of the governance structures in the Authority could not be confirmed.

3. Lack of Relevant Qualifications and Expertise in Audit Committee

The audit committee for the Authority comprised of four members. However, none of the members had relevant qualifications and expertise in audit, financial management, or accounting and with experience and knowledge in risk management and a member of a

professional body in good standing. This was contrary to Section 3.4 of the Mwongozo (Code of Governance for State Corporations), 2015 which provides that the Board should ensure that at least one member of the audit committee has relevant qualifications and expertise in audit, financial management, or accounting and with experience and knowledge in risk management and a member of a professional body in good standing.

In the circumstances, the effectiveness of the governance structures in the Authority 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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

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

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

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

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

Because of its inherent limitations, internal 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 policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Authority's ability to 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 sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 April, 2024

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

Income	Notes	2022/2023	2021/2022
		Kshs	Kshs
Revenue from Non-Exchange Transactions			
Transfers from Other Governments entities	5	226,030,001	257,680,000
Public Contributions and Donations	6 a	25,155,482	26,145,199
MISHDP Phase 11	6 b	6,740,268	-
		257,925,751	283,825,199
Revenue From Exchange Transactions			
Other Income	7	14,319,158	10,343,439
		14,319,158	10,343,439
Total Revenue		272,231,509	294,168,638
Expenses			
Employee Costs	8	204,009,730	191,737,694
Depreciation and Amortization Expense	9	32,634,225	21,048,123
Board Expenses	10	18,747,990	15,847,718
Project Expenses	11	29,351,947	20,427,973
Repairs and Maintenance	12	4,471,978	9,242,558
Grants and Subsidies	13	31,895,750	26,145,199
General Expenses	14	53,696,325	49,914,604
Audit Fee	15	656,000	-
Provision for court award	30	124,000,000	-
Total Expenses		499,463,945	334,363,869
Other Gains/(Losses)			
Surplus Before Tax			
Taxation			
Surplus/Deficit for the Period		(227,219,036)	(40,195,230)
Remission to National Treasury			-
Net Surplus/Deficit for the year		(227,219,036)	(40,195,230)

Attributable to:

Surplus/Deficit attributable to Minority Interest			
Surplus/Deficit attributable to Owners of Controlling Entity		(227,219,036)	(40,195,230)


The notes set out on pages 7 to 26 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

Accounting Officer


Mohamed Keinan Hassan Ph.D. OGW

Head of Finance


Pamela Maghema Ngure
ACCA 0154416
ICPAK Member Number

Chairman of the Board


Mzee Mwinyi Mzee

Date 27/03/2024

Date 27/03/2024

Date 27/03/2024

15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	2022/2023	2021/2022
		Ksh	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	16	385,897,405	265,714,033
Bank Guarantee- NBK Main	17	-	50,232,467
Receivables from Exchange Transactions	18	34,250,198	20,519,614
Receivables from Non-Exchange Transactions	19	45,637,012	42,307,754
Inventories	20	1,890,082	4,135,371
Community Projects/Work in Progress	21	621,594,700	759,070,171
Total Current Assets		1,089,269,396	1,141,979,410
Non-Current Assets			
Biological Assets	22	1,895,000	2,195,000
Property, Plant and Equipment	23	714,129,190	558,593,478
Total Non-current Assets		716,024,190	560,788,478
Total Assets		1,805,293,587	1,702,767,888
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	24	38,073,893	28,316,714
Trade and Other Payables from Non-Exchange Transactions	25	10,300,239	13,029,549
Deferred Income	28	737,625	25,174,913
Employee Benefit Obligation	26	5,833,762	5,567,831
Total Current Liabilities		54,945,519	72,089,007
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	27	14,667,534	10,539,399
Provision for Audit Fees	29	3,280,000	2,624,000
Provision for Court awards	30	124,000,000	-
Total Non-current Liabilities		141,947,534	13,163,399
Total Liabilities		196,893,052	85,252,406
Net Assets		1,608,400,534	1,617,515,483
Development Grants		2,445,412,168	2,115,667,433
Reserves		342,786,314	342,786,314
Accumulated Deficit		(982,904,895)	(755,685,859)
Total Net Assets and Liabilities		1,805,293,587	1,702,767,888

Coast Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2023

The Financial Statements set out on pages 1-6 were signed on behalf of the Board of Directors by:



Mohamed Keinan Hassan
Accounting Officer

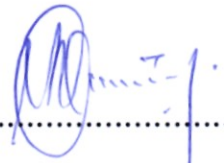
Date 27/03/2024



Pamela M. Ngure
Head of Finance

ACCA 0159416
ICPAK Member Number

Date 27/03/2024



Mzee Mwinyi Mzee
Chairman of the Board

Date 27/03/2024

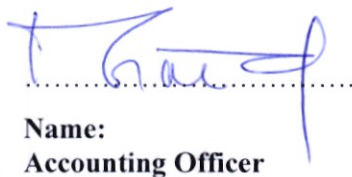
16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Revaluation Reserves	Fair Value Adjustment	Capital /Development Grants	Retained Earnings	Total
	Kshs		Kshs.	Kshs.	Kshs.
Balance as at 30 June 2021	342,786,314	-	2,008,489,342	(710,779,860)	1,640,495,796
Deficit for the Year	-	-	-	(40,195,230)	(40,195,230)
Transfers to/from Accumulated Deficit	-	-	-	(4,710,769)	(4,710,769)
Opening Balance Adjustments	-	-	-	-	-
Net GOK Grants	-	-	220,108,000	-	220,108,000
Adjustments to WIP	-	-	(112,929,909)	-	(112,929,909)
As at 30 June 2022	342,786,314	-	2,115,667,433	(755,685,859)	1,702,767,888
Balance as at 30 June 2022					
Deficit for the Year				(227,219,036)	(227,219,036)
Transfers to/from Accumulated Deficit				-	-
WIP Capitalised			(106,270,290)		(106,270,290)
Net GOK Grants			164,479,915		164,479,915
MISHDIP Grants			271,535,110		271,535,110
As at 30 June 2023	342,786,314		2,445,412,168	(982,904,895)	1,805,293,587

