

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Paper laid on the Table  
of the House by the  
Leader of the Majority  
Party on Tuesday  
24<sup>th</sup> July 2018  
(Afternoon)*

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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
EWASO NG'IRO SOUTH RIVER BASIN  
DEVELOPMENT AUTHORITY

FOR THE YEAR ENDED  
30 JUNE 2017





# WASO NGIRO SOUTH RIVER BASIN DEVELOPMENT AUTHORITY



## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017

Office of the Auditor General  
P. O. Box 30084 - 00100, NAIROBI  
28 MAY 2018  
**RECEIVED**

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



SOUTH RIVER BASIN DEVELOPMENT AUTHORITY IS ISO 9001:2008 Certified



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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

Ewaso Ngiro South River Basin Development Authority was formed on 1989 by an Act of Parliament CAP 447 of the Laws of Kenya. The Authority is headquartered at Narok Town in the Republic of Kenya. Its operations are spread out across the 4 (four) counties of its jurisdiction that is Narok, Kajiado, Nakuru and Nyanandarua. To ensure effectiveness and efficiency of operations the Authority has established sub-basin offices in the respective counties, namely the Mara Sub-basin Office in Kilgoris, Narok County, the Njoro Sub-basin in Nakuru County, the Malewa Sub-basin Office in Nyanandarua, the Olkejuado Sub-basin in Kajiado County and the Nooltresh Sub-basin in Oloitokitok Kajiado County.

### **(b) Principal Activities**

#### *Mandate*

The Authority's mandate is to plan and coordinate the implementations of developments projects in the Ewaso Ngiro River Basin and catchment areas and for connected purposes.

#### *Functions of the Authority*

The functions of the Authority are outlined below under the Act:-

- a) To plan for the development of the Area and initiate project activities identified from such planning in the Area through the Government generally
- b) To develop an up-to-date long-range development plan for the Area
- c) To initiate such studies, and carry out such 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 to initiate, operate or implement such projects as may be necessary to exploit those natural resources including agriculture (both irrigated and rain fed) forestry, or wildlife and tourism industries, electric power generation, mining, and fishing, and to recommend economic priorities



- d) To co-ordinate 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
- e) To effect a programme of both monitoring and evaluating the performance of projects within the Area so as to improve such performance and establish a responsibility thereof, and to improve future planning.
- f) To co-ordinate the present abstraction and use of natural resources, especially water, within the Area and to set up an effective monitoring of abstraction and usage;
- g) To cause and effect the construction of any works deemed necessary for the protection and utilization of the water and soils of the Area;
- h) To ensure that landowners in the Area undertake all the measures specified by the Authority to protect the water and soils of the Area
- i) To identify, collect, collate and correlate all such data related to the use of the water and other resources and also economic and related activities within the Area as may be necessary for the efficient forward planning of the Area
- j) To 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 to ensuring the best use of the available technical resources
- k) To examine the hydrological and ecological effects of the development programmes and evaluate how they affect the economic activities of the persons dependent on river environment
- l) To consider all aspects of the development

#### Vision

To be a reference agency in integrated and sustainable development for improved livelihoods in the East African Region



## **Mission**

To initiate, plan and implement integrated, equitable socio-economic development programs through sustainable utilization of basin based resources and promotion of investments within the Authority's jurisdiction of consultative partnership platform with the aim of improving livelihood in the ENSDA region.

## **Core Objectives**

The Authority's Strategic Objectives are: -

1. To promote management of natural resources and environmental conservation.
2. To formulate Integrated Regional Development Plans and prepare and update resource maps in consultation with stakeholders.
3. To improve livelihoods of the communities in the region by enhancing resource based investments.
4. To promote community participation in development while ensuring equitable benefit sharing from the economic exploitation of resources within the region
5. To enhance the coordination, monitoring and evaluation of projects in the region

**Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	Mr. Sammy L. Naporos
2.	Chief Manager Finance	CPA Mary Omwoyo
3.	Chief Human Resource & Administration	Mr. Richard Tankille
4.	Chief Manager Technical services & Operations	Eng. Isaac M. Kiiru
5.	Chief Manager Planning Research & Development	Mr. Peter Bw'Ogero

**Fiduciary Oversight Arrangements**

The Board has fiduciary oversight responsibility over the Authority's assets and has ensured adequate systems and processes of accountability, risk management and controls are in place. Among the Board Committees are the Audit and Risk Management Committee and Finance and Establishment Committees. In financial year 2016/2017, the Committees met on quarterly basis and forwarded recommendations to the Authority's Board for approval upon review of reports submitted by the management.

In exercise of its oversight role, the Board in the financial year ended 30<sup>th</sup> June 2017 ensured the following among other things: timely preparation of financial statements and reports; continuous risk assessment; maintained an effective and efficient system of internal controls. The Audit and Risk Management Committee oversees the internal audit function and ensure implementation of external audit recommendations.



**ENSDA Headquarters**  
ENSDA Building  
Off Narok- Bomet Rd. Opposite Maasai Mara University  
P.O. BOX 213- 20500  
Narok.

**Entity Contacts**

Telephone: 020-8082493  
E-mail:md.ensda@gmail.com , md.ensda@go.ke  
Website: [www.ensda.go.ke](http://www.ensda.go.ke)

**Entity Bankers**

- i) National Bank of Kenya,  
Narok Branch,  
P.O. Box 348,  
Narok.
- ii) Co-operative Bank of Kenya,  
Narok Branch,  
P.O. Box 41,  
Narok.
- iii) Kenya Commercial Bank  
Narok Branch,  
P.O Box 406,  
Narok.



**Independent Auditors**

Office of the Auditor General  
Nakuru Hub  
Kenya National Library Services Building  
Nakuru Branch  
P.O Box 1050  
Nakuru.

**Principal Legal Adviser**

Solonka and Company Advocates  
4<sup>th</sup> floor View Park Towers  
P.O BOX 3058-00200  
Nairobi



## BOARD OF DIRECTORS

### Mr. Seleila Ole Mwanik - Board Chairman



Mr. Seleila Ole Mwanik joined the Authority's Board as a Chairman on 18<sup>th</sup> March 2016. He is currently the Liaison Officer of the Maasai Mara University. He holds a Bachelor's Degree in Social Sciences (Sociology and Political Science), Second Class Honors, Upper Division from Catholic University of Eastern Africa. He is presently pursuing a Master's Degree in Business Administration (MBA) at Maasai Mara University. Mr. Seleila Ole Mwanik has also attended various short courses on leadership and management including Senior Management Course, Kenya School of Government; Lead Auditor Course for Education Institutions based on ISO/DIS 9001: 2015 and ISO 19011:2011 (KEBS); Internal Quality Auditing, ISO 19011:2002 Standard (Alpex Consulting Africa Ltd); Leadership Course for Building Kenya's Future (Clemson University and Maasai Mara University); Implementation of Quality Management System, ISO 9001: 2008 (Alpex Consulting Africa Ltd) and Audit Committee and Risk Management Training (KCA Univ.). Mr. Seleila Ole Mwanik also served as an elected Councilor in the defunct Narok County Council between 1993 and 1997. Other positions that he has held include: member of the Board of Trustees for Kenya Wildlife Service between 1998 and 2002 and a member of Narok Water and Sewerage Company for one term of three years.

### Ms. Esther Wanjiku Njogu - Non - Official Director



Ms. Esther Wanjiku Njogu joined the Authority's Board on 2<sup>nd</sup> October 2015. She is the current Board Vice Chairperson. She holds a Diploma in County Governance and Public Administration and a Certificate in County Governance both Jomo Kenyatta University of Agriculture and Technology (JKUAT). She has served in different positions in Nyandarua County Council as follows: since 2015 to date - a member of Ndaragwa Sub- county Alcoholic Drinks Regulation Committee; Member of Nyandarua Trade Joint Loans Board; 2003 – 2012 - Nominated Councilor. Ms Njogu has also served in other positions including; 2012 to date - TNA (The National Alliance), Treasurer Nyandarua County; 2007 – 2012 - the National Executive Council (KANU), the National Deputy Treasurer; 2005 – 2012 – the National Executive Council (KANU), Central Province Representative; 2002 - Central Province Presidential Campaign Coordinator (KANU) 1992 – 1997 - Nyandarua County Council, Women Leader. Further, Ms. Njogu has

flourished in Business, real estate and construction among others. She has also been involved in charity work since 1990, she was for instance involved in settling Internally Displaced People (IDP) who sought refuge in Nyandarua.



**Mrs. Beatrice Katimua K. Kerei - Non - Official Director**

Ms. Beatrice Katimua K. Kerei was appointed to the Authority's Board on 2<sup>nd</sup> November 2015. She is the current Chairperson of the Development and Environmental Conservation Committee of the Board. Ms. Beatrice K. K. Kerei is an Assistant Administrator at Umma University where she also serves as a part time lecturer. She holds a Master's Degree of Education Programme (Med) Educational Administration and Planning and a Bachelor of Education Degree, both of Catholic University of Eastern Africa. Ms. Beatrice K.K. Kerei was an Assistant Administrator at Umma University in 2015. She has also served in different capacities in both Umma University (2016) and Maasai Mara University between 2013 and 2015. Through short trainings Beatrice has acquired skills in diverse fields for instance, Disaster Management, ICT Integration in Education; Master Teacher Training for Education Support Project through Solar Powered Internet School [SPIS] S. KOREA and teachers' role in Sexuality Education & HIV/AIDS



**Mr. Sammy Rorat Kisaika - Non - Official Director**

Mr. Sammy Rorat Kisaika joined the Authority's Board on 2<sup>nd</sup> November 2015. He is the current Chairman of the Finance and Establishment Committee of the Board. Mr. Sammy R. Kisaika holds a Bachelor of Commerce Degree of Nairobi University and is presently pursuing a Master's Degree in Business Administration at Kenyatta University. He also holds a Diploma in Communication, Print and Electronic Media of Daystar University. Since November 2015 to date, Mr. Sammy R. Kisaika, is the Narok Branch Manager, Bank of Africa. He has served in the Banking Sector in different positions including; Credit Manager, Family Bank (2014), Business Manager, K-rep Bank, 2012 – May 2014; Credit administration Unit, Kenya Commercial Bank, 2010 – June 2012 and Credit Officer, Faulu Kenya (2008 – May 20

**Mr. Lotunale K. Elijah - Non - Official Director**



Mr. Lotunale K. Elijah was appointed a member of the Authority's Board on 2<sup>nd</sup> November 2015. He is currently the Chairman of the Audit and Risk Management Committee. Mr. Lotunale K. Elijah has served as Field Editor with Kenya National Bureau of Statistics (KNBS) since 2015 to date. He holds a Bachelor of Science Degree, Microbiology (Second Class Upper Division) of Moi University and presently pursuing a Master of Science Degree, Strategic Management at Kisii University. Mr. Lotunale held the position of a Research Assistant at the Kenya National Bureau of Statistics in 2014 and a Civic Education Facilitator with the same organization in 2013. In 2011 January to September 2012 he was a Field Coordinator with the Pokot Outreach Ministries. He also served the same organization in the capacity of a Field Monitor in 2009 to 2010.

**Ms. Fatuma Ekal - Non - Official Director**



Ms. Fatuma Ekal joined the Authority's Board on 2<sup>nd</sup> October 2015. She is currently a member of the Audit and Risk Management Committee of the Board. She holds Bachelor's Degree in Education (Arts) and also a Diploma in Education. She is currently the Principal of Our Lady's Girls Secondary School, Kakumu, a position she has held since the year 2014. Previously, she served as the Deputy Principal of the former for the period 2010 to 2011. Ms. Fatuma Ekal has served in various leadership positions including: Delegate, Mwalimu National SACCO (2014 to date); Director of Studies, St. Anne's Nzoia Girls Secondary School (2007 to 2010); Kenya Secondary Schools Head Association (KESHA), Chairperson, Turkana West Sub County (2012 to date) and Turkana County Secondary Schools Examination Secretary (2012 to date).



