

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 21 FEB 2024	DAY: WED
TABLED BY:	Hon Naomi waqo, mp Deputy Majority Whip
CLERK-AT-THE-TABLE:	Fenlays muruki

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**BURA REHABILITATION DEVELOPMENT  
PROJECT**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**NATIONAL IRRIGATION AUTHORITY**



**PROJECT NAME: BURA REHABILITATION DEVELOPMENT PROJECT**

**IMPLEMENTING ENTITY: NATIONAL IRRIGATION AUTHORITY**

**PROJECT LOAN NUMBERS  
BADEA 331  
KUWAIT 752  
OPEC 1154 P**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30 JUNE 2023**

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

***Bura Rehabilitation Development Project***  
***Annual Reports and Financial Statements for the financial year ended June 30, 2023***

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**1. Acronyms and Glossary of Terms**

<b>NIA</b>	National Irrigation Authority
<b>NT</b>	National Treasury
<b>IPSAS</b>	International Public Sector Accounting Standard
<b>PFM</b>	Public Finance Act
<b>BADEA</b>	Arab Bank for Economic Development in Africa
<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>BRDP</b>	Bura Rehabilitation Development Project
<b>GOK</b>	Government of Kenya
<b>AG.</b>	Acting
<b>ENG.</b>	Engineer
<b>M &amp; E</b>	Monitoring and Evaluation
<b>CEO</b>	Chief Executive Officer
<b>CPA</b>	Certified Public Accountant
<b>ICPAK</b>	Institute of Certified Public Accountant Kenya
<b>PSASB</b>	Public Sector Accounting Standards Board
<b>IPC -</b>	Interim Payment Certificate
<b>FY</b>	Financial Year
<b>KSHS.</b>	Kenyan Shillings
<b>NO.</b>	Note Better
<b>B/F</b>	Brought Forward
<b>C/F</b>	Carried Forward
<b>BIS</b>	Bura Irrigation Scheme
<b>BAL</b>	Balance
<b>CO-OP</b>	Cooperative
<b>Comparative Year</b>	– Financial year preceding the current financial year

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

**Name:** The project's official name is Bura Rehabilitation Development Project (BRDP)

**Objective:** The key objective of the project is to increase the productivity of maize and other crops by improvement of Irrigation infrastructure and strengthening the operations and maintenance framework in Bura Irrigation and Settlement scheme, thereby contributing to raising the farmers' livelihoods in Bura scheme at large and overall increase in food security in Kenya.

**Address:** The project headquarters offices are in Nairobi city, Nairobi County, Kenya.  
The address of its registered office is:

**National Irrigation Authority  
Unyunyizi House, Second Floor,  
Lenana Road, Hurlingham  
P.O. Box 30372-00100  
Nairobi, Kenya**

The project also has an office as follows:

- Bura Site Office

**Contacts:** The following are the project contacts

Telephone: (254) -20-2711380/2711468

E-mail: [ceo@irrigation.go.ke](mailto:ceo@irrigation.go.ke)

Website: [www.irrigation .go.ke](http://www.irrigation.go.ke)

**Project Information and Overall Performance (Continued)**

**2.2 Project Information**

Project Start Date:	The project start date is 27 <sup>th</sup> May, 2013
Project End Date:	The project end date is 13 <sup>th</sup> December 2023
Project Manager:	The project manager is Eng. Joseph Karangu
Project Sponsor:	The project sponsor are OPEC ,BADEA ,KUWAIT fund /GoK

**2.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Water, Sanitation and Irrigation.
Project number	<b>KUWAIT 752/ OPEC1154P/ BADEA3530LA763</b>
Strategic goals of the project	The strategic goals of the project are as follows: Rehabilitation of irrigation works and provision of equipment, extension services and credit to allow reliable irrigation of 15000 acres.
Achievement of strategic goals	<b>Phase 1:</b> Construction of a submerged weir, diversion canal head regulator and siltation basin is at 98% completion  <b>Phase 2:</b> Construction and lining of connecting canal with discharge capacity of 11m <sup>3</sup> /sec and 26.3 km in length is at 50% completion.
Other important background information of the project.	The project has 3 major components <b>Phase 1:</b> Construction of diversion facilities at Korakora site, riverbank protection works and sedimentation basin. <b>Phase 2:</b> Construction and lining of connecting canal with discharge capacity of 11m <sup>3</sup> /sec and 25.3 km in length. <b>Phase 3:</b> Rehabilitation and lining of existing irrigation infrastructure.
Current situation that the project was formed to intervene	The project aimed at changing the irrigation scheme from pump-fed to gravity fed system to reduce the cost of operation and maintenance and ease irrigation of 15000 acres to enhance <ul style="list-style-type: none"> <li>i. Food and nutrition Security through Irrigation of food crops</li> <li>ii. Improved beneficiary income</li> <li>iii. Enhancing manufacturing through irrigation of industrial crops such as cotton and sunflower</li> </ul>
Project duration	<b>Phase 1:</b> The project civil works started on 27 <sup>th</sup> May 2013 and is expected to run until 13 <sup>th</sup> December 2023 While the design and consultancy commenced on 11 <sup>th</sup> July 2008 and is spread over the project period. <b>Phase 2 :</b> Construction and lining of canal by Tunasco/ Marfa /Marsh joint venture started on 10/03/2021 and was expected to be completed in October 2023. However, completion date was revised in Addenda 3 from 2/10/2023 to 20/12/2023