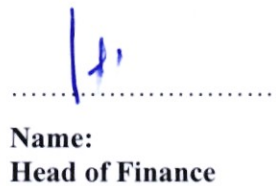
17. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2022/2023	2021/2022
			Kshs
Cashflow from Operating Activities			
Receipts			
Transfer from Government Entities	5	226,030,001	257,680,000
Public Contribution and Donation	6 a	25,155,482	26,145,199
MISHDP phase 11	6 b	6,740,268	-
Other Income	7	14,319,158	10,343,439
Total Receipts		272,244,909	294,168,638
Payments			
Employee Costs	8	204,009,730	191,737,694
Board Expenses	10	18,747,990	15,847,718
Use of Goods and services	11	29,351,947	20,427,973
Repairs and Maintenance	12	4,471,978	9,242,558
Grants and Subsidies	13	31,895,750	26,145,199
General Expenses	14	53,696,325	49,914,604
Total Payments		342,173,720	313,315,746
Net Cash Flow from Operating Activities		(69,928,811)	(19,147,107)
Cashflow From Investment Activities			
Provision for contingent Asset	17	-	(50,232,467)
Purchase of Biological Assets	22	300,000	(115,000)
Purchase of PPE and Intangible Assets	23	(143,932,552)	(269,871,195)
Provision for Audit Fees		-	(2,624,000)
Net Cash Flow from Investing Activities		(143,632,552)	(322,842,662)
Cashflow from Financing Activities			
Proceeds from Borrowing		-	-
Work in Progress - Capitalized		(106,270,290)	(112,929,909)
GOK Development Grants		164,479,915	220,108,000
MISHDP Phase 11		275,535,110	-
Net Cash Flow from Financing Activities		333,744,735	107,178,091
Net Increase/Decrease in Cash and Cash Equivalent		120,183,372	(234,811,679)
Cash and Cash Equivalent at 1 July	16	265,714,033	500,525,712
Cash and Cash Equivalent at 30 June	16	385,897,405	265,714,033

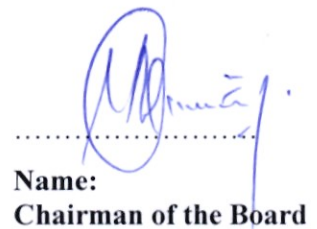
The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


 Name:
 Accounting Officer

Date 27/03/2024


 Name:
 Head of Finance

ICPAK M/No:
 ACCA 0159416
 Date 27/03/2024


 Name:
 Chairman of the Board

Date 27/03/2024

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance	Performance
					difference	difference
					(Budget – Actual)	(Budget – Actual)
a	b	c=(a+b)	d	e=(c-d)	F=e/c*100	
Amounts in Ksh '000	Kshs (000)	Kshs (000)	Kshs (000)	Kshs (000)	Kshs (000)	%
Revenue	-	-	-	-	-	-
Public Contributions and Donations	31,895,750		31,895,750	31,895,750	0	-
Transfer from Government Grants and Subsidies	226,030,001		226,030,001	226,030,001		-
Other Income	18,000,000		18,000,000	14,319,158	(3,680,842)	20.45%
Finance Income					0	0
Total Income	275,925,751		275,925,751	272,231,509	(3,680,842)	
Expenses						
Employee Costs	192,333,000		192,333,000	204,009,730	(11,676,730)	-6.%
Remuneration of Directors	13,435,000		13,435,000	18,747,990	(5,312,990)	-40%
Repairs and Maintenance	5,994,000		5,994,000	4,471,978	1,522,022	25%
Depreciation Amortization	14,835,000		14,835,000	32,634,225	(17,799,225)	-120%
Other Expenses	31,510,670		31,510,670	207,704,272	(176,193,602)	-559%
Grants and Subsidies	31,895,750		31,895,750	31,895,750	0	0.00
	-		-	-	-	-
Total Expenditure	275,925,751		275,925,751	499,463,945	(223,538,194)	0
Deficit for The Period				(227,219,036)	(227,219,036)	
Capital Expenditure						

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Authority is established by and derives its authority and accountability from the Act of Parliament Cap 449 No. 20 of the laws of Kenya in 1990 and the State Corporations Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is implementing sustainable integrated development.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions.

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, CDA Act (and International Public Sector Accounting Standards (IPSAS)). The accounting policies adopted have been consistently applied to all the years presented.

The Cash Flow Statement is prepared using the direct method.

3. Summary of Significant Accounting Policies

a) Revenue recognition

(i) Revenue from Non-Exchange Transactions-IPSAS 23

• Exchequer Allocations

The Authority recognizes revenue from exchequer allocation when the monies are received and asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and fair value of the asset can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

• 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.

(ii) Revenue from Exchange Transactions-IPSAS 9

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority. There was no tender sales revenue for the year under review.

b) Budget Information - IPSAS 24

The annual budget is prepared on a cash basis, that is, all planned costs and income are presented as per the economic line classification to determine the needs of the Authority. As a result of the adoption of the cash basis for budgeting purposes, there

are timing differences to include in the reconciliation between the actual comparable amounts and the amounts presented as separate additional financial information in the comparison of budget and actual amounts.

c) Intangible Assets - IPSAS 31

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.

d) Provisions - IPSAS 19

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, 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.

e) Contingent Liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority; or a present obligation that arises from past events, but is not recognized because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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.

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.

f) Changes in Accounting Policies and Estimates - IPSAS 3

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.

g) Employee Benefits - IPSAS 25

• Retirement Benefits Plans

The Authority operates a retirement benefit scheme for all its permanent and pensionable employees. Further, an amount equivalent to 31 per cent of basic salary

has been set aside as gratuity for all employees on contract. The Authority's contribution towards employee pension scheme and staff gratuity for employees on contract are charged to the statement of financial performance in the year to which the employees rendered their services to the Authority.

h) Related Parties - IPSAS 20

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 members including the board chairperson.

i) 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.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) 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, Bank account balances include amounts held at various commercial banks at the end of the financial year.

k) Significant Judgments and Sources of Estimation Uncertainty – IPSAS 1

In preparing the financial statements in conformity with IPSAS, management makes estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities, and the related disclosures, presented in the financial statements at the end of the reporting period. Use of available information and the application of judgment is inherent in the formation of estimates.

Actual results in the future could differ from these estimates, which may be material to the annual financial statements. Significant judgments include: Leave provision, useful lives and depreciation methods and asset impairment. Notes relating to the subject are included under the affected areas of the financial statements.

l) 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 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 (IPSAS 3)

m) Useful Lives and Residual Values of Non-Current Assets

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 of technology and processes;
- The nature of the processes in which the asset is deployed;
- Availability of funding to replace the asset; and
- Changes in the market in relation to the asset

The various classes of assets, their useful lives and depreciation rate is indicated below:
The method of depreciation and amortization used is reducing balance.

Asset Class	Useful Life (Yrs.)	Depreciation Rate %
Motor vehicle	4	25
Office equipment	8	12.5
Computer equipment	3	33.3
Furniture and fittings	8	12.5

n) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

- Provisions are recognized when;
- A reliable estimate can be made of the obligation.
- It is probable that an outflow of resources embodying economic benefits of service.
- Potential that the Authority will be required to settle the obligation.
- The Authority has a present obligation resulting from a past event.

The provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate or reversed if it is no longer probable and that an outflow of resources embodying economic benefits or services potential will be required to settle the obligation. Employees' entitlement to annual leave is recognized when it accrues. A provision is made on the estimated liability for annual leave as a result of services rendered by the employees up to the amount of obligation.

4. Exchequer Transfers- Development

Description	2022/2023	2021//2022
	Ksh	
Quarter 1	41,000,000	65,054,000
Quarter 2	-	-
Quarter 3	4,600,000	-
Quarter 4	390,415,025	155,054,000
Total Exchequer	436,015,025	220,108,000

5. Exchequer Transfers- Recurrent

Description	2022/2023	2021//2022
	Ksh	Ksh
Quarter 1	56,507,501	94,420,000
Quarter 2	56,507,500	54,420,000
Quarter 3	56,507,500	54,420,000
Quarter 4	56,507,500	54,420,000
Total Exchequer	226,030,001	257,680,000

6. a) Public Contributions and Donations

Description	2022/2023	2021/2022
	Kshs	Kshs
Kenya Climate Change Adaptation Program	662,642	3,928,526
KWSCRIP Mwache	24,492,839	22,216,672
Total Transfers and Sponsorships	25,155,481	26,145,199

b. Public Contributions and Donations

Description	2022/2023	2021/2022
	Kshs	Kshs
MISHDP-Phase 11	6,740,268	-
Total	6,740,268	-

7. Other Income

This is revenue from the income generating projects for the Authority

	2022/2023	2021/2022
	Ksh	Ksh
Wananchi Cottages	6,905,786	156,357
Coral Block	2,998,073	6,698,552
Water Boozer	-	-
Other Incomes	1,730,702	572,780
Disposal of assets	-	-
IFPP	2,684,597	2,915,750
Total	14,319,158	10,343,439

8. Employee Costs

	2022/2023	2021/2022
	Ksh	Ksh
Staff Costs		-
Funeral Expenses	62,600	138,000
Group Personal Accident	-30,860	593,574
Group Life	-	723,116
Medical	22,761,016	24,815,196
NSSF Expenses		-
Group Personal Insurance	-	973,154
Pension Trustee		-
Personal Emoluments	162,228,091	147,192,876

Staff Policies & Reports	1,220,451	448,750
Staff Welfare		-
Subscriptions to Professional Bodies	284,467	255,020
Training	2,148,341	4,580,868
Travelling & Accommodation	6,161,570	6,209,918
Stipend Allowance	-	-
Wages	8,491,750	5,807,221
Work Men Compensation	682,304	-
Total	204,009,730	191,737,694

9. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	Kshs	Ksh
Property, Plant and Equipment	32,634,225	21,048,123
Intangible Assets		
Investment Property Carried at Cost		
Total Depreciation and Amortization	32,634,225	21,048,123

10. Board Expenses

Description	2022/2023	2021/2022
	Kshs	Ksh
Chairman's Honoraria	960,000	707,098
Other Allowances	17,787,990	15,140,620
Total Director Emoluments	18,747,990	15,847,718

11. Project Expenses

Description	2022/2023	2021/2022
	Ksh	KShs
Wananchi Cottages	9,245,138	3,667,205
Coral Block	3,614,215	9,966,756
Kazi Kwa Vijana (KKV)	-	-

Samburu Ranch	1,888,858	2,765,948
Water Boozer	-	212,389
IFPP	14,514,386	3,684,295
Shimoni	89,350	131,380
Total Project Expenses	29,351,947	20,427,973

12. Repairs and Maintenance

Description	2022/2023	2021/2022
	Kshs	Ksh
Property	-	4,580,914
Investment Property–Earning Rentals		
Equipment and Machinery	171,008	162,645
Vehicles Maintenance	3,934,701	3,672,534
Furniture and Fittings	-	-
Computers and Accessories	366,269	826,465
Total Repairs and Maintenance	4,471,978	9,242,558

13. Grants and Subsidies

Description	2022/2023	2021/2022
	Kshs	Kshs
Kenya Climate Change Adaptation Program	662,642	3,928,527
KWSCRMP Mwache	24,492,839	22,216,672
Malindi Integrated Social Health Development Programme- Phase 11	6,740,268	-
Special Programs		-
Kenya Coastal Development Programme		-
Total Grants and Subsidies	31,895,750	26,145,199

14. General Expenses

	2022/2023	2021/2022
	Kshs	Kshs
Admin Costs	6,181,852	2,760,775
Electricity and Water	1,305,353	1,727,971
Insurance	4,519,789	1,657,307
Publicity and Advertisements	1,455,678	1,512,882
Internet	1,752,998	1,167,256
General Office Supplies	943,293	2,024,497
Postage	61,802	138,471
Stationery	1,440,360	798,059
Telephone Expenses	1,713,268	1,353,180
Legal & Professional Charges	14,472,040	906,111
ISO Audit	476,270	436,020
Transport & Operation	275,136	833,758
Bank Charges	161,833	1,607,912
Land Rates	459,921	2,967,230
Monitoring & Evaluation	1,007,688	1,718,467
Reports	2,056,500	664,050
Work Environment	1,284,044	1,800,495
Finance & Stewardship	2,317,920	6,974,980
Corporate Social Responsibility	-	237,500
Project Concept	66,000	389,995
County Coordination	672,948	1,046,588
Tender Evaluation	-	992,390
Official Entertainment	1,783,266	-
Regional Planning & Coordination	1,484,461	8,766,215
Strategic Planning Implementation	3,996,404	3,174,961
Performance Contracting	297,201	551,240
Budgeting	2,732,410	2,421,230
Competence Development	104,000	658,669
Stamp Duty	-	593,574
Sanitary Supply	53,890	32,820
Asset Impairment	620,000	-
Total General Expenses	53,696,325	49,914,604

15. Audit Fees

Description	2022/2023	2021/2022
	Kshs	Kshs
Audit Fees	656,000	-
Total Audit Fees	656,000	

16(a) Cash and Cash Equivalent

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Account	385,885,945	265,403,012.62
Cash on Hand	11,460	280,204.40
MPESA Paybill	-	30,815.62
Total Cash and Cash Equivalents	385,897,405	265,714,032.64