**Mr. Samson Cheramboss - Non - Official Director**

Mr. Samson Cheramboss joined the Authority's Board on 2<sup>nd</sup> October 2015 and is currently a member of the Finance and Establishment Committee of the Board. Mr. Cheramboss has attended several courses including: Police promotional courses at Kenya Police College; Public Administration Courses at Kenya Institute of Administration (Finance Administration and Psychology) and Security Intelligence and Anti-Terrorism (locally and abroad). He has experience in various fields including in the security docket, wildlife management and management of various parastatals. He is a retired civil servant and currently a farmer & businessman. Mr. Samson Cheramboss has served in different capacities including: Station Commander, Deputy OCPD, OCPD and GSU Company Commander (1973 -1992); Provincial Police Officer (PPO), Nyanza (1993 – 1994); Deputy Director Kenya Wildlife Service (1995-1998); Presidential Escort Commandant (1996-1999); and GSU Commandant (1999- 2002). Mr. Cheramboss has also served in various Boards namely: Chairman Kenya Ports Authority (2002); Council Member Moi University (2009-2013); Director, Chemelil Sugar Company (2013-2015) and Board member in various schools. Mr. Samson Cheramboss has also earned recognitions and awards including: Silver Star (SS); Distinguished Service Medal (DSM); Moran of the Burning Spear (MBS) and Elder of the Burning Spear (EBS). He retired in the rank of Senior Deputy Commissioner of Police One (SDCP(I))

**Ms. Irene Wangui Kimaru - Non - Official Director**



Ms. Irene Wangui Kimaru was appointed into the Authority's Board on 2<sup>nd</sup> November 2015. She is a member of the Finance and Establishment Committee of the Board. She is a holder of a Bachelor of Commerce Degree of Kenyatta University and is currently pursuing a Master of Business Administration, Strategic Management at Kenyatta University. Ms. Kimaru is a Certified Public Accountant of Kenya and is presently an Accounts Assistant with Smep Microfinance Bank since the year 2015. Previously, she served the same Bank as a finance Intern for the period August 2014 –May 2015.





**Mr. Ndogo Waweru- Non - Official Director**

Mr. Ndogo Waweru was appointed to the Authority's Board on 2<sup>nd</sup> November 2015 and he is presently a member of the Audit and Risk Management Committee. Mr. Ndogo Waweru is a holder of East African Certificate of Education of the University of Cambridge and also a Teacher Education Certificate of Asumbi Teachers' College. He was a Councilor in the defunct Ministry of Local Government during the period 1992 to 2002. In the year 1974 to 1991, Mr. Ndogo Waweru was a Primary School Headmaster. He also has wide experience in Business, dealing majorly with agricultural and farm input

**Mr. John Lengoisia Samorai - Non - Official Director**



The appointment of Mr. John Lengoisia Samorai to the Authority's Board took effect on 2<sup>nd</sup> November 2015. He is presently a member of the Development and Environmental Conservation Committee of the Board. He holds a Bachelors Degree of Health Management of Kenyatta University. Mr. John Lengoisia Samorai is currently an Assistant Program Officer at Ogiek Peoples Development Programme in Kenya. He has also served in several other positions including: Consultant with UNESCO on Indigenous and Local Knowledge on Pollution and Pollinator associated with Food Production leading to publication of a Pollination Assessment Report ipe-recherche (2014 – 2015); Expert reviewer of the first order draft of the Global status on pollination report; representing OPDP in Indigenous people's forums related to natural resources, environmental conservation climate change and indigenous peoples issues and discussion on Reduction of Emission from Deforestation and Forest Degradation (REDD) among others.

**Mr. Livingstone Bumbe - Alt. Director, C.S. The National Treasury**

Mr. Livingstone Bumbe was appointed to the Authority's Board on 14th October 2015. He is a member of the Finance and Establishment Committee of the Board. He holds a Masters in Public Sector Management, Africa University, Mutare, Zimbabwe and a Bachelor of Arts Degree of the University of Nairobi. Since September 1994 to date, Mr. Livingstone Bumbe has served as the Deputy Director in the Department of Debt Management at the National Treasury. His duties at the National Treasury include; deputizing the Director of Debt Policy in matters of policy and risk management; overseeing the development of the domestic debt market and market reforms; managing and spearheading domestic debt issuance and auctions; guiding the National and County Governments borrowing strategies among others. Mr. Livingstone Bumbe has attended diverse courses within and without the Country including: MEFMI Regional Workshop on Yield Curve Development, 2017, Maseru, Lesotho; Training on PP Procurement and Contract Management, 2016, Crown Agents United Kingdom; Financial Markets Development – Kenya School of Monetary Studies, 2007; Advance Public Administration, Kenya Institute of Administration, 2006 and Techniques of Money Management , Kenya School of Monetary Studies, Kenya, 1997 among others.



**Mr. Benson Kinyanjui Kimani - Alt. Director, C.S. State Department of Planning and Statistics**

Mr. Benson Kinyanjui Kimani joined the Authority's Board on 2<sup>nd</sup> September 2016. He is a member of the Development and Environmental Conservation Committee of the Board. He holds a Master's Degree in Economic Policy Management from Makerere University and a Bachelor of Arts Degree (Economics) from the University of Nairobi. He is presently the Director Economic Planning in charge of the Economic Development coordination in the State Department of Planning and Statistics, the Ministry of Devolution and Planning. He has attended various courses including the Strategic Leadership Development Programme, Kenya School of Government; Monitoring and Evaluation of Public Sector Projects and programmes (University of East Anglia, Norwich); and Integrated and Sustainable Coastal Development (Gothenburg University, Sweden). Mr. Benson Kinyanjui Kimani has been involved in various key activities including preparation of Medium Term Plans of the Kenya Vision 2030, MTEF budgeting as well as supporting County Integrated Development Planning. He is also a certified Project



management professional and has been involved in coordination and management of various projects and programmes at both national and devolved units.

**Ms. Irene Ngonde - Alt. Director, CS. Ministry of Environment & Natural Resources**

Ms. Irene Ngonde was appointed into the Authority's Board on 27<sup>th</sup> February 2015. She is a member of the Development and Environmental Conservation Committee. Ms. Ngonde holds a Masters in International Business Administration (M.I.B.A) of Alagappa University, India. She also holds a Bachelor of Commerce Degree, Mysore University, India and a Diploma in Management Information Systems, All India Institute of Management Studies, India. Ms. Ngonde's experience in the Ministry of Environment and Natural Resources is as stipulated herein: Assistant Secretary II – Coordinator, Nairobi River Basin Rehabilitation Programme (2016 to date); Assistant Secretary II/ Administration (April 2013 – March 2016); Baseline Survey Research Assistant, Medair East Africa, South Sudan (May – July 2005).



**Ms. Theresa Wasike - Alt. Director, CS. Ministry of Water & Irrigation**

Ms. Theresa Wasike joined the Authority's Board on 15<sup>th</sup> January 2016 and she is currently a member of the Audit and Risk management Committee. Ms. Wasike holds a Master's Degree in International Relations of Ukrainian Institute of International Relations, Kiev University. She has also undertaken several professional short courses including: Corporate Governance for Directors of State Corporations (2017); Sensitization for members of Audit Committees (2017); Gender Mainstreaming for Water Utilities (2012); Gender Audit training (2011); Strategic Leadership Development Programme (SLDP) (2010); Senior Management course (2006); Advanced Public Administration Course for Administration Officers (2002) and Administration course for Administration Officers (1996). Ms. Theresa Wasike has 20 years' work experience as an administrator. Since the year 2012 to date, Ms. Wasike has held the position of an Undersecretary in the Ministry of Water and Irrigation. Previously, she was a Senior Assistant Secretary in the same Ministry. Ms. Wasike had also served as a District Officer in the Rift Valley and Western Provinces between the year 1996 and 2007.



**Mr. Sammy Naporos - Managing Director & Chief Executive Officer**



Mr. Sammy Naporos was appointed the Managing Director of Ewaso Ng'iro South Development Authority on 12<sup>th</sup> April 2016. Following his appointment, he effectively joined the Board as per the Authority's Act Cap 447 of the Laws of Kenya, Subsection (1) (m). Previously, Mr. Sammy Naporos served as the Authority's Planning Manager during the period 2012 to 2015. He holds a Master of Arts Degree in Project Planning and Management of Nairobi University and a Bachelor of Science Degree in Business Administration of United States International University-Africa. He also holds a Diploma in Business Administration of Ramogi Institute of Advanced Technology, Kenya. He is presently finalising a thesis towards a PhD in Development Studies, Jomo Kenyatta University of Agriculture and Technology. Mr. Naporos has over 15 years' experience in the field of planning gained while working with the Authority, UNDP funded projects, Taretuoki Mission Trust and SCILO-KENYA. Mr. Naporos has taken several professional courses including: Environmental Impact Assessment and Audit (Nazarene University) and Certification in Monitoring and Evaluation (Kenya Institute of Management). He has also undertaken short courses, among them being; Senior Management Course (Kenya School of Government); Internal Quality Audit, ISO 19011 (SHEQ International Management Consultants) and Budgeting, Forecasting, Planning & Cost Control Management (Brainstorm Management Consultants).