***Bura Rehabilitation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023***

**2.4 Bankers**

Cooperative Bank of Kenya

**2.5 Auditors**

The project is audited by Office of the Auditor General

**2.6 Roles and Responsibilities of people working on the project**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Eng. Charles Muasya	Ag. Chief Executive Officer	Over 20 years of experience in the development and management of irrigation schemes	Overall coordination of the project from December 19th ,2022.
Mr. Gitonga Mugambi, EBS	Chief Executive Officer (CEO)	Over 20 years of experience in the development and management of irrigation schemes	Overall coordination of the project upto November 30 <sup>th</sup> , 2022.
Eng. Loise Kahiga	Ag. Deputy General Manager (Irrigation and Infrastructure development services)	Over 10 years of experience in the development of irrigation infrastructure.	Coordination of Engineering matters on the project.
Eng. Joseph Karangu	Project Manager	Over 10 years' experience in dam and irrigation infrastructure construction.	Coordinating all technical matters of the project
Mr. Tirus Kabuthia	Project Accountant	Over 20 years in Financial management	Advising on project financial aspects.
M/s Patricia Siele	Procurement officer	Over 7 years of experience in procurement matters	Advising on procurement matters for the project.
Dr. Sebastian Mwarania	Team leader- Consultant	Over 20 years' experience on Rehabilitation and dam construction	Responsible for day to day implementation of the Project
Jullyanne Okello	M & E Officer	Over 15 years in project monitoring	Responsible for project monitoring and evaluation

*Bura Rehabilitation Development Project*  
*Annual Reports and Financial Statements for the financial year ended June 30, 2023*

**2.7 Funding summary**

**A. Sources of Funds**

The Project is for a duration of 10 years from 2013 to 2023 with an approved budget of \$ 118,893,500 equivalent to Kshs. 8,102,112,000 as highlighted in the table below:

Source of funds	Donor Commitment-		Amount received to date (30-06-2023)		Undrawn balance to date (30-06-2023)	
	<i>Donor currency \$ (000 )</i>	<i>KSh. (000)</i>	<i>Donor currency</i>	<i>KSh. (000)</i>	<i>Donor currency \$ (000)</i>	<i>KSh. (000)</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>( i )Loan</b>						
OPEC	6,000	611,734	5,534	571,145	466	40,589
BADEA	8,000	815,645	5,637	584,612	2,363	231,033
KUWAIT	21,840	1,375,920	7,320	687,171	14,520	688,749
<b>( ii ) Counterpart funds</b>						
Government of Kenya	83,053.50	5,298,813	43,075	4,036,049	39,978.5	1,262,764
<b>Total</b>	<b>118,893.50</b>	<b>8,102,112</b>	<b>61,566</b>	<b>5,878,977</b>	<b>57,327.5</b>	<b>2,223,135</b>



**B. Application of Funds**

Source of funds	Amount received to date (30 June 2023)		Cumulative Amount paid to date (30 June 2023)		Unutilised balance to date (30 June 2023)	
	<i>Donor currency \$ (000)</i>	<i>KSh. (000)</i>	<i>Donor cur- rency \$ (000)</i>	<i>KSh. (000)</i>	<i>Donor currency \$ (000)</i>	<i>KSh. (000)</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>( i )Loan</b>						
OPEC	5,534	571,145	5,534	571,145	-	-
BADEA	5,637	584,612	5,637	584,612	-	-
KUWAIT	7,320	687,171	7,320	687,171	-	-
<b>( ii )Counterpart funds</b>						
Government of Kenya	43,075	4,036,049	28,886	3,124,152	14,189	911,897
<b>Total</b>	<b>61,566</b>	<b>5,878,977</b>	<b>47,377</b>	<b>4,967,080</b>	<b>14,189</b>	<b>911,897</b>

**2.8 Summary of Overall Project Performance: -**

- i) Budget performance against actual amounts for current year is 68 %.
- ii) The physical progress of phase 1 is 98% complete, while phase 2 is 50% complete while phase is yet to begin.
- iii) The absorption rate for each year since the commencement of the project has been at 85%
- iv) List of implementation challenges: -
  - a. Adverse climatic condition (Hot weather and high humidity) as the project location.
  - b. Poor access road network with occasional cut off at lagas when it rains upstream.
  - c. Some canal sections were flooded with water. Mitigation Measures; Construction of dykes and desilting the canal before excavations and prioritizing construction of Canal civil structures to allow for drainage of the flooded sections
  - d. Delayed Approval of the Specific Tax Exemption;

**2.9 Summary of Project Compliance:**

The project complied with all statutory requirements.

### **3. Statement of Performance against Project’s Predetermined Objectives**

#### **Introduction**

Section 81 (2) (f) of the Public Finance Management (PMF) Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity’s performance against predetermined objectives.

The key development objectives of the *project’s 2013-2023* plan is to increase the productivity of maize and other crops by improvement of Irrigation infrastructures and strengthening of the operations and maintenance framework in Bura Irrigation Settlement (BIS) scheme, thereby contributing to raising the farmers’ livelihood in **Bura** scheme area and food security in Kenya

#### **Progress on attainment of Strategic development objective**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Performance indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Bura Rehabilitation Development Project.	To increase the productivity of Maize and other crops.	Construction and improvement of irrigation facilities.	Percentage increase in rice and other crops produced.	The Project is on-going and estimated level of progress is at phase 1:98% complete phase 2:50% complete

**4. Environmental and Sustainability Reporting**

The project is implemented by National Irrigation Authority hence, does not carry out its own separate Corporate Social Responsibility.