(b) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account No	2022/2023	2021/2022
a) Current Account		Kshs	Kshs
Barclays Coral Block	2022577967		-
Barclays Coral Block B	2024191144	7,924.25	33,124.25
Barclays Wananchi Cottages	2024191047	1,076,332.55	36,828,.70
Equity Bank-KWSCRIP	1560267200967	947,099.87	23,928,903.38
Equity Kilifi	1060299686735	1,221,329.65	3,171,554.70
KCB Kenya Climate Change	1166235319	548,496.13	368,900.28
KCB Main Account	1166235173	6,456,325.05	787,870.51
KCB Try Sq Farms	1105622029	98,557.98	76,410.98
NBK -Malindi Integrated Project	01002009182400	74,017.65	83,857.65
NBK -Malindi Integrated Project Phase II	01071247283300	257,069,002.40	0.00
NBK Development	01002008243100	118,292,626.07	236,703,180.34
NBK EEZ Project	01002008243101	28,192.00	35,646,.05
NBK FFS	01002057026205	13,346.73	142,310.73
NBK FFS RH	01002057026208	33,105.05	34,425.05
NBK Main Account	01004007563400	19,588.53	0.63
Sub Total		385,897,405.21	265,403,012.62
b) Others (specify)			
Cash Account-Wananchi Cottages	n/a	-	19,660.40
Cash Account KCB Main	n/a	11,460.9	251,544
Mpesa Paybill Account		-	30,815.62
Cash Account - Development		-	-
Cash Account – Coral Block		-	9,000
Sub Total		11,460.90	311,020.02
Grand Total		385,897,405.21	265,714,033.27

Cash and cash equivalents are measured at fair value. The carrying amount approximates fair value due to the short period to maturity. Cash and cash equivalents comprise cash at bank.

17. Bank Guarantee

Description	2022/2023	2021/2022
	Kshs	Kshs
Bank Guarantee	-	50,232,467
Total	-	50,232,467

18. Receivables from Exchange Transactions

Receivables From Exchange Transactions	2022/2023	2021/2022
Current Receivables	Kshs	Kshs
Wananchi Cottages Receivables	3,181,468	4,608,818
Coral Block Receivables	1,424,400	1,424,400
Total Current Receivables	4,605,868	6,033,218
Other Staff Receivables	504,023	529,726
Staff Telephone		-
Pension Everestina Nyambu		-
VAT-CDA		-
Staff Advances		-
Service Deposits	29,140,307	13,956,670
Less Impairment Allowance		
Current Portion Transferred to Current Receivables		
Total Non-Current Receivables	29,644,330	14,486,396
Total Receivables	34,250,198	20,519,614

19. Receivables from Non-Exchange Transactions

Description	2022/2023	2021/2022
Non-Current Receivables	Kshs	Kshs
Imprests Outstanding	37,350,343	34,725,134
Claims Reg CDA Main	3,526,300	2,245,825
Other Advances CMDP	-	1,655
Advances to other RDA's	123,734	123,734
Advance to MRD	510,336	510,336
Pambazuko Dev Co	1,018,317	1,018,317
Pledges	6,132	6,132
Ukunda Showground	1,756,136	1,756,136
Staff Advances	1,345,709	1,920,485
MISHDP		-
PAYE		-
UNION		-
Govt Grants Receivables		-
		-
Total Current Receivables	45,637,012	42,307,754

20. Inventories

Description	2022/2023	2021/2022
	Kshs	Kshs
Consumable Stores	1,890,082	4,135,371
Medical Supplies		-
Coral Block		-
Slates		-
Total inventories at the lower of cost and net realizable value	1,890,082	4,135,371

21. Community Projects

	2022/2023	2021/2022
Community Projects /Work in Progress	Kshs	Kshs
Boji Irrigation Scheme	51,611,627	51,519,427
Project Account – AbaQ Qiiq Dam	73,346,713	73,346,713
Integrated Community Enterprise: Coral Block Cutting	8,268,956	8,268,956
Wananchi Cottages – Building		106,270,290
Integrated Fruit Processing	-	-
Lake Challa	161,431,076	187,383,322
Livestock Development		-
Malindi Integrated Project	6,885,659	6,885,659
Milk Cooling Plant	1,488,207	1,488,207
ASK Show	6,842,203	-
Minor Irrigation- Chakama	122,016,737	128,048,498
Mwache Dam	-	-
Mariakani Milk Scheme	8,211,693	8,211,693
Drought Mitigation Programme	161,081,889	187,647,406
Chakama	20,229,230	-
MISHDP	-	-
Total Community Projects	621,594,700	759,070,171

22. Biological Assets

Description	2022/2023	2021/2022
Biological Assets	1,895,000	2,195,000
Total Biological Assets	1,895,000	2,195,000

23. Property Plant and Equipment

CDA ASSET MOVEMENT SCHEDULE AS AT 30TH JUNE 2023

ASSET CLASS	LAND	BUILDINGS	COMPUTER / PHOTOCOPIER	FURNITURE & FITTINGS	PLANT & EQUIPMENT	M/VEHICLE	TOTAL (KSHS)
DEPRECIATION RATE IN %	1%	2%	30%	12.5%	12.5%	25%	
BAL B/D 30.6.2022 (COST)	334,580,485	148,769,746	24,889,462	21,256,333	99,826,793	26,694,500	656,017,320
ADDITIONS	-	56,685,005	3,073,526	2,472,207	18,696,049		84,467,188
SOFTWARES (ERP)	-	-	4,513,271	-	-	-	4,513,271
Write offs FULLY DEPRECIATED	-	-	(4,140,013)	(8,661,193)	2,119,383	(20,834,500.00)	(35,755,089)
W.I.P Capitalized	-	106,270,290	-	-	-	-	106,270,290
LESS WORK IN PROGRESS		-		-			-
BAL.30.6.2023(COST)	334,580,485	311,725,041	28,511,800	15,067,347	116,403,459	5,860,000	811,972,578
DEPRECIATION							-
BAL.30.6.2022 (ACC DEP)	-	20,651,611	12,880,485	1,059,826	33,359,562	24,351,575	92,303,059
Write offs FULLY DEPRECIATED	-	-	(4,140,013)		(2,119,383)	(20,834,500)	(27,093,896)
Adjustments	-	-	-		-		-
CHARGE FOR THE YEAR	-	6,234,500.82	8,500,873.75	2,328,107	14,550,432	1,465,000	32,634,225
BAL.30.6.2023(ACC DEP)	-	26,886,112	17,241,346	3,387,933	45,790,611	4,982,075	97,843,388
NBV AS AT							-
30.6.2023	334,580,485	284,838,929	11,094,900	12,124,103	70,612,848	877,925	714,129,190
30.6.2022	334,580,485	128,118,136	12,184,529	15,092,833	66,274,619	2,342,925	558,593,528

24. Trade and Other Payables from Exchange Transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Trade payables	38,073,893	28,316,714
Total Accounts Payable	38,073,893	28,316,714

Trade payables represent outstanding payments to suppliers for goods and services consumed during the year under review

25. Trade and Other Payables from Non-Exchange Transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Provision for Bad & Doubtful Debt	2,774,453	2,774,453
Wetland Lagoon	2,440,146	2,440,146
VAT	2,295,598	2,295,597
Staff Claim Refunds	-	-
Imprest	-	-
Amedo Hire Purchases	-	-
Farmers Rev Fund Kilifi & Taita	-	105,310
MISHDP	2,790,043	2,790,043
Claim	-	-
Provision for Audit Fees	-	2,624,000
Total Trade and Other Payables from Non-Exchange Transactions	10,300,239	13,029,549