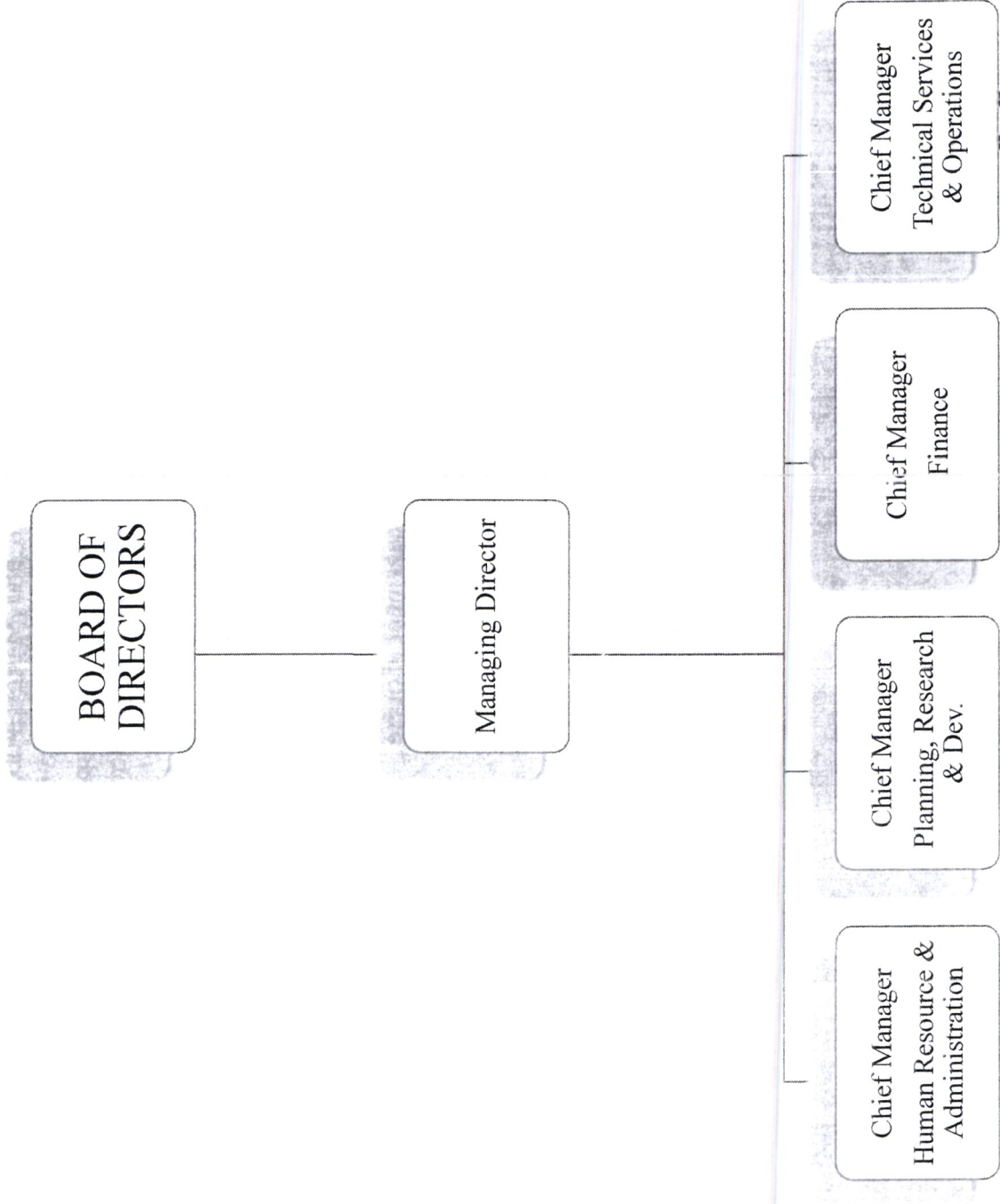




**Mr. Julius O. Biginga- Alt Director, Inspector General (Corporations)**

Mr. Julius Biginga joined the Authority's Board on 29<sup>th</sup> March 2016. He is a member of both the Finance and Establishment Committee and the Audit and Risk Management Committee of the Board. Mr. Julius Biginga holds a Bachelor of Commerce Degree in Business Administration of Poona University, India and Masters Public Policy Management and Administration of Kenyatta University. He also holds a Diploma in Marketing (Chartered Institute of Marketing, UK). Mr. J. Biginga is currently a Principal Inspector of State in the office of the President, the Department of Inspectorate of State Corporations. He has wealth of experience having served in different position as follows: Desk Officer – COMESSA and Domestic Trade (2001 -2003) and District Trade Development Officer – Mbeere District, the Ministry of Trade and Industry (1996 – 2001). Previously, he served as an Assistant Trade Development Officer in diverse Districts namely; Marsabit (1990 – 1993), Isiolo (1993 -1995) and Kitui (1996 – 1997). Mr. J. Biginga has also undertaken numerous professional short courses including: Risk Management Training – Institute of Risk Management (2017); Induction of Board members – Kenya School of Government (2016); Performance Management Systems – Kenya Institute of Administration (KIA) – 2011; Senior Management Course – KIA (2010) and Corporate Governance and Principles – 2005 among others.




MANAGEMENT TEAM




	<p><b>RICHARD M. TANKILLE-CHIEF MANAGER, HR &amp; ADMINISTRATION</b></p> <p>Mr Richard Tankille joined the Authority in the year 2011 from Action Aid Kenya. He also worked with World Vision Kenya and brings along experience in project planning and Management. He is a HR professional with a master (M-PHIL in Human Resource Development) and B-ED arts degree. He is a certified educator in holistic management, also trained in Senior Management Course- Kenya School of Government (KSG), Monitoring and Evaluation certification program- Kenya Institute Management (KIM), and SAGE 50 Quantum Accounting software Kenya Mathematics Institute, public Procurement by Kenya Institute of Supplies Management (KISM), and Governance Accountability course.</p> <p>He is responsible for the general administration and the physical assets of the organization. Develops long range strategic Human resource planning and innovations, initiate innovative strategies to promote staff productivity and growth of the organization. Develops and communicate organizational values to all levels, business environment and up-to-date modes of working in a competitive environment. Formulate strategic employee recruitment and retention plans. Design staff training and talent development programs. Keep abreast with latest industry trends and best practices to ensure optimal performance of the department and the organization. Participate in committee meetings as appropriate</p>
	<p><b>CPA. MARY OMWOYO - CHIEF MANAGER FINANCE</b></p> <p>Joined the Authority in the year 2004. She is currently undertaking a PhD Business administration -Finance Option. Hold an MBA- Financial, Management Option, Bachelors of Commerce- Accounting. She's also attended short courses Trustee Development Program Kenya- College of Insurance Nairobi, 2<sup>nd</sup> Annual Women in Leadership Conference- The Kenya Institute of Management, Regional Conference on Governance, Leadership and Integrity - Institute of Certified Public Secretaries Kenya, 1<sup>st</sup> Kenyan Women in Leadership Forum - Kenya Institute of Management, Positioning the Procurement function to deliver value - Kenya Institute Of Supplies Management, Senior Management Course - Kenya School of Government, SAGE Accounting Software - Mathematics Institute of Kenya, County Governance &amp; Public Financial management workshop - Pan African Institute of Management and Governance, Use of ICT in Finance - The Computer Society of Kenya Budgeting, Costing &amp; Prevention seminar - Kenya Institute of Administration, Fraud Investigation &amp; Prevention seminar - Kenya Institute of Administration, Integrity assurance officer's course - Kenya Anti-corruption commission, Implementation of ISO 9001/2000 seminar - Kenya Bureau of Standards, Good governance &amp; Godly, Transformational, Total Quality &amp; Consciousness, Leadership and</p>



	<p>Attitude transformation - African Enterprise, Performance Appraisal Seminar - Kenya Institute of Administration, Effective report writing and presentation - Brainstorm Management Consultants Ltd</p> <p>She provides Financial Management and control services to the Authority specifically spear heading financial forward planning in line with the overall ENSDA's strategic operations and the Public Financial Management Act 2012, promote transparency, effective management and accountability with regard to the Authority's resources, monitor, evaluate and review the Authority's risk management strategies and governance structures, ensure that procurements of goods, works and services of the Authority are within the approved budget and in conformity with of the Public Procurement and Asset Disposal Act 2015.</p>
	<p><b>PETER BW'OGERO -CHIEF MANAGER, PLANNING, RESEARCH &amp; DEVELOPMENT</b></p> <p>Mr. Peter Bw'Ogero joined the Authority in the year 1996. He hold a Masters in M.Sc. in International course in Hydrological Engineering (Engineering and groundwater hydrology). M.Sc. degree in Hydrological Engineering, An integrated B.Sc. and M.Sc. programme in Civil Engineering, specialising in Water Supply and Sewerage Engineering, M.Sc. degree in Civil Engineering, Irrigation Engineering, Engineering Technician (part I - III - Credit). He Attended the 11<sup>th</sup> Regional Water and Sanitation Seminar, Nairobi, Kenya, the Total Quality Management (TQM) course with the Kenya Institution of Management., the National Workshop on the Draft Water Bill 2000, KCB Institute, Nairobi, Kenya, the 11<sup>th</sup> Stockholm Water Symposium (Stockholm, Sweden), the 12<sup>th</sup> Stockholm Water Symposium (Stockholm, Sweden), the 'Water Resources Management and Development Priority Setting Workshop' – organised by G.O.K. and World Bank , the 'Training Workshop on International Water Law and Negotiation Skills / Conflict Resolutions' organised by GOK and World Bank at the Panafric Hotel, Nairobi, Kenya, the 'Kenya Water Partnership (KWP) Workshop' at Holiday Inn, Nairobi, Kenya, 'National Workshop on Monitoring and Information System in Water Sector at Kenya Water Institute, Nairobi, Kenya, 'Results Based Management Capacity Building Training Programme' at the Kenya Institute of Administration, Nairobi, Kenya, refresher course on 'Environmental Water Assessment and Allocations for Rivers' by UNESCO-IHE and the University of Dar Es Salaam in Dar Es Salaam, Tanzania, Performance Appraisal Systems Training Seminar' at the Kenya Institute of Administration, Nairobi, Kenya, the 'Canadian version of Hydrological Operational Systems (HOMS) training workshops at the Institute of Metrological Training and Research, Nairobi, Kenya, a 'Project Management Course' at the Strathmore University, Nairobi, Kenya, Essential of Project Management Course' at the Kenya Development Learning Centre (KDLC), Nairobi</p>
	<p>He heads the Planning, Research and Development department, where he plans, develop and establish policies, procedures and objectives of the Authorities. In the Planning function he provides organizational strategic directions; oversee integrated development planning, development of projects concept and proposals, preparation of budgets; and monitoring and evaluation of the projects and programs. He also</p>



	<p>research and develops functions in line with Authority's objectives; review and initiate research and development proposals and ensure Authority remains up to date in terms of technological changes. In Regional Co-ordination he plans, develop and establish policies, procedures and objectives of Authority's regional coordination of the 6 sub-regional offices; raise awareness among community leaders, businesses and the general public in the sub-regions on the benefits of sustainable utilization of resources, and enhancing participation of stakeholders and partners in projects implementation; coordinate all activities in the sub-regions including identification, prioritization of projects and programmes for implementation by the Authority in the sub-regions.</p>
	<p><b>ENG.ISAAC KIIRU - CHIEF MANAGER, TECHNICAL SERVICES &amp; OPERATIONS</b></p> <p>ENG.ISAAC KIIRU joined the Authority in the year 2012 He holds a B. Sc Hons in Agricultural Engineering and M. Sc Civil Engineering. An Accredited Professional Engineer with Engineer Board of Kenya and Environmental Impact Assessment and Auditing Lead expert with NEMA. Affiliated to Institution of Engineers of Kenya(IEK) and Environmental institute of Kenya (EIK). Has attended short professional and management courses among them AUTO CAD and Civil 3D computer courses, GIS resource mapping and planning from CENTRAL. Contract management by IEK, Capacity Building for Monitoring water Quality in African rivers and Lakes from Beijing Institute of Water, Senior Management Course from Kenya School of Government.</p> <p>Engineer is responsible for the overall coordination and management of Technical Services and Operation Department, ensuring effective and efficient integrated programming within the Authority. This covers core business namely: natural resources, Community development and all engineering services. He/she is responsible for coordinating planning, designs implementing, supervision and commissioning strategic projects and programmes within the Authority. He/she is responsible for providing technical guidance in Technical services and management of operations for the projects and programmes, ensuring strict adherence to specification and acceptable standards. He/she will be further responsible in developing policies and guidelines for efficient running of the department</p>



## I. CHAIRMAN'S STATEMENT



The Board is committed to ensure that the Authority delivers services to the public in line with the constitution of Kenya 2010 by discharging its governance and oversight functions that enables management to improve on efficiency and effectiveness of the Authority's operations.

During the period 2016/2017, the Authority implemented a number of Key projects geared towards community livelihood improvement and environmental conservation within the region. The projects include: the Ewaso Ng'iro Tannery and Leather Factory, ENSDA Technology Transfer Centres, Bamboo Commercialization and Value addition, Environmental Protection and conservation, Water Harvesting and Storage, and the National Drought Response Programme.