**5. Statement of Project Management Responsibilities**

The *Chief Executive Officer*, National Rehabilitation Authority and the Project Manager for ***Bura Rehabilitation Development Project*** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on 30 June 2023. These responsibilities includes: (i) maintaining adequate financial management arrangement 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 Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The *Chief Executive Officer*, National Irrigation Authority and the Project Manager for ***Bura Rehabilitation Development Project*** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Chief Executive Officer*, National Irrigation Authority and the *Project Manager* for ***Bura Rehabilitation Development Project*** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended 30 June 2023, and of the Project's financial position as at that date. The *Chief Executive Officer*, National Irrigation Authority and the *Project Manager* for ***Bura Rehabilitation Development Project*** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Chief Executive Officer*, National Irrigation Authority and the *Project Manager* for ***Bura Rehabilitation Development Project*** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.


***Bura Rehabilitation Development Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2023***

**Approval of the Project financial statements**

The Project financial statements were approved by the *Chief Executive Officer*, National Irrigation Authority and the *Project Manager* for ***Bura Rehabilitation Development Project*** on 06/11/2023 and signed by them.



Ag. Chief Executive Officer  
Eng. Charles Muasya



Project Manager  
Eng. Joseph Karangu



Project Accountant  
CPA. Tirus N. Kabuthia  
ICPAKMemberNo.15039

# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON BURA REHABILITATION DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE, 2023 - NATIONAL IRRIGATION AUTHORITY

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### 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

#### Opinion

I have audited the accompanying financial statements of Bura Rehabilitation Development Project set out on pages 1 to 27, which comprise of the statement of financial assets as at 30 June, 2023 and the statement of receipts and payments,

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*Report of the Auditor-General on Bura Rehabilitation Development Project for the year ended 30 June, 2023  
- National Irrigation Authority*

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, the financial statements present fairly, in all material respects, the financial position of Bura Rehabilitation Development Project 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 (Cash Basis) and comply with the OPEC, KUWAIT and BADEA Loan Agreements dated 19 November, 2007, 13 December, 2007 and 28 April, 2008 between the OPEC Fund for International Development, Kuwait Fund for Arab Economic Development and The Arab Bank for Economic Development in Africa respectively and the Republic of Kenya and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Bura Rehabilitation Development Project Management in accordance with ISSAI 130 on the 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 opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Budgetary Control and Performance**

The statement of comparative budget and actual amounts for the year ended 30 June, 2023 reflects budgeted receipts and actual on a comparable basis of Kshs.1,254,951,706 and Kshs.672,153,611 respectively resulting in a shortfall of Kshs.582,798,095 or approximately 47% of the approved budget. Similarly, the statement reflects actual on comparable basis expenditure of Kshs.851,727,344 against an approved budget of Kshs.1,254,951,706 resulting in an under-absorption of Kshs.403,224,362 or approximately 32% of the budget.

The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the stakeholders.



Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I report based on my audit that:

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and
- iii. The Project's financial statements are in agreement with the accounting records and returns.

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Project'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 the Management is aware of the intention to terminate the Project 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal 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 Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the

financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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**

**13 December, 2023**

**7. Statement of Receipts and Payments for the Year Ended 30<sup>th</sup> June 2023**

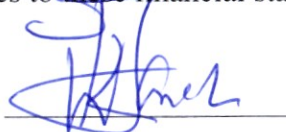
	Note 11	2022/2023			2021/2022			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	
		KSh.	KSh.		KSh.	KSh.		KSh.
<b>RECEIPTS</b>								
Transfer from Government entities	1	300,000,000	0	300,000,000	500,000,000	0	500,000,000	4,036,049,555
Loan from external development partners	3	0	372,153,611	372,153,611	0	465,617,930	465,617,930	1,842,929,409
<b>TOTAL RECEIPTS</b>		<b>300,000,000</b>	<b>372,153,611</b>	<b>672,153,611</b>	<b>500,000,000</b>	<b>465,617,930</b>	<b>965,617,930</b>	<b>5,878,978,964</b>
<b>PAYMENTS</b>								
Purchase of goods and services	6	17,858,603.00	0	17,858,603.00	11,700,097	0	11,700,097	122,153,138.00
Acquisition of non-financial assets	8	461,715,130	372,153,611	833,868,741	561,583,541.	465,617,930	1,027,201,471	4,844,928,203
<b>TOTAL PAYMENTS</b>		<b>479,573,733</b>	<b>372,153,611</b>	<b>851,727,344</b>	<b>573,283,638</b>	<b>465,617,930</b>	<b>1,038,901,568</b>	<b>4,967,081,341</b>
<b>SURPLUS/(DEFICIT)</b>		<b>-179,573,733</b>	<b>0</b>	<b>-179,573,733</b>	<b>-73,283,638</b>	<b>-</b>	<b>-73,283,638</b>	<b>911,897,623</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



**Ag. Chief Executive Officer**

Eng. Charles Muasya



**Project Manager**

Eng. Joseph Karangu



**Project Accountant**

CPA. Tirus Kabuthia

ICPAK Member No: 15039

***Bura Rehabilitation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023***

**8. Statement of Financial Assets as at 30<sup>th</sup> June 2023**

	Note	2022-2023	2021-2022
		KSh.	KSh.
<b>Financial Assets</b>			
Cash and Cash Equivalent			
Bank Balances	11	911,897,623	1,091,471,356.00
<b>Total Financial Assets</b>		<b><u>911,897,623</u></b>	<b><u>1,091,471,356.00</u></b>
<b>Financial Liabilities</b>			
Deposits and Retention Monies			-
<b>Net assets</b>		<b><u>911,897,623</u></b>	<b><u>1,091,471,356.00</u></b>
<b>Represented By</b>			
Fund balance B/F	14	1,091,471,356.00	1,164,754,994.00
Surplus/(Deficit) for the year		-179,573,733.00	-73,283,638.00
<b>Net Financial Position</b>		<b><u>911,897,623</u></b>	<b><u>1,091,471,356.00</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 06/11/2023 and signed by:



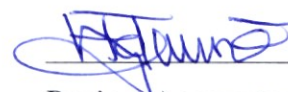
**Ag. Chief Executive Officer**

Eng. Charles Muasya



**Project Manager**

Eng. Joseph Karangu



**Project Accountant:**

CPA. Tirus N. Kabuthia

ICPAKMemberNo.15039

*Bura Rehabilitation Development Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2023*


9. **Statement of Cash flow for the Year Ended 30<sup>th</sup> June 2023**

		2022-2023	2021-2022
	Note	KSh.	KSh.
<b>Receipts for operating activities</b>			
Transfer from Government entities	1	300,000,000.00	500,000,000.00
<b>Payments for operating activities</b>			
Purchase of goods and services	6	17,858,603.00	11,700,097.00
<b>Net cash flow from operating activities</b>		<b>282,141,397.00</b>	<b>488,299,903.00</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	8	- 833,868,741.00	-1,027,201,471.00
<b>Net cash flows from Investing Activities</b>		<b>- 833,868,741.00</b>	<b>-1,027,201,471.00</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Loan from External Development partners	3	372,153,611.00	465,617,930.00
<b>Net cash flow from financing activities</b>		<b>372,153,611.00</b>	<b>465,617,930.00</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>-179,573,733.00</b>	<b>-73,283,638.00</b>
<b>Cash and cash equivalent at beginning of the year</b>	14	<b>1,091,471,356.00</b>	<b>1,164,754,994.00</b>
<b>Cash and cash equivalent at end of the year</b>	11	<b>911,897,623.00</b>	<b>1,091,471,356.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 06/11/2023 and signed by:

  
**Ag. Chief Executive Officer**  
 Eng. Charles Muasya

  
**Project Manager**  
 Eng. Joseph Karangu

  
**Project Accountant**  
 CPA. Tirus N. Kabuthia  
 ICPAK Member No: 15039

***Bura Rehabilitation Development Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2023***

**10. Statement of Comparison of Budget and Actual Amounts for the year ended 30<sup>th</sup> June 2023**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Transfer from Government entities	500,000,000.00	-200,000,000.00	300,000,000.00	300,000,000.00	0	100
Proceeds from borrowings	350,000,000.00	604,951,706.00	954,951,706.00	372,153,611.00	582,798,095.00	39
<b>Total Receipts</b>	<b>850,000,000.00</b>	<b>404,951,706.00</b>	<b>1,254,951,706.00</b>	<b>672,153,611.00</b>	<b>582,798,095.00</b>	<b>53</b>
<b>Payments</b>						
Purchase of goods and services	30,000,000.00	-11,000,000.00	19,000,000.00	17,858,603.00	1,141,397.00	94
Acquisition of non-financial assets	820,000,000.00	415,951,706.00	1,235,951,706.00	833,868,741.00	402,082,965.00	67
Other grants and transfers	0	0	0	0	0	
<b>Total Payments</b>	<b>850,000,000.00</b>	<b>404,951,706.00</b>	<b>1,254,951,706.00</b>	<b>851,727,344.00</b>	<b>403,224,362.00</b>	<b>68</b>
<b>Surplus or Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(179,573,733.00)</b>	<b>179,573,733.00</b>	

Note: The significant budget utilisation/performance differences in the last column are explained in **Annex 2** to these financial statements.



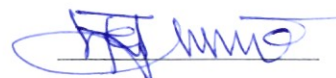
**Ag. Chief Executive Officer**

Eng. Charles Muasya



**Project Manager**

Eng. Joseph Karangu



**Project Accountant**

CPA. Tirus N. Kabuthia

ICPAK MEMBER NO 15039

**11. Significant Accounting Policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**a. Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprest and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

**b. Reporting Entity**

The financial statements are for the Bura Rehabilitation Development Project under National Irrigation Authority. The financial statements encompass the reporting entity as required by section 81 of the PFM Act 2012 .

**c. Reporting currency**

The financial statements are presented in Kenya Shillings (Kshs.), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

**d. Recognition of receipts**

The Project recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the National Irrigation Authority.



**i. Transfers from the Exchequer**

Transfer from Exchequer is be recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

**ii. External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

**iii. Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements at the time associated cash is received.

**iv. Donations and grants**

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

**v. Proceeds from borrowing**

Borrowing includes external loans acquired by the Project or any other debt the Project may take and will be treated on cash basis and recognized as a receipt during the year they were received.

**vi. Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary

**e. Recognition of payments**

The Project recognises all payments when the event occurs, and the related cash has actually been paid out by the Project.

**i) Compensation to employees**

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

**ii) Use of goods and services**

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

**iii) Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

**iv) Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

**v) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

**f. In-kind donations**

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**g. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**h. Restriction on cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

**i. Imprests and Advances**

For the purposes of these financial statements, imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**j. Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises 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 entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships. The Entity 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.

**NB:** There were no contingent liabilities in regards to the project

**k. Contingent Assets**

National Irrigation 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 Entity 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.

**l. Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not

involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**m. Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project’s budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognized as inter-entity transfers and are eliminated upon consolidation.

A high-level assessment of the Project’s actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

**n. Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties column in the statement of receipts and payments.

During the year, **Kshs. 372,153,611.00** being loan disbursements was received in form of direct payments from third parties.

**o. Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of receipts and payments.

**p. Comparative figures**

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

**q. Subsequent events**

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

**r. Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year. There were no prior year adjustments to the financial statements.