26. Employee Benefit Obligation

	2022/2023	2021/2022
	Kshs	Kshs
CDA Sacco	717,336	584,689
CDA Staff Welfare	42,500	40,500
CIC Insurance	0	0
DPM Dues	0	207,399
Group Life and Accident	0	
HELB	34,916	44,916
ICEA Endowment Plan	0	63,644
KUFCAW	8,263	4,863
Pension 20%	1,550,255	1,468,579
Salary Control	0	13,510
Training Levy	862,905	787,805
Ukulima Sacco	0	26,419
NSSF	347,364	70,400
NHIF	199,400	212,200
COTU	0	-

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PAYE	2,030,823	1,962,907
Voluntary Pension	40,000	80,000
Total Employee Benefit Obligation	5,833,762	5,567,831

The entity operates a defined benefit scheme for all full-time employees from July 1, 2012. The scheme is based on 7.5% percentage of salary of an employee contribution and 15% employer contribution. The liability at the end of the year is **Ksh 1,550,255**

The entity also contributes to the statutory National Social Security Fund (NSSF).

27. Non-Current Employee Benefit Obligation

Non-current employee benefit obligation	2022/2023	2021/2022
	Kshs	Kshs
Service Gratuity		-
Service Gratuity: Abdalla Lugogo		-
Service Gratuity 31%	14,667,534	10,539,399
Service Gratuity 31%Account		
Total Non-Current Employee Obligation	14,667,534	10,539,399

28. Deferred Income

Description	2022/2023	2021/2022
	Kshs	Kshs
National government		
International funders		
Public contributions and donations	737,625	25,174,913
Total Deferred Income	737,625	25,174,913

29. Provision for Audit Fees

Description	2022/2023	2021/2022
	Ksh	Ksh
Provision as at 30 June 2023	3,280,000	2,624,000

30. Provisions

Provisions For Court Award - Endebess

Description	Pending Legal suits	Total Kshs
	Ksh	Ksh
Total provision as at 30 June 2023	124,000,000	124,000,000

Coast Development Authority (CDA) was sued in Mombasa High Court Civil Suit number 11 of 2017, Endebess Development Company Limited Versus Coast Development Authority. The suit was determined in favour of the plaintiff, Endebess Development Company Limited, wherein Coast Development Authority was condemned to pay Kshs.62,000,000/= plus interest thereon. When the judgment was delivered our advocates observed the judgment was unfair and we had good grounds for appeal. Acting on the advice of our advocates and the instructions from the Board of Directors, we appealed against the judgment of the court in Mombasa Court of Appeal Civil Appeal No. E3 of 2020, Coast Development Authority Versus Endebess Development Company Limited. However the court of appeal upheld the ruling of the High Court .CDA is expected to settle Ksh 62 Million plus 10 % interest per year totalling to Ksh 124Million

31. Financial Risk Management

The Authority's activities expose it to a variety of credit and liquidity risks. The overall risk management programme focuses on the unpredictability of the market and seeks to minimize potential adverse effects on its operations. The Authority regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the direct supervision of the Board. The Board provides policies for overall risk management, as well as policies covering specific areas such as interest rate risk, credit risk and liquidity risk

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Authority.

Credit risk arises from bank balances, receivables and amounts due from related parties. Although this risk is unlikely to occur in the short term, it is mitigated as follows:

Cash and short-term deposits are placed with well-established financial institutions of high quality and credit standing and also approved by the NT;

Credit risk with respect to accounts receivable is limited due to the nature of the Authority's business and its reliance on government grant as the main source of funding. Market risk is the risk that the value of an investment will decrease due to changes in market factors. The above stated mitigating factors apply to market risk as well.

The amount that best describes the Authority's exposure to credit risk at the end of the financial year is as follows:

Description	2022/2023	2021/2022
	Ksh	Ksh
Cash at Bank	385,897,405	265,714,033
Prepayments	20,596,885	13,956,670
Staff Travel Imprests	36,419,282	34,725,134
Salary Advances	1,345,709	1,920,485
Total Credit Risk	444,259,281	316,316,322

(ii) Liquidity Risk Management

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations when they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of damaging the Authority's reputation.

The Authority ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the Authority.

The amounts that best describes the Authority's exposure to liquidity risk at the end of the quarter is made up as follows:

Description	2022/2023	2021/2022
	Ksh	Ksh
Contractors' retention	-	-
Withholding tax payable	-	-
Provisions for audit fee	656,000	656,000
Trade payables	38,073,893	28,316,714
Payroll liabilities	5,833,762	16,107,230
Total liquidity risk	44,563,655	45,079,944

(iii) **Foreign Currency Risk**

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

iv) **Capital Risk Management**

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2022/2023	2021/2022
	Kshs	Kshs
Revaluation reserve	342,786,314	342,786,314
Retained earnings	(982,918,295)	(755,685,859)
Capital reserve	2,445,412,168	2,228,597,342
Total funds	1,805,280,187	1,815,697,797
Total borrowings		
Less: cash and bank balances	385,897,405	265,714,033
Net debt/ (excess cash and cash equivalents)	n/a	n/a
Gearing	n/a	n/a

32. Related Party Balances

Nature of Related Party Relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties are;

- i) The National Government
- ii) The Parent Ministry
- iii) Key Management
- iv) Board of Directors
- v) Income Generating Projects
- vi) Donor's funding Projects (Mwache Dams, Kenya Climate Change Adaptation Programme)

	2022/2023	2021/2022
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to		
Sales of services		-
Total		-
b) Grants from the Government		
Grants from National Govt	390,509,916	437,788,000
Grants from Donor	271,537,109	
Donations in Kind		
Total	662,047,025	437,788,000
c) Expenses incurred on behalf of Related Party		
Payments of salaries and wages for employees		
Payments for goods and services for		
Total		
d) Key Management Compensation		
Chairman's' Honoraria	960,000	707,098
Compensation to the CEO	5,985,132	7,305,132
Compensation to Key Management	22,057,080	9,829,687
Other Directors Allowance/Emoluments	17,787,990	15,140,620
Total	46,790,202	38,097,702

33. Comparatives

Prior period comparative information has been presented in the current financial year. Where necessary, comparative figures have been adjusted to conform to changes in presentation of the current year.

34. Subsequent Events after the Reporting Period

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

35. Currency

The financial statements are presented in Kenya Shillings (Kshs).

20. APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR 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 External audit Report	Issues/Observations from Auditor	Management Comment	Focal Point Person to resolve the issue	Status:(Resolve/ Not Resolve)	Timeframe: Estimated date of resolution
<p>1.1 Inaccuracies in Statement of Financial Position</p>	<p>The statement of financial position reflects an amount Kshs 558,593,478 under Property, Plant and Equipment (PPE) and as disclosed in Note 24 to the financial statements, it includes an intangible asset item of software worth Kshs 5,906,151 which should have been disclosed separately as required as per the template prepared and prescribed by the Public Sector Accounting standards Board(PSASB). Additionally, it indicates a depreciation of 1% while the Authority's has no depreciation policy for land.</p>	<p>The depreciation rate of 1% on land appearing on note 24 was a typo since the Authority does not subject land to depreciation.</p> <p>On software, the depreciation amount was included in computer and photocopiers. However, in the subsequent years the same shall be disclosed separately</p>	<p>Pamela Maghema Ngure Director Corporate Services</p>	<p>Resolved</p>	<p>Awaiting recommendation from PIC</p>

<p>1.2 Inaccuracies in Statement of Changes in Net Assets</p>	<p>The statement of changes in net assets reflects transfer from unsupported or unexplained accumulated deficit of Kshs.4,710,769. Further it also reflects net GoK Grants of Kshs.220,108,000 received during the year under review Which has no disclosure note or supporting schedule. In addition, retained earnings is wrongly reflected as a surplus of Kshs 755,685,860 while the correct position is a deficit of Kshs 755,685,859.</p>	<p>The amount of Kshs. 4,710,769 appearing as Accumulated Deficits relates to prior year adjustment. •Note 5 of the net GoK Grants of Kshs.220,108,000 has been provide and the same shall be disclosed in the subsequent years. •The wrong reflection of Kshs.755,685,859 as surplus was corrected to reflect as deficit.</p>	<p>Pamela Maghema Ngure Director Corporate Services</p>	<p>Resolved</p>	<p>Awaiting recommendation from PIC</p>
<p>1.3 Inaccuracy in Statement of Cash Flow</p>	<p>i. Reconciliation of net cash flows from operating activities is not provided in the notes to the financial statements as per the template. ii. The statements of financial position reflect an amount of Kshs 558,593,478 under property, plant, and equipment and as disclosed in Note 24 to the financial statements</p>	<ul style="list-style-type: none"> The reconciliation of the net cash flow from operating activities was provided for in Note 33 of the Financial Statement The variance of Kshs.217,389,124 was as a result of increase in Work in Progress during the year on 	<p>Pamela Maghema Ngure Director Corporate Services</p>	<p>Resolve</p>	<p>Awaiting recommendation from PIC</p>

	<p>includes additions of Kshs 52,482,071, while the statement of cashflows reflects purchase of Property, Plant and equipment and intangible assets of Kshs 269,871,195, resulting to unexplained variance of Kshs 217,389,124.</p> <p>iii. Provisions for contingent assets and audit fees of Kshs.50,232,467 and Kshs.2,624,000 respectively and work in progress-write off of Kshs.112,929,909 are wrongly reflected as cash flows items yet provisions and write-offs do not involve actual cash flows.</p> <p>In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2022 could not be confirmed.</p>	<p>Community Projects highlighted in Note 22 of the Financial Statements.</p> <ul style="list-style-type: none"> • The Contingent Asset of Kshs. 50,232,467 relates to funds transferred from Authority’s account to National Bank of Kenya Savings account to serve as Bank Guarantee to a then pending law suit. • On Audit fees provision of Kshs.2,624,000, the amount was cash related since the amount was to be incurred in cash. The Write off of Kshs. 112,929,909 on Work in 			
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		Progress were expenditures that were incurred in cash.			
2.0 Variances between ledger and the statement of financial performance	<p>Variances between ledger and the statement of financial performance</p> <p>Review of the statement of financial performance reflects variances between financial statements and the general ledgers presented for audit as detailed below:</p> <p>i)Revenue from Non-Exchange Transactions Ledger Balance 292,825,199 Financial Statement Balance is Kshs.283,825,191 variance of Kshs.9,000,000</p> <p>ii)Employee Costs Ledger Balance Kshs. 191,103,034. Financial Statement Balance Kshs. 191,737,694 Variance of Kshs.634,660</p> <p>iii)Board Expenses Ledger Balance Kshs. 20,962,883 Financial Statement Balance Kshs.15,847,718 Variance Kshs. 5,115,165</p>	<p>The variances highlighted were misposted expenses as follows:</p> <p>i)Employee cost variances of Kshs. 634,660 was for staff travelling expenses.</p> <p>ii)Board Expense variance of Kshs. 5,115,165 were other assorted expenses.</p> <p>iii)Project expenses variance were amendments related to Wananchi Cottages</p>	Pamela Maghema Ngure Director Corporate Services	Resolve	Awaiting recommendation from PIC

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	<p>iv)Project Expenses Ledger Balance Kshs.20,333,943 Financial Statement Balance Kshs. 20,427,973 variances Of Kshs. 94,030. No reconciliation was provided for the variances. In the circumstances, the propriety of the balances as reflected in the financial statements for the year ended 30 June ,2022 could not be confirmed</p>				
<p>3.0 Unsupported Expenditures 3.1 Provision of Internet Services</p>	<p>The statement of financial performance reflects general expenses of Kshs.49,914,604 which include Kshs.1,167,256 in respect of provision of internet services as disclosed in Note 14 to the financial statements. However, the engagement of the service provider was not supported with procurement documents on sourcing and contracting.</p>	<p>The Authority followed all the due procurement processes and forwarded all the support documents to the Office of the Auditor General for verification.</p>	<p>Pamela Maghema Ngure Director Corporate Services</p>	<p>Resolved</p>	<p>Awaiting recommendation from PIC</p>
<p>3.2 Board Expense</p>	<p>The statement of financial performance and Note 10 to the financial statements reflect Board expenses of</p>	<p>The initial board expense was Kshs.20,962,882. On the amended financial statement, the Board</p>	<p>Pamela Maghema Ngure Director Corporate Services</p>	<p>Resolved</p>	<p>Awaiting recommendation from PIC</p>

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	<p>Kshs.15,847,718 which include conference fees, travelling expenses and other expenses of Kshs.372,788, Kshs.1,272,800 and Kshs.3,183,275 respectively, all totalling Kshs.4,828,863 but which were not supported with expenditure schedules. In the circumstances, the regularity, accuracy and completeness of the provision of internet services amounts of Kshs 1,167,257 and Board expenses of Kshs 4,828,863 all totalling to Kshs.5,996,119 respectively for the year ended 30 June, 2022 could not be confirmed</p>	<p>expense was Kshs. 15, 847,718. The variance of Kshs. 5,115,165 was as a result of misposted expenditure that did not relate to the board and were transferred to their respective expense account. Annex. 5 Journal entries reflecting the changes</p>			
4.0 Disputed Land Ownership.	<p>The statement of financial position as at 30 June, 2022 and Note 24 to the financial statements reflect property, plant and equipment balance of Kshs.558,593,478 which includes Kshs.334,580,485 in respect of land. However, review of the Authority's assets register revealed that five (5) parcels of land had ownership disputes. Further,</p>	<p>The amount of Kshs. 1, 500,000 for parcel of land Kwale /Mwavumbo/169 is included in the amount of Land of Kshs. 334,580,485. For the other three (3) pieces of land, they were not included in the Financial Statement since the Authority does not have ownership documents</p>	Hafsa Thabit Legal Officer	Not Resolved	30 th March ,2024