The Ewaso Ng'iro Tannery and Leather factory being one of the Vision 2030 is located in Narok County. The project is at advanced stage of implementation and targets to open up the economic potential of the region by creating 500 direct and indirect jobs, create direct market to raw hides and skins hence spurring local and national economic growth. ENSDA Technology Transfer Centre, namely, Nkorieito Milk Cooling Plant in Kilgoris, Narok County, was completed and commissioned during the year. The project has created direct and indirect employment opportunities to over 300 people and increased incomes of the local communities in the area. The integrated Bamboo Commercialization and value addition is an ongoing project which will provide employment and incomes as well as contribute to environmental conservation of the Mau Forest Complex. About 75% of the Authority's area of coverage is ASAL, where water scarcity is a major constraint to development. To address this the Authority constructed 12 water harvesting and storage facilities (water pans) contributing about 315,000 m<sup>3</sup>, which will serve about 10,000 people and 30,000 livestock. In addition, the Authority participated in the National Drought Response programme by constructing and rehabilitating 34 boreholes which will serve 25,000 people and 84,500 livestock people across the region.

The challenges facing the organization are insufficient resource allocation compared to the high demand for development in the region and inadequate legal and regulatory framework to facilitate effective operations. To enhance financial sustainability for effective engagement in development, the Authority is implementing a number of investment projects for example the Leather Factory and Bamboo Value Addition Projects. Further, the Authority is developing a resource mobilization and partnership strategy aimed at attracting additional financing for projects to augment financial support by the exchequer. With support of the Parent Ministry and stakeholders, the process of harmonization of the Authority's legal and regulatory framework is underway.

A handwritten signature in dark ink, appearing to be 'M. M. M. M.', written over a horizontal line.

Sign

Date: 18.5.2018



## **II. REPORT OF THE CHIEF EXECUTIVE OFFICER**



In the year 2016/2017, the ENSDA's management demonstrated professionalism, transparency and accountability in the delivery of its mandate as well as provision of critical services to the communities and stakeholders in its area of jurisdiction comprising Narok, Kajiado, and parts of Nakuru and Nyandarua. The strategic programmes that were implemented during the year are, namely, Catchment Conservation and Protection of riparian lands; Community Empowerment; River basin resource based development investments and Organizational development.

Guided by the Public Finance Management Act 2012 and National Treasury guidelines on Public Expenditure, Funds received by the Authority were utilized on budgeted projects and programmes. During the year, the Authority's key objectives were aligned to vision 2030, the Sustainable Development Goals (SDGs) and Sector Performance Standards. Investment projects intended to enhance Authority's financial sustainability are the Leather Factory at Ewaso Ng'iro in Narok County and the Bamboo Propagation and Commercialisation project covering Narok, Nakuru and Nyandarua Counties whose completion rates are 95% and 50% respectively. To address water scarcity challenges in the region the Authority constructed 12 Water Storage facilities with a cumulative capacity of 240,000 M3 of water capable of serving over 10,000 people and 30,000 livestock units across the region. In the same vein, the Authority participated in the National Drought Response Programme by rehabilitating a total of 34 boreholes which serves 25,000 people and 84,500 livestock people.

Degradation of catchment areas, river basins, and fragile landscapes, compounded with climate change are major challenges hampering development in the region. To address and mitigate against negative environmental impacts the Authority continued to implement conservation projects across the region whereby 30 km of riparian / river banks of Narok (Ewaso Ng'iro) and Njoro Rivers were protected and conserved in collaboration with stakeholders during the year.

In the year, the Authority implemented projects for livelihood improvement and employment creation. The Authority continued to implement Initiatives for expanding the Tea Development Project in Transmara, which creates about 100 casual jobs daily. In addition, the Authority has initiated development of a 15-acre Purple Tea plantation and plans to promote processing of the purple tea through cottage industries. The other initiative that the Authority has successfully implemented during the year is the ENSDA Technology Transfer Centre (Nkorianito Milk Cooling Plant) in Trans Mara. The centre has tremendously boosted milk production and increased dairy farmers' incomes in the area. The milk cooling plant has created a 'supply – transport -linkage opportunity' through which over 500 informal jobs have been created for women and youths.

In the implementation of projects and delivery of services, the Authority ensured compliance with various statutory and constitutional requirements. More specifically the Authority endeavoured to comply with Procurement requirements that 30% of all procurement are reserved for the youth and women and that 2% of that goes to People with Disabilities. Out of an annual allocation for procurement of Kshs. 345M, the Authority ensured that tenders amounting to over Kshs 79.2M were awarded to the youth and women.

In the year, the Authority's development agenda was informed by the Strategic Plan 2012-2017 whose strategic programmes include, promotion of natural resources and environmental conservation, formulation of Integrated Regional Development Plans and resource maps in consultation with stakeholders, improvement of livelihoods of the communities in the region by enhancing resource based investments, promotion of community participation in development, and enhancing the coordination, monitoring and evaluation of projects in the region.

The main challenges that faced the Authority in implementation of the Strategic Plan were inadequate financial resources, inadequate legal and legislative framework, high levels of poverty and unemployment in the region resulting in high expectations and environmental degradation. In this regard the Authority has developed a new Strategic Plan for 2017-2022 to drive the Authority's agenda for the next 5 years. One of the key result areas of the new Strategic Plan is organizational financial sustainability which is to be achieved through investment projects such as the Leather Factory and Bamboo Value Addition Projects. Further, the 5 year Strategic Plan gives emphasis on developing a robust resource mobilization and partnership strategy aimed at attracting additional financing for projects.

To ensure its operations are in line with country's constitutional dispensation and avoid duplication of services, the Authority has comprehensively reviewed its Act (CAP 447) and submitted the draft Bill to the Parent Ministry.



Signed:

Date. 18.5.2018



### III. CORPORATE GOVERNANCE STATEMENT

#### (c) Statement of Corporate Governance

The Authority's Board plays a critical role of ensuring achievement of the Authority's strategic objectives. In execution of its mandate, the Board is guided by the Constitution of Kenya 2010, the enabling Act Cap 447, relevant legislations and governance blue prints i.e Mwongozo.

#### Board of Directors

#### Appointment of the Board and removal process

The current Board comprises the Chairman, appointed by the President, nine non –official members appointed by the Cabinet secretary of the Parent Ministry, the Managing Director and five Alternate Directors. The Board membership is diverse in terms of gender, competencies, skills and experience to facilitate effective leadership of the Authority.

In accordance to the Authority Act Cap 447, membership of a non – official member of the Board may be terminated by the Cabinet Secretary of the parent Ministry on the following grounds:

- Has been found guilty of improper conduct considered to be inconsistent with membership of the Authority; or
- Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Authority; or
- Is unable or unfit, for any reason, to discharge the duties of his office, and that it is in the interest of the Authority so to do, may terminate the appointment of that member.

In the financial year ended 30<sup>th</sup> June 2017, no termination of appointment of any director. There were no new appointments during the year.

#### Succession Plan

With the exception of the Board Chairman who was appointed in March 2016, the nine non – official directors were appointed in October and November 2015. To ensure smooth transition and continuity, it is expected that on expiry of their term at least a third of their number will be retained. Phased transition is expected to be observed in subsequent tenures of Board members.

### **Roles and functions of the Board**

The roles and functions of the Board are as stipulated in the enabling Act Cap 447 and Mwongozo, the Code of Governance for State Corporations. The Board should:

- a. Exercise its role collectively and not individually.
- b. Determine the organization's mission, vision, purpose and core values.
- c. Set and oversee the overall strategy and approve significant policies of the organization.
- d. Ensure that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its shareholders and other stakeholders
- e. Ensure that the strategy of the organization is aligned to the long term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
- f. Approve the organizational structure.
- g. Approve the annual budget of the organization.
- h. Monitor the organization's performance and ensure sustainability
- i. Enhance the corporate image of the organization.
- j. Ensure availability of adequate resources for the achievement of the organization's objectives.
- k. Hire the CEO, on such terms and conditions of the service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff.
- l. Ensure effective communication with stakeholders.

### **Attendance of Board meetings**

In the financial year ended 30<sup>th</sup> June 2017, Board meetings were held in line with the Authority's Act Cap 447 Section 5 and attendance was over 95%. In instances of absence from meetings, the affected directors sent apologies. The Authority's Board is convened by the Chairman at least four times in every financial year and not more than four months elapses between the date of one meeting and the date of the next meeting. Meetings of the Board are held at the principal office of the Authority, in Narok County. The quorum for conduct of business at a meeting of the Board is not less than two – thirds of the total number of members of the Board. During the year, the directors received appropriate and timely information to enable them discharge their governance and oversight roles.

### **Induction and training**



In recognition of the importance of the provisions of Mwongozo for effective leadership and management of the Authority, the Authority's Board participated in an induction programme within two months after their appointment. In addition, directors participated in trainings for enhanced capacity during the financial year ended 30<sup>th</sup> June 2017 including: Risk Management, Corporate Governance trainings and women in leadership conference.

#### **Board and member Performance**

The Authority's Board undertakes annual performance evaluation which is facilitated by the State Corporation Advisory Committee (SCAC). The performance evaluation exercise covers the Board as a whole, the Chairman, individual Board members and the Chief Executive Officer. The performance evaluation exercise for the financial year ended 30<sup>th</sup> June 2016 was conducted in April 2017 whereas evaluation for the financial year ended 30<sup>th</sup> June 2017 is scheduled to place in October 2017.

#### **Conflict of Interest**

Before commencement of board meeting's agenda deliberations, the members are accorded an opportunity to declare conflict of interest if any. This is meant to ensure members objectivity in decision making. During the financial year ended 30<sup>th</sup> June 2017 no conflict of interest was declared by directors.

#### **Board Remuneration**

Authority's Board remuneration and benefits during the financial year ended 30<sup>th</sup> June 2017 was as follows:

Type of payment	Chairman (Ksh.)	Member (Ksh.)
Honoraria (per month)	80,000	-
Sitting allowance (per sitting)	20,000	20,000
Airtime – Mobile phone (per month)	7,000	-
Transport allowance/ Mileage	Reimbursement is based on actual mileage at the prevailing AA rates	Reimbursement is based on actual mileage at the prevailing AA rates
Lunch Allowance (in lieu)	2,000	2,000
Accommodation allowance	18,200	18,200

#### **Ethics and Conduct**

The Code of Conduct and Ethics for State Corporations (SCs) as contained in Mwongozo: The Code of Governance for State Corporations defines the standards of behaviour required to be observed by Board members. The main focus is on ethical conduct and integrity at the work place. Pursuant to the provisions of Executive Order No. 7, issued by H.E. The President on 25<sup>th</sup> March, 2015 and Performance Contracting obligation for Financial Year 2015/16, the Authority's Board committed that they shall comply and implement the provisions of MWONGOZO: Code of Governance for State Corporation.

#### **Governance Audit**

The Authority's Board is subject to an annual governance audit in consultation with State Corporations Advisory Committee (SCAC).

With the advice of SCAC, the governance audit exercise for financial year 2016/2017 is yet to be conducted.

### **IV. MANAGEMENT DISCUSSION AND ANALYSIS**

#### **OPERATIONAL PERFORMANCE**

The Government of Kenya through ENSDA is fully committed to improving livelihoods of communities in its jurisdiction area. This has been made possible through implementation of integrated, sustainable, socio-economic development projects and programs. During the period under review, the Authority implemented the following projects and programmes;

##### **1. Ewaso Ng'iro Tannery & Leather Factory**

To promote development of the leather industry in the country, the Kenya Government imposed a 40% export duty on raw hides and skins, a move aimed at discouraging export of the raw materials, hence promoting establishment of tanneries and leather industries for value addition.

ENSDA region is endowed with lots of livestock producing large amounts of hides and skin which is mostly left to waste of fetch low prices. Given the main socio-economic set up of this region where livestock keeping is the main economic activity, the Authority strategic objective has given special attention to value addition and development of leather industrial enterprises. Currently the Authority is establishing a Tannery and Leather factory which is located at Ewaso Ng'iro centre in Narok County.