*Bura Rehabilitation Development Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2023*

**12. Notes to the Financial Statements**

**1. Transfers from Government Entities**

These represent counterpart funding and other receipts from government as follows:

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>	<b>Cumulative to-date(from inception)</b>
	<b>Kshs.</b>	<b>Kshs.</b>	
Balance brought forward			3,736,049,555.00
<i>Counterpart funding through Ministry of Water, Sanitation and Irrigation</i>			
Counterpart Funds Quarter 1	125,000,000.00	125,000,000.00	
Counterpart Funds Quarter 2	125,000,000.00	125,000,000.00	
Counterpart Funds Quarter 3	0.00	250,000,000.00	
Counterpart Funds Quarter 4	50,000,000.00	0.00	
<b>Total</b>	<b>300,000,000.00</b>	<b>500,000,000.00</b>	<b>4,036,049,555.00</b>

**2. Proceeds from Domestic and Foreign Grants**

There were no grants during the financial period 2022/2023.

### 3. Loan From External Development Partners

During the financial period to 30 June 2023, we received funding from development partners in form of loans negotiated by the National Treasury (NT) as detailed in the table below:

	FINANCIAL YEAR 2022/2023					FY 2021/2022	
	Date Received	Amount in Loan Currency	Loans Received in Actual amount	Loans Received as Direct Payment	Total amount in	Total Amount in Kshs.	
		\$	Kshs.	Kshs.	Kshs.	Kshs	Kshs
<b>Bal b/f FY2022/23</b>							<b>1,470,775,798.00</b>
<b>BADEA</b>	12/01/2022					68,197,252.00	
	13/04/2022					60,705,822.00	
	10/05/2022					84,801,117.00	
<b>KUWAIT</b>	09/09/2022					15,226,010.00	
	22/06/2022					22,095,999.00	
<b>OPEC</b>	12/01/2022					67,000,809.00	
	12/01/2022					40,000.00	
	11/04/2022					61,770,837.00	
	17/05/2022					85,780,084.00	
<b>BADEA</b>	15/02/2023	1,288,362.00	-	131,355,738.00	131,355,738.00		
<b>KUWAIT</b>	13/08/2022	211,321.00	-	21,545,311.00	21,545,311.00		
	20/12/2022	147,280.00	-	15,016,055.00	15,016,055.00		
	19/05/2023	284,695.00	-	29,026,231.00	29,026,231.00		
<b>OPEC</b>	27/03/2023	1,718,496.00	-	175,210,277.00	175,210,277.00		
<b>Total</b>		<b>3,650,154.00</b>		<b>372,153,611.00</b>	<b>372,153,611.00</b>	<b>465,617,930.00</b>	<b>1,842,929,409.00</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. Miscellaneous Receipts**

There were no miscellaneous receipts

**5. Compensation to Employees**

There are no employees for Bura rehabilitation project because the project implementation unit is constituted from National Irrigation Authority work force.

**6. Purchase of Goods and Services**

	FY 2022-2023			FY 2021-2022	Cumulative to- date KSh.
	Payments made by the Entity in Cash KSh.	Payments made by third parties KSh.	Total Payments KSh.	Total Payments KSh.	
Utilities, supplies and services	0	0	0	-	103,133.00
Communication ,supplies and services	8,967.00		8,967.00	-	80,703.00
Domestic travel and subsistence	1,148,000.00		1,148,000.00	1,275,400.00	4,935,250.00
Foreign travel and subsistence			0	-	86,114.00
Hospitality ,supplies and services	300,000.00		300,000.00	149,240.00	630,030.00
Printing, advertising and – information supplies & services	122,800.00		122,800.00	-	1,121,521.00
Other operating payments (Consultancy)	12,983,300.00		12,983,300.00	10,255,457.00	111,752,851.00
Routine maintenance – vehicles and other transport equipment	30,000.00		30,000.00	20,000.00	178,000.00
Specialized materials and services	3,265,536.00		3,265,536.00	-	3,265,536.00
<b>Total</b>	<b>17,858,603.00</b>	<b>0</b>	<b>17,858,603.00</b>	<b>11,700,097.00</b>	<b>122,153,138.00</b>

**Notes to the Financial Statements (Continued)**

**7. Social Security Benefits.**

There were no social security benefits paid on behalf of the project.

**8. Acquisition of Non-Financial Assets**

	FY 2022/2023			FY 2021/2022	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Ksh	Ksh	Ksh	Ksh	Ksh
Construction of civil works	461,715,130.00	372,153,611.00	833,868,741.00	1,027,201,471.00	4,844,928,203.00
<b>Total</b>	461,715,130.00	<b>372,153,611.00</b>	<b>833,868,741.00</b>	<b>1,027,201,471.00</b>	<b>4,844,928,203.00</b>

*Construction of civil works refers to payments made to the contractors who are constructing Kora Kora intake and construction of the new canal.*

***Bura Rehabilitation Development Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2023***

**Notes to the Financial Statements (Continued)**

**9. Transfer to Other Government Entities**

There were no transfers to other government entities.

**10. Other Grants, Transfers and Payments.**

There were no other grants, transfers, and payments

**11. Cash and Cash Equivalents**

<b>Description</b>	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank Accounts – NIA Coop a/c 01136128012900	911,897,623.00	1,091,471,356.00
Cash in hand	-	-
Cash Equivalent (Short term deposits)	-	-
<b>Total</b>	<b>911,897,623.00</b>	<b>1,091,471,356.00</b>

The Project balance of Kshs.911,897,623.00 is in NIA Cooperative bank account No. 01136128012900.