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	<p>out of the disputed parcels of land, two parcels of land had a total value of Kshs 21,500,000 while no value was provided for three (3) of the parcels of land.</p> <p>In the circumstances, the ownership of land valued at Kshs.334,580,485 and the accuracy and completeness of property, plant and equipment balance of Kshs 558,593,478 as at 30 June ,2022 could not be confirmed</p>	<p>for these parcels of land due to court cases and disputes that relates to these parcels. The Authority is however in the process of solving these disputes and making follow ups on the court cases to bring these cases to conclusion</p>			
5.0 Board sitting Allowances	<p>The statement of financial performance and Note 10 to the financial statements reflect Board expenses of Kshs.15,847,718 which include sitting allowances of Kshs.6,345,400. However, review of the Authority's records revealed one (1) full board and thirteen (13) finance and establishment committee excess sittings, contrary to the provision of Circular No. OP/CAB,9/1A of March 11, 2020, Paragraph A (2) that provides that 'Board meetings shall be</p>	<p>The During the year under review, Finance and Human Resource Establishment committee of the board had extra sitting as a result of various recruitment process that were done during the year:</p> <ul style="list-style-type: none"> • Deputy Directors for Finance and Audit on 21st and 22nd December 2021 • Procurement officer and Office Administrators on 10th -11th May, 2022 	<p>Pamela Maghema Nguire Director Corporate Services</p>	<p>Resolved</p>	<p>Awaiting recommendation from PIC</p>

	<p>restricted to a minimum of four as provided in the State Corporations Act and capped at a maximum six (6) for each financial year, or as may be specified in the respective enabling legal instruments and the same principle shall apply to respective committees of the boards'. The excess sittings resulted to payment of sitting allowances of Kshs.240,000 and Kshs.1,040,000 for full board and finance and establishment committee respectively, all totaling Kshs.1,280,000. In the circumstances, the propriety of the expenditure on Board Expenses amounting to Kshs 1,280,000 could not be confirmed. In addition, management was in breach of the law. The audit was conducted in accordance with International Standards of Supreme Audit institutions (ISSAIs).</p>	<ul style="list-style-type: none"> Accountant officers on 12th May, 2022 <p>In regards to full board meetings, extra sittings were for special meetings that needed their attention..</p>			
<p>6.0 Budgetary control and performance</p>	<p>The statement of comparison of budget and actual amounts reflects final receipts and</p>	<ul style="list-style-type: none"> The underfunding was due to low performance by the 	<p>Pamela Maghema Ngure Director Corporate</p>	<p>Resolved</p>	<p>Awaiting recommendation from PIC</p>

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	<p>actual on comparable basis of Kshs 298,993,00 and Kshs 294,169,000. Respectively resulting in an over-funding of Kshs 4,824,000 or (2%). Similarly, the Authority expended Kshs 334,364,000 against an approved of Kshs 298,993,000 resulting in an over expenditure of Kshs 35,371,000 (or 11%) of the budget.</p> <p>The over-funding and over expenditure may lead to unapproved and un-budgeted expenditure.</p>	<p>income generating projects resulting to decrease in AIA during the year. That is:</p> <ul style="list-style-type: none"> ✓ Wananchi cottages was closed for modernization and ✓ The pulp processing at the Integrated Fruit Processing Plant was affected by delayed mango season due to prolonged drought. • The excess expenditure was due to expenditure relating to Wananchi cottages and Integrated Fruit Processing Plant budget that was under development. • On over-funding, these are funds for expenditure related to works in progress projects. These funds shall be utilized in the next financial year. 	Services		
7.0 Unauthorized transfer of funds	The statement of financial position reflects cash and cash equivalents balance of Kshs 265,714,033 which	In the case number MOMBASA HCC No. 11 of 2017 Endeless Development Company	Pamela Maghema Ngure Director Corporate Services	Resolved	Awaiting recommendation from PIC

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	<p>include NBK main account balance OF Kshs 0.63 as at the court case number, Mombasa HCC NO.11 of 2017 Endebeess Development company limited Vs coast Development Authority the bank account was attached, garnishee order, prohibiting the Authority from transacting in the account. However, during the year under review, a transfer of Kshs 51,720,468 was made from the account without express instructions from the Authority and against the court order. No explanation was provided for the transfer. In the Circumstances lawfulness of the transfer of Kshs 51,720,467 could not be confirmed and Management was in breach of the court order.</p>	<p>Limited Development Authority Vs Coast Authority where the CDA Main account number 01004007563400 was attached a garnishee order prohibiting transactions in the accounts. The authority however appealed against the same and applied for stay of execution of the judgment pending the hearing and determination of the appeal. The high Court conditionally granted the stay of execution whereat it ordered CDA to execute a bank guarantee for the decretal amount of Kshs 62 million. The Authority executed the bank guarantee in favour of Endebeess on 15th February, 2022 as approved by the board in the 90th Board Meeting held on 11th January, 2022 with the National Bank of</p>		
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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Project Code & Project Title	Financing			Timeline		Actual cumulative Exp. up to 30th June 2023		Outstanding projects cost as at 30th June 2023		Project completion % (Physical as at 30th June 2023)	REMARKS
						Gok	Foreign	Gok	Foreign		
1036104300 Integrated Fruit and Honey Processing	426	426	-	Jan-11	Jul-23	416	-	10	-	84%	Mango fruit processing line installed, Procurement of the pineapple line ongoing but delayed due as result of post Covid -19 effects on importation;
1036105600 Boji Farmers Irrigation Project	4,380	1,366	3,014	Jul-19	Jul-29	369	-	997	3,014	10%	Ongoing and implementation intended to increase food security in the areas with high food poverty rates;
1036105700 Wananchi Cottages in Kilifi County	416	416	-	Jul-19	Jun-24	276	-	140	-	83%	Ongoing
1036108000 Malindi Integrated Social Health Development Programme -Phase II	700	-	700	Jul-19	Jul-24	-	271	-	429	39%	Ongoing
Lake Challa/Mwaktau Water Resources Integrated Development Project	3,289	275	3,014	Jul-23	Jun-28	123	-	152	3,014	4%	Feasibility study conducted and several investors expressed interest;