The project objectives are:

- To improve livelihoods
- To enhance GDP growth
- Livestock by-product value addition,
- Industrialization
- Employment creation.

The project components include:

- Construction of tannery and leather factory (3,200sqm) with a capacity of 4,000 tonnes of hides and skins annually
- Construction of Effluent treatment plant (ETP)
- Equipping of the tannery and leather factory.
- Establishment of collection centres
- Community capacity building

During the period under review, the Authority completed construction of the leather factory building, designs for the effluent treatment plant, equipping of the factory and mapping of the hides and skin collection centres. Construction of effluent treatment plant is ongoing.

## **2. Integrated Bamboo Commercialization and Value Addition**

Bamboo is a significant non-timber forest resource with important ecological and economic benefits. It is used for environmental conservation through restoration and protection of forests and water towers, soil and water conservation and carbon sequestration. Bamboo farming also contributes towards improving the livelihood of the community through value addition along the whole value chain. It is used in construction, pulp and textile industries.

Bamboo farming would contribute to poverty alleviation and the sustainable development of the rural economy through creation of 300 direct employment opportunities and over 10,000 indirect jobs, as well as generate foreign earnings / revenues of up to US\$9.8million annually.

The project objectives are:

- Contribution to increasing forest cover through the sustainable development, conservation and utilization of bamboo resources.
- Promotion of bamboo-based small, medium and large scale industries along the supply chain for utilizing the available resources at a sustainable level to generate income and provide sustained employment.
- Capacity building the participants and stakeholders through awareness creation campaigns and information sharing.

The project components include:

- Propagation of 2,000,000 bamboo seedlings
- Establishment of 1,000 acres nuclear bamboo plantations and rolling out a farmers' out growers scheme.
- Capacity building.
- Establishment of cottage industries spread across the ENSDA region.
- Construction of bamboo processing factory to manufacture high end products such as furniture, flooring materials and pulp.

The Authority is also implementing environmental conservation and rehabilitation programme. The project covers 5 major classified rivers; Ewaso Ng'iro South river, Narok river, Mara river, Malewa and Njoro river. The main objective of this project is to enhance environmental conservation, catchment rehabilitation and protection of river banks.

During the period under review, the Authority completed establishment of three bamboo propagation nurseries in Kisiriri, Nyandarua and Nakuru and propagated over 30,000 seedlings. It also completed feasibility study and designs for bamboo factory, acquired 10 acres of land and fenced off. In addition, the Authority carried out research in collaboration with KARLO on tissue culture propagation of bamboo protocols and trials are still ongoing.

### **3. ENSDA Technology Transfer Centre (Nkorieito Integrated Development Project)**

This project is located in Kilgoris constituency of Narok County. Dairy farmers in the region has suffered from huge losses due to low milk pricing and wastage as a result of poor milk quality hence losing more than 80% of their revenue. As a mitigating intervention, the Authority has a piloted a technology transfer centre and established a dairy cooling plant in Nkorieito, Kilgoris constituency. The project main objective is to transfer modern dairy technology to the community to enhance household income through bulking of milk and marketing.

The project components include:

- i) **Establishment of milk collection and cooling plant.** This is to improve marketing of milk and milk prices. The Authority constructed and equipped a milk cooling plant with a peak capacity of 10,000 litres per day and formed a dairy cooperative.
  - ii) **Improved dairy farming technology:** The Authority established a demonstration centres for modern dairy technology. In collaboration with Centre for Artificial Insemination services (CAIS), the Authority has established a regional semen bank to serve at least 4,000 cows annually. Also extension officers have been trained to offer this service at village level
- During the period under review, the Authority drilled and equipped 1No. Production borehole, trained the community members and operationalized the milk cooling plant which currently is operating with 10,000 litres cooler installed and over 1,000 active members recruited. The project has created employment opportunities for over 500 people especially youth and women.

#### **4. Water Harvesting and Storage programme**

ENSDA region like all other ASAL areas in Kenya is a water scarce region and communities living in this region are vulnerable to drought and climate change. To mitigate on effects of drought and enable communities' access safe, reliable and portable water, the Authority has prioritized implementation of Water harvesting and storage programme. The programme objective is to control and harness the rainfall runoff waters along seasonal rivers with the aim of providing water for domestic use, livestock and irrigation for socio-economic development and improved livelihoods. The programme includes:

- i) **Nkorienito dam development project** located in Narok East constituency of Narok County. Under this project, the Authority completed design reviews for Nkorienito dam, constructed and rehabilitated Kordai dam and Oloika water pan with a cumulative storage of 120,000m<sup>3</sup>.
- ii) **Olooltepes dam development project** located in Kajjado East Constituency of Kajjado County. During the period under review, the Authority completed construction of Endonyo enkerr, Esarunoto and Iloshon water pan with a cumulative storage of 60,000m<sup>3</sup>.
- iii) **Olkejuado Dryland Multipurpose project** located in Kajjado central Constituency of Kajjado County. Under this project, the Authority completed construction of Ruanje, Ilmarba and Kilonito water pans with cumulative storage of 75,000m<sup>3</sup> of water.

#### **5. National Drought Emergency response program**

Kenya experienced drought situation following the poor rains received in the year 2016. Most of the surface water sources dried up resulting into acute food insecurity and livestock death prompting the Government to declare it a National disaster by His Excellency the President.

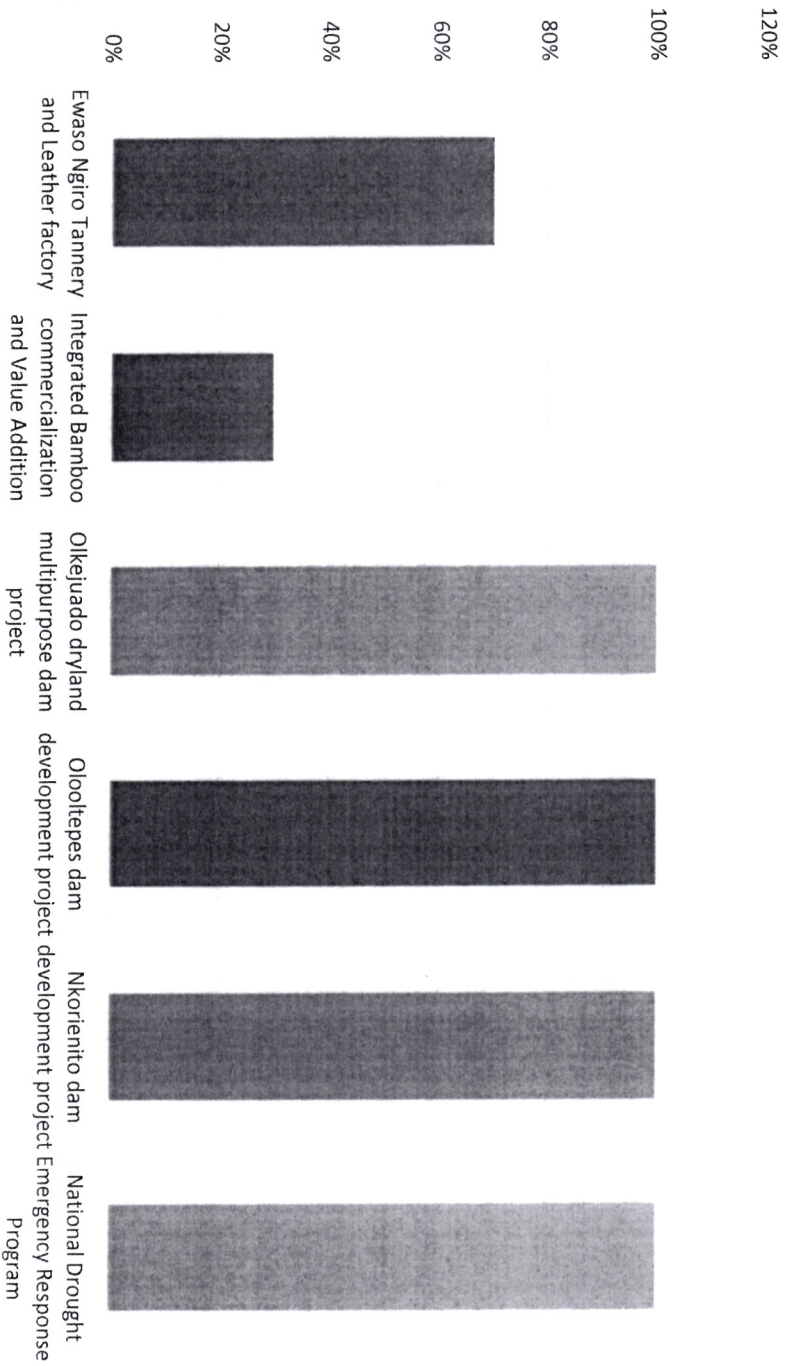
To alleviate the suffering of people living in the region, Ewaso Ng'iro South River Basin Development Authority in collaboration with Ministry of Devolution and Planning embarked on Boreholes Rehabilitation program across the region to mitigate on the impacts of the drought. The program components include;

- i. Survey and assessment of existing boreholes and pans that require immediate rehabilitation
- ii. Undertaking hydrogeological survey for new boreholes
- iii. Rehabilitation and equipping of non-functional boreholes
- iv. Drilling and equipping of new boreholes

During the financial year the Authority completed rehabilitation and equipping of 34 boreholes providing water to over 24,640 people and 84,500 livestock distributed across the region



**STATUS OF PROJECT COMPLETION AS AT JUNE 2017**



## MAJOR RISKS FACING THE AUTHORITY

Risk management has grown to be a serious concern for every organization since the operational environment is often uncertain. Because risk is inherent in the Authority's operations in the year we conducted and addressed several risks to ensure that the Authority achieve its objectives. The Authority faced the following risks in the course of operations through the year;

- i. **Legal Risk-** the Authority is legislated by Cap 447 of the Laws of Kenya. With the new constitutional dispensation, some functions were devolved to the County Governments. In absence of a revised legislation aligned with the Constitution of Kenya, potential conflicts may arise between the Authority and other Government agencies in case of inconsistency of the Act with the current Constitution.

To mitigate this, the Authority is fast tracking the review of the Act.

- i) **Environmental Risks** - in the current financial year the Authority implemented diverse projects ranging from water harvesting and storage programs, catchment conservation, bamboo commercialization and value addition project and agro-processing. The projects are dependent on climatic and environmental factors for example the rainfall patterns. The Authority's area of jurisdiction being semi-arid, climatic change and adverse weather conditions has continued to adversely affect the region and the intended impact of projects to beneficiaries may be hampered.

The Authority has implemented a robust environmental management strategies and adopted programs to mitigate the same.

- ii) **Sustainability risks** – Most of the projects implemented by the Authority are usually handed over to communities who then operate, maintain and even upscale the project where possible. However, due to lack of capacity of the communities to operate such projects sustainably, the projects are normally faced with sustainability risks. Also, some projects particularly water and environmental conservation projects are faced with threats of human wildlife conflict as most parts of the region have wildlife.

To mitigate such risks the beneficiary communities are usually trained on operation and maintenance and management committees strengthened. However, in wildlife areas the Authority collaborated with relevant agencies to minimise such incidences.

To achieve sustainability, the Authority should implement diverse income generating projects to enhance levels of internally generated funds. However, due to inadequacy of resources allocated by the exchequer the Authority may take longer time to achieve financial sustainability hence potential liquidity risks in the event of delay in release of budgetary allocation.

To mitigate on such risk, the Authority is giving priority to projects that will enhance revenue generation such the Tannery and Leather factory, Bamboo commercialization and Narok natural resources data centre projects. In addition, aggressive resource mobilization through PPP has been prioritized.

iii) **Technological Risks** - With technological advancements, there are higher risks of information shared on web based platforms. In the year there were uncertainties as to the security of the Authority's information shared on various platform, posing the risk of compromising confidentiality of information shared through platforms like websites, data banks and social media.