**11. A. Bank Accounts**

**Project Bank Accounts**

There were no project bank accounts.

**Special Deposit Accounts**

The project does not have a Special Deposit Account.

**11. B. Cash in Hand**

There is no hard cash transactions in day to day running of the project hence no cash certificate.

*Bura Rehabilitation Development Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2023*

**11. C. Cash equivalent (short-term deposits).**

There were no short-term deposits in the financial year.

**12. Imprests and Advances.**

There were no accounts receivables during the year under review.

**12. A. Breakdown of Imprests and Advances.**

There were no imprests and advance pending during the year.

**13. Deposits and retention monies**

<b>Description</b>	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Deposits and Retention Monies	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**14. Fund Balance Brought Forward**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank Accounts	1,091,471,356.00	1,164,754,994.00
Cash in hand		-
Cash equivalent (short –term deposits)		-
Outstanding imprests and advances		-
<b>Total</b>	<b>1,091,471,356.00</b>	<b>1,164,754,994.00</b>

**15. Prior Year Adjustment.**

There were no prior year adjustments.

**16. Changes in Imprests and Advances**

There were no pending Imprests and Advances, hence no change in imprests and advances

*Bura Rehabilitation Development Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2023*

**17. Changes in Accounts deposits and Retention**

<b>Description of the error</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Deposit and Retentions as at 1 <sup>st</sup> July 2022	-	-
Closing accounts payables as at 30 <sup>th</sup> June 2023	-	-
Change in payables	-	-

***Bura Rehabilitation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023***

Other Important Disclosures

**1. Pending Accounts Payable (See Annex 4 a)**

	Balance b/f from FY 2021/2022	Additions for the period	Paid during the year	Balance c/f FY 2022/2023
Description	KSh.	KSh.	KSh.	KSh.
Construction of civil works.	-			
1. Jilk construction	109,488,819.00	22,412,924.00	109,488,819.00	22,412,924.00
2. Tunasco Limited	147,268,015.00	226,577,183.00	147,268,015.00	226,577,183.00
Consultancy	4,999,600.00	0	4,999,600.00	0
<b>Total</b>	<b>261,756,434.00</b>	<b>248,990,107.00</b>	<b>261,756,434.00</b>	<b>248,990,107.00</b>

**2. Pending Staff Payables**

There was no pending staff payables.

**3. Other Pending Payables (See Annex 4c)**

	Balance b/f from FY 2021/2022	Additions for the period	Paid during the year	Balance c/f FY 2022/2023
Description	KSh.	KSh.	KSh.	KSh.
Amounts due to third parties			<u>OPEC</u>	
1. Jilk (Retention)	104,169,138.00	49,880,249.00	41,550,052.00	112,499,335.00
2. Tunasco (Re- tention)	44,708,225.00	33,448,990.00	-	78,157,215.00
<b>Total</b>	<b>148,877,363.00</b>	<b>83,329,239.00</b>	<b>41,550,052.00</b>	<b>190,656,550.00</b>

***Bura Rehabilitation Development Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2023***

**4. External Assistance**

	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
External assistance received as loans from KUWAIT,BADEA & OPEC	372,153,611.00	465,617,930.00
<b>Total</b>	<b>372,153,611.00</b>	<b>465,617,930.00</b>

**a. External assistance relating loans and grants**

	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
<b>Description</b>	<b>Kshs.</b>	<b>Kshs.</b>
External assistance received as loan from OPEC / BADEA/KUWAIT	372,153,611.00	465,617,930.00
<b>Total</b>	<b>372,153,611.00</b>	<b>465,617,930.00</b>

**b. Undrawn external assistance**

	<b>Purpose for which the undrawn external assistance may be used for</b>	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
<b>Description</b>		<b>Kshs.</b>	<b>Kshs.</b>
Undrawn external assistance -Loans	Payment of irrigation civil works & associated consultancy.	960,371,000.00	1,172,297,611.00
<b>Total</b>		<b>960,371,000.00</b>	<b>1,172,297,611.00</b>



*Bura Rehabilitation Development Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2023*

**c. Classes of providers of external assistance**

	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
<b>Description</b>	<b>Kshs.</b>	<b>Kshs.</b>
Bilateral donors	372,153,611.00	465,617,930.00
<b>Total</b>	<b>372,153,611.00</b>	<b>465,617,930.00</b>

**d. Purpose and use of external assistance**

<b>Payment made by third parties</b>	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Acquisition of assets – Irrigation civil works.	372,153,611.00	465,617,930.00
<b>Total</b>	<b>372,153,611.00</b>	<b>465,617,930.00</b>

**e. External Assistance paid by third parties on behalf of the entity by source**

<b>Payment made by third parties</b>	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Bilateral donors- OPEC , Kuwait and BADEA	372,153,611.00	465,617,930.00
<b>Total</b>	<b>372,153,611.00</b>	<b>465,617,930.00</b>

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**5.0 Payment by Third Party on Behalf of the project**

**5.1 Classification by source**

	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
<b>Description</b>	<b>Kshs.</b>	<b>Kshs.</b>
Bilateral donors- OPEC , Kuwait and BADEA	<b>372,153,611.00</b>	<b>465,617,930.00</b>
<b>Total</b>	<b>372,153,611.00</b>	<b>465,617,930.00</b>

**5.2 Classification of the payment made by Third Parties by Nature of expenses**

	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
<b>Payment made by the third parties</b>	<b>Kshs.</b>	<b>Kshs.</b>
Acquisition of assets- Civil works	<b>372,153,611.00</b>	<b>465,617,930.00</b>
<b>Total</b>	<b>372,153,611.00</b>	<b>465,617,930.00</b>

**6.0 Related Party disclosure**

Related party disclosure

	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
<b>Transfer from the related party</b>	<b>Kshs.</b>	<b>Kshs.</b>
Counter-part funds from the Ministry of Water and Irrigation	300,000,000.00	500,000,000.00
<b>Total</b>	<b>300,000,000.00</b>	<b>500,000,000.00</b>

**7.0 Contingent Liabilities**

There were no contingent liabilities in respect to the project.