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Project Code & Project Title	Financing			Timeline		Actual cumulative Exp. up to 30th June 2023		Outstanding projects cost as at 30th June 2023		Project completion % (Physical as at 30th June 2023)	REMARKS
Cashew Value Chain Revival Project	1,200	500	700	Jul-23	Jun-28	-	-	500	700	0%	Project planned to support cashew nut production and value addition to improve on local community standard of living
Mwache Multipurpose Dam Catchment	500	-	500	Jun-22	Jul-26	-	129	-	371	0%	WB funded project
Kishenyi Multipurpose Dam rehabilitation	300	300	-	Jul-19	Jul-26	-	-	300	-	0%	Intends to restore water dam capacity of 30,000m3 to support irrigation and domestic water supply
Dembwa Dam Multipurpose Dam	7,000	500	6,500	Jun-19	Jul-28	-	-	500	6,500	0%	project completion envisaged to increase water supply for irrigation, livestock and domestic use
Integrated Fish Resources Development Project (in Kilifi)	3,500	200	3,300	Jun-19	Jul-30	-	-	200	3,300	0%	Project planned to improve on sustainable utilisation of fish and fish related resources in Kilifi
CDA Complex development	600	100	500	Jun-23	Jul-26	-	-	100	500	0%	completion of the project will increase AIA for CDA

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Project Code & Project Title	Financing			Timeline		Actual cumulative Exp. up to 30th June 2023		Outstanding projects cost as at 30th June 2023		Project completion % (Physical as at 30th June 2023)	REMARKS
Integrated Community Livestock Development Project	1,500	500	1,000	Jun-23	Jul-26	-	-	500	1,000	0%	Project supports livestock rearing and value addition of the products;
Wundanyi_Mariakani Milk Processing development Project	245	245	-	Jun-14	Jun-24	10	-	235	-	4%	Wundanyi and Mariakani Milk cooling plants project stalled. The milk farmers experience a lot post harvest losses there is need to provide cooling centers for the dairy farmers
Promotion of Sustainable Mineral Exploration project	726	726	-	Jun-14	Jun-28	313	-	413	-	43%	Project stalled due to non allocation of funds to promote sustainable exploration of coral block, slates, gems
Coastal Region Catchment Restoration and Rehabilitation Programme	495	495	-	Jul-23	Jul-26	-	-	495	-	0%	Project is envisaged to promote food security, improve water supply, poverty reduction and sustainability amongst the food poor community in the region.

Coast Development Authority

Annual Reports and Financial Statements for the year ended June 30, 2023

Project Code & Project Title	Financing			Timeline		Actual cumulative Exp. up to 30th June 2023		Outstanding projects cost as at 30th June 2023		Project completion % (Physical as at 30th June 2023)	REMARKS
Marine Ecosystem Restoration and Livelihoods Improvement Project	406	406	-	Jul-23	Jul-26	-	-	406	-	0%	The project will support capacity building of youth and women on marine resource utilisation, value addition and promote tourism
Strategic Water Resources Development & Food Security Enhancement Project	538	538	-	Jul-23	Jul-25	60	-	478	-	11%	Project envisaged to increase water access to more tha 500 households

APPENDIX III: REPORTING ON CLIMATE RELEVANT EXPENDITURE

PROJECT NAME: KENYA CLIMATE CHANGE & ADAPTATION PROGRAMME (KCCAP)

KCCAP	
Bank Charges	1,065
Communication Costs	188,782
Erosion And Accretion Control	234,800
Maintenance Costs	204,395
Mangrove Rehabilitation: Planting Mangrove	33,600
TOTAL KCCAP	662,642

PROJECT NAME: THE KENYA WATER SECURITY & CLIMATE RESILIENCE PROJECT

MWACHE	
Administrative Costs:Banks Charges	4,441,397
Catchment Management Strategy	1,526,600
:Forest Cover Mwache Catchment	5,475,187
Information Dissemination:	14,000
:Land Use Improvement	830,079
Monitoring & Evaluation	705,250
SCMP Development	9,015,578
:Woodlot Demonstration Plots:	44,450
Marking & Pegging Of Reparian	2,440,298
TOTAL MWACHE	24,492,839

APPENDIX IV: INTER-ENTITY TRANSFERS



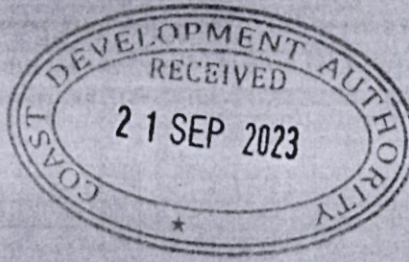
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MINISTRY OF EAST AFRICAN COMMUNITY (EAC), THE ASALs AND REGIONAL DEVELOPMENT

STATE DEPARTMENT FOR THE ASALs AND REGIONAL DEVELOPMENT

OFFICE OF THE PRINCIPAL SECRETARY

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Ref: RNC/D/ACC/RDA/2/ Vol.1 (28)

18th July, 2023

Managing Director
Coast Development Authority
P.O Box 1322-80100
Mombasa, Kenya

CONFIRMATION OF INTER ENTITY TRANSFER FOR FY 2022/2023

The State Department for Regional and Northern Corridor Development wishes to confirm the amounts disbursed to you as at 30th June, 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you have received and populate to column D in the table below please sign and stamp this request in the space provided and return it to us.

Table with 7 columns: Reference Number, Date Disbursed, Recurrent (A), Development (B), Total (C)=(A)+(B), Amount Received by CDA as at 30th June 2023 (D), Diff (E)=(D)-(C). Rows include various reference numbers and dates from 2022 to 2023.

Handwritten signature: DCS, Confirmation of the transfer

FT23160PX3L3	09.06.2023	18,835,833.00	-	18,835,833.00		
FT23174XBKYP	23.06.2023	18,835,833.00	-	18,835,833.00		
FT23062748R9	03.03.2023	-	4,600,000.00	4,600,000.00		
FT23068KR7CB	09.03.2023	-	124,247,572.50	124,247,572.50		
FT231154LM4G	25.04.2023	-	46,535,110.40	46,535,110.40		
FT231159FF7X	25.04.2023	-	100,752,427.50	100,752,427.50		
FT23180CK4TJ	29.06.2023	-	118,879,915.00	118,879,915.00		
TOTALS		226,030,000.00	436,015,024.90	662,045,024.90		

I confirm the amounts shown above are correct as of the date indicated and are included in the financial statements

Head of Accounting Unit
Coast Development Authority

Name PAMELA MAGHEHA Sign [Signature] Date 20th SEPTEMBER
NGURE 2023

[Signature]

Clara Mbau
FOR: PRINCIPAL SECRETARY