The Authority is focused towards strengthening all its automated processes through the use of internal and external firewalls, encryption of data and establishing secure channels of data processing and sharing.

iv) **Liquidity Risks** –In the current financial year the Authority implemented capital projects such as water harvesting, Bamboo commercialisation and construction of Tannery and leather factory which are continuing projects that depends on the National government on funding for their next phases. There instances where there is delayed funding impacting negatively on the project funding.

The Authority is currently liaising with Parent Ministry and the National Treasury with a view of addressing the situation through a forward cash flow plan.

## **COMPLIANCE WITH STATUTORY REQUIREMENTS**

In the financial year ended 30<sup>th</sup> June 2017, the Authority endeavored to comply with the Constitutional provision and other statutory obligations. The Authority endeavoured to comply with Procurement requirements that 30% of all procurement are reserved for the youth and women and that 2% of that goes to People with Disabilities. Out of an allocation of Kshs 345Million for procurement in the year, the Authority awarded tenders amounting to Kshs 79.2 Million went to the youth and women.

With regard to Buy Kenya Build Kenya (BK) the Authority was able to award contracts amounting to Kshs 122.6 Million for local content out of a possible amount of Kshs 345Million. Further, in the year ended 30<sup>th</sup> 2017 the Authority observed the legal requirement in respect to submission of statutory deductions (PAYE, Pension, NSSF, NHIF, HELB) and other relevant taxes. During the period under review, no unclaimed financial asset was reported.

In addition, the Authority did comply with the Public Procurement Act and Disposal by carrying out the following:

- i. Developed a procurement plan and submitted a copy to PPOA through e-procurement platform by 31st August 2016 in the format provided
- ii. Submitted all quarterly procurement plan implementation reports to PPOA in the format provided in the website, [www.tenders.go.ke](http://www.tenders.go.ke)
- iii. Prepared and submitted Environmental Sustainability Audit Report on compliance with EMCA- 1999 by 30th Sept, 2016
- iv. Submitted Annual work plan based on the 2015/16 Audit Report by 30<sup>th</sup> Sept, 2016

During the FY 2016/2017, the Authority implemented the following in compliance to disability mainstreaming:

- v. Implemented Government policy on affirmative action for persons with disabilities by ensuring that at least 5 % of the employees are PWDs
- vi. Ensured physical improvement of facilities for accessibility
- vii. Carried out an accessibility audit for persons with disabilities
- viii. Held a staff sensitization workshop on Disability Mainstreaming
- ix. Applied for a certificate from the National Council for Persons with Disabilities
- x. Submitted quarterly reports to National Council for Persons with Disabilities in the prescribed format

In FY 2016/2017 the Authority carried out the following activities in compliance with Gender mainstreaming:

- i. Implemented Government policy on gender mainstreaming, including compliance with one third rule on appointments, promotions and employment in the public service, as per the Constitution
- ii. Held one workshop to sensitize staff on Gender mainstreaming policy and workplace policy on Gender Based Violence
- iii. Carried out gender audit of the institution headquarters and basin offices
- iv. Submit quarterly reports to NGECE

## **FINANCIAL PERFORMANCE**

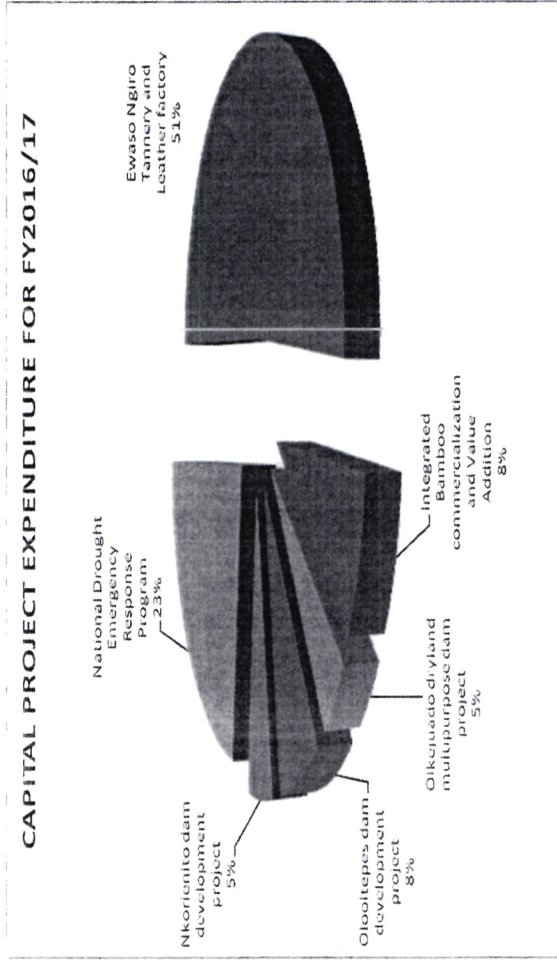
The Authority continued to post an upward trend in financial performance. Based on the financial statements trend analysis as at the close of the financial year 2016/2017, performance was as follows:

- Revenue from non-exchange transactions grew by 58%
- AIA increased by 54%, the growth was mainly attributed to enhanced efficiency in management of internal revenue generating projects
- Investment in the Authority's assets grew by 23%.

In allocating resources, priority was given to projects that focused on improving the social economic livelihoods. Ewaso Ng'iro Tannery and Leather factory received the largest share of the Authority capital investment amounting to Ksh.314, 677, 518. This is attributed to the special attention this project will play in transforming the socio-economic status of the region through employment creation, value addition and export earnings. The project is expected to be completed by the end of the FY2018/19. However operation of the facility will commence in FY 2017/18.

The Authority also spend a substantive amount of Ksh.142, 000,000 in the drought emergency response program. The expenditure was however, an additional funding to the normal development budget. The programme was intended to alleviate the suffering of many Kenyans who were faced with starvation and livestock death across the region.

The allocation to the water harvesting programme was reduced due to inadequate funding from the Treasury. This was further compounded by the nature of these projects since they required large amounts of funds to complete. The Authority therefore, opted to Phase the projects component particularly water pans that could be completed. The figure below gives an illustration of how the Authority allocated the development funds to various projects under implementation in the FY2016/17.



During the period under review, there was remarkable improvement in regard to Authority's performance and all the planned activities were completed.

#### V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Authority is committed to improving livelihoods and undertakes social economic programs in the river basin by creating an enabling environment for economic growth and ensuring sustainable and equitable development through optimum utilization, coordination and management of resources for enhanced quality of life. Towards this the Authority implements core mandate programmes and projects.

However, during the financial year 2016/17 the Authority undertook various Corporate Social Responsibility activities in environmental conservation, water and sanitation, Health, Education and Sports as outlined below.



The specific activities and beneficiaries undertaken under CSR include the following:

- Donation of 500 tree seedlings to Makeya/Sampurumpur Afforestation group for the conservation of the catchment that periodically leads to the flooding of Narok Town.
- Donation of 1,000 assorted tree seedlings to schools, namely, Isihoni, Itumtum, Poroko, and the Narok County Natural Resource Network.
- Participation in the World Environment Day and the Mara Day Celebration where the Authority showcased the importance of conservation of the Mau and Mara River catchments.
- Participation in the cleaning of 50 Km stretch of Narok River. This was done in collaboration with stakeholders, namely the Ministry of Environment and Natural Resources, NEMA, WRMA, and the Narok County Government.
- Participation in the day of African child celebration marked at Suswa Primary School. The Authority partnered with stakeholders to contribute foodstuffs to over 300 vulnerable children.
- Participation in the World AIDS day on 1<sup>st</sup> December 2016. The Authority enhanced awareness on HIV and AIDS through donation of branded materials (T-shirts and Caps) with a message to reach out to members of the society.
- Provision of clean drinking water and social amenities for school, health centre and the community around Paranai borehole, Kajiado County. Before the intervention by the Authority, the community had to walk many kilometers in search of water both for livestock and human consumption thus affecting the school going children.
- Participation in the 2<sup>nd</sup> AK (Athletic Kenya) South Rift Region Marathon that was held in Trans Mara sub-county. The Authority contributed food staff, drinking water, and tree seedling that were planted to conserve the environment

- Donation of relief food to over 300 household to mitigate the effect of drought in Kajiado County.



*Youths perform the task of cleaning Narok River*



*ENSDA MD (Mr. Sammy Naporos) & Director Beatrice Kerei distributing Relief Food at ILMOTTOO Kajiado West Constituency Kajiado County*

**VI. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of the Authority's affairs.

**Results**

The results of the entity for the year ended June 30, 2017 are set out on page 41 to 50

**Directors**

The members of the Board of Directors who served during the year are shown on page ix-xvii. During the Financial Year 2016/2017, there were no resignations or retirement of Board members. There were also no new appointments to the Board

**Auditors**

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

By Order of the Board



Corporate Secretary

Date: 18.5.2018

## VII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Public Finance Management Act, 2012 and the State Corporations Act, require the Directors to prepare financial statements in respect of Ewaso Ng'iro South River Basin Development Authority, which give a true and fair view of the state of affairs of the Authority at the end of each quarter and its operating results for that period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy its financial position. 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 30<sup>th</sup> June, 2017. 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 Authority (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; and (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 the State Corporations Act, Cap 446. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of the Authority's transactions during the financial year ended June 30, 2017, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained on 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 financial statements were approved by the Board on 13<sup>th</sup> April 2018 and signed on its behalf by:





\_\_\_\_\_  
Director



\_\_\_\_\_  
Director



# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON EWASO NG'IRO SOUTH RIVER BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

##### Opinion

I have audited the accompanying financial statements of set out on pages 42 to 81, which comprise the statement of financial position as at 30 June 2017, 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, the financial statements present fairly, in all material respects, the financial position of as at 30 June, 2017, 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 Ewaso Ng'iro South River Basin Development Authority Act, Cap 447 of the Laws of Kenya.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

##### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Ewaso Ng'iro South River Basin Development Authority in accordance with ISSAI 30 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 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.

##### Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

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*Report of the Auditor-General on the Financial Statements of Ewaso Ng'iro South River Basin Development Authority for the year ended 30 June 2017*

Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue sustaining its services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management intends to cease operations of the Authority or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing Authority's financial reporting process.