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**13. Annexes**

**Annex 1: Prior year Auditor – General’s Recommendations**

<b>Reference No. on the External Audit Report</b>	<b>Issue / Observation from Auditor</b>	<b>Management Comments</b>	<b>Focal Point Person to Resolve the Issue (Name and Designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
<p><b>Report on Financial Statements</b> 1. Budgetary Control and Performance</p>	<p>Note 1.7 on Funding Summary indicates that the Project duration is for ten (10) years from 2013 to 2023, with an approved budget of \$118,893,500 equivalent to Kshs. 7,569,733,000. However, out of the total funding, the amount realized for donor commitment amounted to Kshs. 2,270,920,000 and GoK counterpart funds of Kshs. 5,298,813,000. During the year under review, donor funding of Kshs. 1,470,776,000 or 65% and GoK counterpart funding of Kshs. 3,736,049,000 or 71% were received. This is an indication of slow release of funds, and yet the project duration is expected to end in less than a year.</p> <p>Further, the statement of comparative budget and actual amounts indicates that the Project was expected to receive a total of Kshs. 1,550,000,000 in the year under review. However, Kshs. 1,038,901,568</p>	<p>The figure of Kshs. 1,038,901,568 refers to the payments to the Contractor which is based on measured works and the Contractor’s certificates are based on the works executed. During the Financial year under review, the measured works executed by the Contractors was Kshs. 1,038,901,568 and this is the amount which was paid. The payment were both made by GoK and the donors.</p>	<p>Project Manager: Eng. Joseph Karangu</p>	<p>Resolved</p>	

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	<p>was realized resulting in a deficit of Kshs. 511,098,432 or 67%. Similarly, out of the budgeted expenditure of Kshs.1,550,000,000, an amount Kshs.1,038,901,568 was spent hence an under-expenditure of Kshs.511,098,432 or 67% of the budget</p>				
<p><b>Report on Lawfulness &amp; effective in the use of Public Resources</b></p> <p>1.Failure to maintain separate Bank Account</p>	<p>The financial statements under Note 11 to reflects an amount of Kshs. 1,091,471,356 in respect of cash and cash equivalents. Parts A and B of the same note also indicate that there is no separate bank account nor a Special deposit account for the project. The bank balance certificates provided relates to bank balances of multiple projects, hence it was difficult to determine the specific amount in respect of the Bura Rehabilitation project. The Management did not also maintain a separate cashbook or detailed analysis for the project. As at the time of the audit in October, 2022, the Project continued to receive the counterpart funds through the Authority's development bank account. This was contrary to Regulation 74 (6) of the Public Finance Management Regulations for the National Government and further Regulation 76 (1) states that, for the purpose of disbursement of project funds, there shall be opened and maintained a project account for every project at Central Bank of</p>	<p>The Authority maintains one cash book and bank account for all its GoK development grants received from The National Treasury. This has been due to the many projects that are managed by the Authority making it difficult to open a bank account for each of them. Hence, no separate cash and bank accounts for GoK grants have been opened for the project</p>	<p>Project Manager: Eng. Joseph Karangu</p>	<p>Resolved</p>	

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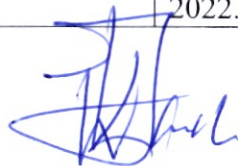
	<p>Kenya unless it is exempted by the Cabinet Secretary, in writing, into which all funds shall be kept and such an account shall be known by the name of the project for which it is opened and each project shall maintain only one bank account.</p> <p>In the circumstances, the Management was breach of the law.</p>				
<p>2.Delay in Project Implementation</p>	<p>The Project Loan Agreement signed in 2013, the project duration was to take 10 years commencing 2013 to 2023. However, records indicate that contract No.NIA/081/2020-2021 for the construction of a new main canal and associated civil works for the Bura Irrigation and Settlement Scheme Rehabilitation Project was awarded on 12 February, 2021 to Tunasco/Marfa/March Joint Venture from Korakora to Nanighi at a contract sum of Kshs. 1,764,278,550. According to the signed contract agreement of 10 March 2021, the agreed contract period was 18 months (547 days) from 7 April, 2021 to end on 07 October, 2022. However, review of project progress as of 30 June, 2022 revealed the payments totalling Kshs. 447,057,535 or 25% of the contract sum had been made against an overall physical completion level of about 38.5%. This, therefore, indicates delayed implementation of the project, with only a few</p>	<p>The contract for Construction of New Main Canal and Associated Civil Works from Korakora to Nanighi for Bura Irrigation and Settlement Scheme Rehabilitation Project (Contract No.NIA/T/081/2020-2021) was contracted to Joint Venture between Tunasco Insaat Anonim Sirketi, Marsh Construction Company Limited &amp; Marfa Construction Company Limited at a contract sum of Kes. 1,764,278,550.10.</p> <p>The contract was signed between the National Irrigation Authority, the Employer and the Contractor,</p>		<p>Resolved</p>	