### **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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.

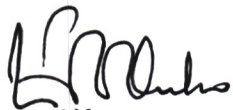
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Authority's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue as a going concern or 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 the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**  
**06 July 2018**

VIII. STATEMENT OF FINANCIAL PERFORMANCE AS AT 30<sup>TH</sup> JUNE 2017

	Note	2016-2017 KShs	2015-2016 KShs
Revenue from non-exchange transactions	1		
Transfers from the governments- Recurrent Grant		191,491,291	50,287,649
Transfers from the government- Development Grant		484,500,000	255,441,000
Drought Mitigation programme Grant		142,000,000	40,000,000
Total revenue from non-exchange transactions		<u>817,991,291</u>	<u>345,728,649</u>
Revenue from exchange transactions (A-in-A)	2	10,733,787	4,975,808
<b>Total Gross revenue</b>		<b>828,725,078</b>	<b>350,704,457</b>
Adjusted for :Deferred income	19	(330,507,009)	-
<b>Total Net revenue</b>		<b><u>498,218,069</u></b>	<b><u>350,704,457</u></b>
<b>Expenses</b>			
Employee costs	3	90,717,027	42,477,214
Remuneration of Directors	4	18,066,223	13,900,718
Depreciation and amortization expense	5	14,748,060	-
Repairs and maintenance	6	3,535,254	-
Contracted services	7	3,821,200	-
Development expenses	8 (a)	158,298,680	141,731,128
Drought Mitigation programme	8 (b)	140,263,459	39,991,388
Administration Expenses	8 (c)	56,302,242	15,035,270
Total expenses		<u>485,752,145</u>	<u>253,135,718</u>
ADD-Gain on sale of assets	9	33,000	0
Total other gains		33,000	0
Surplus before Tax		<u>12,498,924</u>	<u>97,568,739</u>
Taxation	10	-	-
Surplus for the period		<u>12,498,924</u>	<u>97,568,739</u>



**IX. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	Note	2016-2017	2015-2016
Assets		KShs.	KShs.
<b>Current assets</b>			
Cash and Cash Equivalents	11	293,293,245	71,768,957
Work In Progress	12	271,347,652	82,314,560
Receivables from exchange and non-exchange transactions	13	2,246,200	458,600
Prepayments	14	5,191,291	1,429,649
Inventories	15	16,728,230	5,483,300
<b>Total Current Assets</b>		<b>588,806,618</b>	<b>161,455,066</b>
<b>Non-current assets</b>			
Property, Plant and Equipment	16	291,156,623	348,320,517
Biological Assets	17	97,700,000	97,700,000
Total non - current assets		<u>388,856,623</u>	<u>446,020,517</u>
<b>Total assets</b>		<b><u>977,663,241</u></b>	<b><u>607,475,583</u></b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables from exchange transactions	18	243,266,845	37,986,738
Total current liabilities		243,266,845	37,986,738
Non-current liabilities		-	
Total liabilities		<u>243,266,846</u>	<u>37,986,738</u>
<b>Net assets</b>		<b><u>734,396,395</u></b>	<b><u>569,488,845</u></b>

<b>Capital Reserves</b>				
Accumulated Development Fund	20	80,834,614	175,815,416	
Surplus		12,489,924	45,352,912	
Revaluation Reserves	22	310,555,848	348,320,517	
Deferred Income	19	330,507,009	-	
Total net assets		<b>734,396,395</b>	<b>569,488,845</b>	
<b>Total net assets and liabilities</b>		<b>734,396,395</b>	<b>569,488,845</b>	

The Financial Statements set out on pages 39 to 47 were signed on behalf of the Board of Directors by:

C.E.O  
Name: Mr. Sammy Naporos

Head of Finance  
Name Mary Omwoyo

Chairman of the Board  
Name : Seleila Ole Mwanik





ICPAK Member Number: 13587

Date. 18.5.2018

Date 18.5.2018

Date. 18.5.2018





XI. STATEMENT OF CHANGES IN NET ASSETS AS AT 30<sup>TH</sup> JUNE 2017

	Accumulated Development Fund	Revaluation Reserve	Surplus/Deficit	Deferred Income	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance as at 1 July 2015</b>	179,815,416	22,523,671	(38,289,624)	-	164,171,763
Surplus/Deficit for the period	-	-	-	-	-
Transfers to/from accumulated surplus	-	-	83,642,536	-	83,642,536
Revaluation gain	-	325,796,846	-	-	325,796,846
Capital reserves	(4,122,300)	-	-	-	(4,122,300)
<b>Balance as at 30 JUNE 2016</b>	<u>175,815,416</u>	<u>348,320,517</u>	<u>45,352,912</u>	<u>-</u>	<u>569,488,845</u>
<b>Balance as at 1 July 2016</b>	<u>175,815,416</u>	<u>348,320,517</u>	<u>45,352,912</u>	<u>-</u>	<u>524,135,933</u>
<b>Prior year adjustment</b>	-	(37,764,670)	45,352,912	-	(37,764,670)
Surplus for the period	-	-	12,498,924	-	12,498,924
Accumulated depreciation and disposal on revaluation	(94,980,802)	-	-	-	(94,980,802)
Deferred Income for the year	-	-	-	330,507,009	330,507,009
<b>Balance as at 30 JUNE 2017</b>	<u>80,834,614</u>	<u>310,555,848</u>	<u>12,498,924</u>	<u>330,507,009</u>	<u>734,396,395</u>





**XII. STATEMENT OF CASH FLOWS AS AT 30 JUNE 2017**

	NOTES	2016-2017	2015-2016
<b>Cash flows from operating activities</b>			
Cash receipts from GOK Grants REC		191,491,291	50,287,649
Cash receipts from GOK DEV		484,500,000	255,441,000
Cash receipts from GOK PANS & DAMS		142,000,000	40,000,000
Cash receipts from (A I A)		10,733,787	4,975,808
Cash paid to suppliers		(151,663,698)	(210,403,341)
Cash paid to Board Members	4	(18,066,223)	(13,900,718)
Administrative	8(c)	(56,302,242)	
Cash paid to employees	3	(90,718,027)	(42,477,214)
<b>Net cash flow from operating Activities</b>		<b>511,974,888</b>	<b>83,923,184</b>
<b>Cash flows from investing activities</b>			
Disposal of Assets	2	2,283,000	0
Acquisition of Assets	16	(21,385,948)	(3,680,796)
Work in progress	12	(271,347,652)	(37,314,560)
<b>Net cash flow from investing Activities</b>		<b>(290,450,600)</b>	<b>(40,995,356)</b>
Net increase in Cash and Cash Equivalents		221,524,288	42,927,828
Cash and Cash Equivalents at beginning of period		71,768,957	28,841,129
Cash and Cash Equivalents at the end of the period	11	<b>293,293,245</b>	<b>71,768,957</b>





XIII.

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30<sup>TH</sup> JUNE 2017**

	Original Budget	Adjustment	Final Budget	Actual	Variance	REMARKS
	KShs.	KShs.	KShs.	KShs.	KShs.	
<b>REVENUE</b>						
Recurent Grant	192,991,291	-	192,991,291	192,991,291	0	
Development Grant	484,500,000	-	484,500,000	484,500,000	0	
Drought Mitigation Grant	142,000,000	-	142,000,000	142,000,000	0	
Appropriation In Aid	6,000,000	-	6,000,000	10,733,787	4,733,787	Increase in Sales
Gains on disposal	-	-	-	33,000	33,000	Motor Vehicles disposed
<b>Total Income</b>	<b>825,491,291</b>		<b>825,491,291</b>	<b>828,758,078</b>	<b>3,266,787</b>	
<b>EXPENSES</b>						
<b>Recurent &amp; Administration</b>						
Compensation of employees	98,657,091	-	98,657,091	90,717,027	7,940,064	
Administration costs	60,540,200	-	60,540,200	56,302,242	4,237,958	
Remuneration of Directors	18,244,000	-	18,244,000	18,066,223	177,777	
Depreciation expense	-	-	14,748,060	14,748,060	0	
Repairs and maintenance	5,050,000	-	5,050,000	3,535,254	1,514,746	
Contracted services	4,500,000	-	4,500,000	3,821,200	678,800	
<b>Development Expenses</b>						
Ewaso Ng'iro Leather Factory	218,500,000	100,000,000	318,500,000	314,677,519	3,822,481	ongoing Project
Integrated Bamboo	114,000,000	(57,000,000)	57,000,000	51,680,285	5,319,715	ongoing Project
Olkejuado Multi-Purpose Dam	55,000,000	(25,000,000)	30,000,000	28,862,145	1,137,855	
Nkorerito Development Project	50,000,000	(21,000,000)	29,000,000	30,538,096	(1,538,096)	
Olooltepes Dam Development	50,000,000	0	50,000,000	45,845,325	4,154,675	
Drought Mitigation programme	142,000,000	0	142,000,000	146,086,459	(4,086,459)	ongoing Project





#### XIV. NOTES TO THE FINANCIAL STATEMENTS

##### 1. GENERAL INFORMATION

Ewaso Ng'iro South River Basin Development Authority was formed on 1989 by an Act of Parliament CAP 447 of the Laws of Kenya. At Cabinet level, Ewaso Ng'iro South River Basin Development Authority is represented by the Cabinet Secretary for Ministry of Devolution and Planning. The Cabinet Secretary is responsible for the general policy and strategic direction of the Authority. The principal activity of Ewaso Ng'iro South River Basin Development Authority is to plan, coordinate and implement development projects within its area of jurisdiction.

##### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Authority's financial statements have been prepared on accrual basis in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method.





**3. ADOPTION OF NEW AND REVISED STANDARDS**

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

Standard	Impact
<p><b>IPSAS 33:</b> First time adoption of Accrual Basis IPSAS</p>	<p>The Authority adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the Authority.</p>
<p><b>IPSAS 34:</b> Separate Financial Statements</p>	<p>The Authority does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p><b>IPSAS 35:</b> Consolidated Financial Statements</p>	<p><b>Effective for annual periods beginning on or January 1, 2017</b>                      The Authority does not have any subsidiaries , joint ventures or investments and therefore the standard does not apply</p>
<p><b>IPSAS 36:</b> Investments in Associates and Joint Ventures</p>	<p>The Authority does not have investments in associates or joint ventures and therefore the standard does not apply</p>
<p><b>IPSAS 37:</b> Joint Arrangements</p>	<p>The Authority does not have an interest in a joint arrangement and therefore the standard does not apply.</p>
<p><b>IPSAS 38:</b> Disclosure of Interests in Other Entities</p>	<p>The Authority does not have an interests in other entities and therefore the standard does not apply.</p>





ii. **Early adoption of standards**

The Authority adopted first time accrual IPSAS and implemented relevant applicable standards. IPSAS 39 and 40 will be implemented within the provided timelines of 1<sup>st</sup> January 2018 and 1<sup>st</sup> January 2019 respectively.

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) **Revenue recognition**

i) **Revenue from non-exchange transactions**

**Transfers from other government entities**

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

ii **Revenue from exchange transactions**

**Rendering of services**

The entity recognizes revenue from rendering of services when revenue can be measured reliably, it is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the stage of completion of the transaction at the reporting date can be measured reliably.

**Sale of goods**

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 entity.





**Receivables from exchange and non-exchange transactions**

**i) Receivables from exchange transaction**

Revenue arising from exchange transactions and events (rendering of services, sale of goods, and use of entity assets yielding interest) not yet received as at the close of the financial year is recognized as receivables from exchange transaction. This is measured at the fair value of the consideration to be received.

**ii) Receivables from non-exchange transactions**

The Authority receives grants from the government based on approved annual budgets and printed estimates. At the close of the financial year, where commitments were made towards services or goods and the equivalent funding has not been received, the outstanding grant is recognized as a receivable from non-exchange transaction. The government grant is recognized as a receivable when there is reasonable assurance that the grant will be received, and that the entity will comply with the conditions attached to the grant.

**iii) Prepayments**

Where the contribution already paid exceed the contribution due for service at the reporting date, the excess amount is recognized as an asset to the extent of the prepayment. The future payment will be reduced by the prepayment amount.

**b) Budget information**

The Authority's budget is prepared on accrual basis which is the same basis applied in the recognition of the actual income and expenditure disclosed in the financial statements. The original budget for FY 2016-2017 was approved by the Board on 30<sup>th</sup> June 2016. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Ksh. 142 Million on the 2016-2017 budget following the governing body's approval.





**c) Taxes**

**Current income tax**

Current income tax liabilities for the current period are measured at the amount expected to be paid or remitted to the taxation authorities. The tax rates and tax laws used to compute the tax liability are consistent with those enacted, at the reporting date in the area where the entity operates.