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	<p>months remaining until to end of the project duration which is due to end in a year.</p> <p>In the circumstances the project completion date may not be achieved and may lead to additional costs.</p>	<p>Joint Venture between Tunasco Insaat Anonim Sirketi, Marsh Construction Company Limited &amp; Marfa Construction Company Limited on 10<sup>th</sup> March 2021 and commenced on 7<sup>th</sup> April, 2021. It was due for practical completion on 7<sup>th</sup> October, 2022.</p>			
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A g. Chief Executive officer  
Eng. Charles Muasya



Project Manager  
Eng. Joseph Karangu



Project Accountant  
CPA. Tirus N. Kabuthia  
ICPAK Member

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**Annex 2: Variance Explanations - Comparative Budget and Actual Amounts**

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance</b>
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Transfer from Government entities	300,000,000	300,000,000	0	100	All the funds were received as per the revised budget
Proceeds from borrowings	954,951,706	372,153,611	582,798,095	39	Direct payments are based on work done and certified.
<b>Total Receipts</b>	<b>1,254,951,706</b>	<b>672,153,611</b>	<b>582,798,095</b>		
<b>Payments</b>					
Purchase of goods and services	19,000,000.00	17,858,603.00	1,141,397.00	94	Expenditure is within the variance range
Acquisition of non-financial assets	1,235,951,706.00	833,868,741.00	402,082,965.00	67	Direct payments are based on work done and certified
Other grants and payments	0	0	0		
<b>Total payments</b>	<b>1,254,951,706.00</b>	<b>851,727,344.00</b>	<b>403,224,362.00</b>	<b>68</b>	

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**Annex 3: Reconciliation of Inter –Entity Transfers**

<b>PROJECT NAME: BURA REHABILITATION DEVELOPMENT PROJECT</b>				
<b>Break down of Transfers from the State Department of Water, Sanitation and Irrigation</b>				
<b>A. Government Counterpart Funding</b>		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
1	Receipt No.228586	29/09/2022	125,000,000.00	Financial year 2022/2023
2	Receipt No.230305	12/10/2022	125,000,000.00	Financial year 2022/2023
3	Receipt No. 255094	30/06/2023	50,000,000.00	Financial year 2022/2023
		<b>Total</b>	<b>300,000,000.00</b>	
<b>B. Direct Payments</b>		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	-	
<b>C. Others</b>		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	-	
		<b>TOTAL(A+B+C)</b>	<b>300,000,000.00</b>	



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**Annex 4a - Analysis of Pending Bills**

Supplier of Goods or Services	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2023	Outstanding Balance 2022	Comments
		a	b	c=a-b		
<b>Construction of civil works</b>						
1. Jilk construction – IPC 6	04/06/2019 Reassigned to Jilk on 30/08/2021	131,857,743.00	109,444,819.00	22,412,924.00	109,444,819.00	Being balance for IPC 6 of Kshs. 195,881,364.00
2. Tunasco Limited (IPC 5&Part of IPC 4 )	10/03/2021	373,845,198.00	147,268,015.00	226,577,183.00	147,268,015.00	To be paid in the FY 2023/2024
<b>Supply of services</b>						
Cas Consultants Limited for lot Bura lot 2	7/03/2022	0	4,999,600.00	0	4,999,600.00	No pending bill for financial year 2022/23
<b>Total</b>		<b>505,702,941.00</b>	<b>261,712,434.00</b>	<b>248,990,107.00</b>	<b>261,712,434.00</b>	

**Aged summary by 30/06/2023 (3M by posting date)**

Period	0- 3 months	3-6Months	6-9 Months	9-12 Months	Over 12 Months	Amount Due
Kshs.	188,195,439.00	0	60,794,668.00	0	0	248,990,107.00

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**4b. Analysis of Staff Pending payables**

There were no staff pending bills since National Irrigation Authority staff supervises the project.

**4c – Analysis of Other Pending Payables**

Name	Brief Description	Date Payable Contracted	Original amount	Amount Paid To-Date	Outstanding Balance 2023	Outstanding Balance 2022	Comments
			a	b	c=a-b		
<b>Amounts due to Third Parties</b>							
1. Retention (Jilk construction Company Limited) NIB/DRP/023/2018-2019	Cum Retention Upto IPC 6	4/06/2019 And re-assigned on 27/08/2022	154,049,386	41,550,052	112,499,335	104,169,138	Opec Fund have paid retention amount upto to IPC 6
2. Retention (Tunasco/Marfa/Marsh joint venture NIA /081/2021/2022	Cum Retention Upto IPC 5	10/03/2021	78,157,215	-	78,157,215	44,708,225	Payable after expiry of defects liability period.
<b>Total</b>			<b>232,206,601</b>	<b>41,550,052</b>	<b>190,656,550</b>	<b>148,877,363</b>	

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**Annex 5– Summary of Fixed Asset Register**

Asset class	Opening Cost (KSh.) 2021/2022	*Purchases/Addi- tions in the Year (KSh.) 2022/2023	**Disposals in the Year (KSh.) 2022/2023	Transfers in/(out) KSh. 2022/2023	Closing Cost (KSh.) 2023
	(a)	(b)	(c)	(d)	(e)= (a)+ (b)-(c)+(-)d
Work in Progress	4,115,353,997.00	851,727,344.00	-	-	4,967,081,341.00
<b>Total</b>	<b>4,115,353,997.00</b>	<b>851,727,344.00</b>	<b>-</b>	<b>-</b>	<b>4,967,081,341.00</b>

**Annex 6 – Contingent Liabilities Register**

There were no contingent liabilities.

**ANNEX 7 Reporting of Climate Relevant Expenditures**

There was no climate relevant expenditure incurred within the year.

**ANNEX 8 Disaster Expenditure Reporting Template**

There were no disaster expenditures incurred within the year.