**Deferred tax**

Deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

**e) Property, Plant and Equipment**

All property, plant and equipment are stated at revalued amounts whereas assets acquired after revaluation are stated as cost (including expenditure that is directly attributable to the acquisition of the items) on acquisition. Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Where an asset is acquired through construction or structured procurement process, the costs relating to the processes are accumulated and debited to the Work In Progress account. Work In Progress comprises of all direct costs incurred in constructing an asset or acquisition of machinery including buying, transporting, installing, and testing the machinery or equipment. Once an asset is placed in service, all costs associated with it as recorded in the work in progress account are moved to the respective fixed asset account e.g building or machinery.

Once the assets are placed in service and moved to their final fixed asset account, depreciation commences.

Revaluations shall be made periodically, after every 5 years, to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.





Motor vehicle	25%
Furniture, fitting and Equipment	12.5%
Buildings Permanent Non Residential	2%
Buildings Semi Permanent Non Residential	12.5%
Buildings Permanent Residential	2%
Computers and related accessories	30%
Loose Tools	33.33%

**f) Leases**

The Authority has operating leases under leasehold land. Operating lease payments are recognized as an operating expense in the statement of financial performance on a straight-line basis over the lease term.

**g) Intangible assets**

Intangible assets are initially recognized at cost. Intangible assets acquired in a non-exchange transaction are recognised at their fair value at the date of the acquisition. 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 the statement of financial performance in the period in which the expenditure is incurred.

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

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

**i) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when:

- i. The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii. Its intention to complete and its ability to use or sell the asset
- iii. How the asset will generate future economic benefits or service potential





- iv. The availability of resources to complete the asset
  - v. The ability to measure reliably the expenditure during development
- Initial recognition of the asset, is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in the statement of financial performance.

**h) Financial instruments**  
**Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.



*Impairment of financial assets*

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

During the FY2016/2017 the Authority did not have any financial instruments.

**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:

- i. Raw materials: purchase cost using the weighted average cost method
- ii. 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) Provisions**

Provisions are recognized by the Authority when it 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.

**Contingent liabilities**

The Authority does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Contingent assets**

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.





**k) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements. The Authority maintains revaluation reserves that results from revaluation of property, plant and equipment, land and biological assets. Gains on revaluations are transferred to the revaluation reserves while loss on revaluation is expensed in the statement of financial performance.

Where a revalued asset is subsequently valued down due to impairment, the loss is first written off against any balance available in the revaluation surplus and if the loss exceeds the revaluation surplus balance of the same asset the difference is charged to income statement as impairment.

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits  
Retirement benefit plans**

The Authority provides non-discriminatory retirement benefits for its employees. The Authority has a defined contribution scheme under which both the employees and the Authority contributes fixed amounts at the ratio of 1:2. Under this arrangement, the Authority will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

**n) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### **o) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

### **p) Related parties**

The Authority recognises a person or an entity with the ability to exert control individually or jointly, or exercise significant influence on the operations of the entity as a related party. The Board of directors, key management comprising of the Chief Executive Office and Chief Managers are regarded as related parties.

### **r) 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.

### **s) Comparative figures**

The Authority provides audited comparative figures for the previous financial year to conform to the required changes in presentation. Where necessary comparative figures for the previous financial year are amended or reconfigured to conform to the required changes in presentation.

### **f) Biological Assets**

The Biological Assets (Tea Bushes) are valued at fair value over economic life duration of lease of the land under tea bushes in line with IPSAS 27.

### **g) Work in Progress –IPSAS 11**

This relates to construction of long term assets. Construction Work in Progress is recorded at the accumulated costs incurred until the asset is put into service. Costs are recognised in proportion to the stage of completion of contract activity.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparation of the financial statements, the Authority's make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The Authority bases its assumptions and estimates on parameters available when the financial statements are prepared. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Authority makes judgement, estimates and assumptions in the following areas:

- i. Provision for litigations
- ii. Provision for bad debts
- iii. Inventory obsolescence

#### Useful lives and residual values

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 Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset





NOTES TO THE FINANCIAL STATEMENTS (Continued)

Provisions

The Authority makes provisions based on the information available and management's best estimate of the expenditures required to settle the obligation at the reporting date. The Authority makes provisions for areas including bad debts and litigations and inventory obsolescence. Additional disclosure of these estimates of provisions is included in Note 5

u) Subsequent events

The Authority recognises events both favourable and unfavourable after the reporting date as subsequent events. During the F/Y 2016 2017, the Authority had a prior year adjustments of accumulated depreciation amounting to Ksh. 60,801,783 that was not accounted under PPE following revaluation of assets. This omission therefore overstated the PPE values by the same amount. However, correction has been made and correct values of PPE has been captured

1. a) Revenue from non-exchange transactions/ Transfers from other governments

The Authority receives grants from the Parent Ministry of Devolution and Planning for Personnel Emoluments and implementation of capital projects. Recurrent grants are used to finance personnel emoluments and general administrative expenses whereas Development grants are used to finance capital projects. In F/Y 2016/2017, cumulatively, the Authority received Ksh. 817,991,291 compared to Ksh. 345,728,649 for F/Y 2015/2016 representing an increase of 136% as detailed below; Part of funds received amounting to Ksh. 142 Million were for implementation of drought mitigation programme as a special fund that the Parent Ministry may occasionally allocate from time to time.

	2016-2017	2015-2016	Shs	Shs
Revenue from non-exchange transactions				
Transfers From the government				
Unconditional grants				
Development Grant	484,500,000	255,441,000		
Recurrent Grant	191,491,291	50,287,649		
Drought Mitigation Grant	142,000,000	40,000,000		
<b>Total government grants</b>	<b>817,991,291</b>	<b>345,728,649</b>		





1 b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs.	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2015-2016 KShs
Ministry of Devolution and Planning	489,170,282	330,507,009	-	817,991,291	345,728,649
<b>Total</b>	<b><u>489,170,282</u></b>	<b><u>330,507,009</u></b>	<b>-</b>	<b><u>817,991,291</u></b>	<b><u>345,728,649</u></b>

2. Revenue from exchange transactions

The Authority generates revenue from sale of products such as green tea, horticultural products, tree seedlings and technology transfer services from income generating projects. In F/Y 2016/2017, the Authority generated Ksh. 10,733,787 against Ksh. 4,975,808 in F/Y 2015/2016 registering a remarkable increase of 115%.

	2016-2017	2015-2016
Sale of Green Tea	7,867,496	4,141,128
Sale Of Horticultural products	547,391	716,570
Sale of Tree Seedlings	27,900	118,110
Other income (Disposal of Motor vehicles)	2,283,000	0
Other income (Sale of Tenders)	8,000	0
<b>Total other income</b>	<b>10,733,787</b>	<b>4,975,808</b>



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

**3. Employee Costs**

These are costs paid to staff as basic salaries, wages, allowances, pension contributions paid to defined pension schemes and gratuity paid to staff on expiry of contracts. In F/Y 2016/2017, the Authority incurred employee costs amounting to Ksh. 90,717,027 compared to Ksh. 42,477,214.

	2016-2017	2015-2016
<b>Employee costs</b>		
Basic Pay	51,384,242	23,152,143
House Allowance	13,011,800	5,455,800
Acting Allowance	1,746,651	199,120
Benefit ( Airtime)	2,034,500	1,066,500
Commuter Allowance	8,096,000	3,897,000
Leave Allowance	970,800	374,000
Medical Allowance	1,553,950	753,500
Other Allowance	1,687,660	1,093,500
Pension Contribution	7,697,343	3,175,259
NSSF Contribution	272,200	124,400
Gratuity	1,689,396	2,593,683
Casual labour	373,065	592,309
MD's House Servants	199,420	0
<b>Employee costs</b>	<b>90,717,027</b>	<b>42,477,214</b>

**4. Remuneration of Directors**

Board of Directors offer oversight on governance and are mandated to hold four meetings in a year, one in every quarter. During the meetings, allowances payable to Board of Directors are Sitting Allowance at the rate of Ksh. 20,000, Night out allowance at Ksh. 18,200, Lunch allowance at Ksh. 2,000 and Mileage at the prescribed AA rates. During F/Y 2016/2017, the Authority incurred Ksh. 18,060,223 compared to Ksh. 13,900,718 in

the previous year. The increase in cost by Ksh. 4,159,505 is attributable to board induction and training that the Authority undertook in the F/Y 2016/2017.

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	2016-2017	2015-2016
Remuneration of Directors		
Chairman's Honoraria	1,044,000	1,044,000
Directors emoluments	17,022,223	12,856,718
<b>Total director emoluments</b>	<b>18,066,223</b>	<b>13,900,718</b>

**5. Depreciation Expense**

The Authority depreciates its Property, Plant and Equipment (PPE) using reducing balance method of depreciation applying different rates on different classes of PPE as stated on Note 4(d) of the accounting policies. The Authority revalued its assets in F/Y 2015/2016, consequently there was no depreciation expense for that year. In F/Y 2016/2017, depreciation expense was Ksh. 14,748,060 as detailed below.

	2016-2017	2015-2016
Depreciation Expense	Ksh.	Ksh.
Motor Vehicle	6,215,034	-
Furniture , Fitting & Equipment	2,262,596	-
Buildings	3,937,290	-
Computers & Related Accessories	2,285,077	-
Loose Tools	48,063	-
<b>Total depreciation</b>	<b>14,748,060</b>	<b>-</b>

**6. Repairs and Maintenance**

The Authority undertakes scheduled repairs on Property, Plant and Equipment (PPE). In F/Y 2016/2017 an expenditure of Ksh. 3,535,254.





NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2016-2017	2015-2016
	Shs.	Shs.
Repairs and maintenance		
Maintenance of Furniture's & Buildings	536,022	-
Vehicles	2,999,232	-
<b>Total repairs and maintenance</b>	<b>3,535,254</b>	<b>0</b>

7. Contracted Services

The Authority outsources Security and team building services. In the previous year, these services were offered at the Headquarters only, but in F/Y 2016/2017 the services were extended to the branch (sub-basin) offices resulting to an increase in the expenditure by Ksh. 1,070,100.

	2016-2017	2015-2016
Contracted services		
Security services	2,671,800	1,685,100
Team Building services	1,149,400	1,066,000
<b>Total contracted services</b>	<b>3,821,200</b>	<b>2,751,100</b>

8 (a). Development costs

These costs relate to capital projects undertaken by the Authority with the goal of improving livelihoods for socio-economic development as comprehensively discussed under the Management Discussion and Analysis, Section III. In the FY 2016/17, Under Ewaso Ng'iro Leather Factory, the Authority procured tannery equipment and commenced construction of the effluent treatment plant hence the significant increase in costs incurred under the project. Under Bamboo commercialization and value addition, the Authority acquired 10 Acres factory land and Bamboo seedlings propagation infrastructure. In the F/Y 2016/17 the Authority achieved the following under the 3 water dams; Olkejuado multipurpose - 3 water pans, Nkoiirienito- 1 earth dam, 1 water pan and Olootepes dams 3 water pans.

In the F/Y 2016/17 the authority changed it's budgeting basis from activity based to project based. In this regard activities from VI to XVI have zero comparative figures in the current financial year.



*Ewaso Ng'iro South Development Authority Reports and Financial Statements For the year ended June 30, 2017*



Development Expenses	2016-2017	2015-2016
I. Ewaso Ng'iro leather factory	16,846,468	7,589,280
II. Integrated Bamboo	37,374,308	10,986,186
III. Olkejuado Multipurpose Dam	28,753,356	-
IV. Nkorienito Dam	30,513,921	-
V. Olooltepes Dam	44,810,627	-
VI. Feasibility/pre- Feasibility studies	0	224,000
VII. Environmental sustainability	0	129,800
VIII. Monitoring and & Evaluation	0	391,800
IX. ICT Development	0	1,055,738
X. Integrated tea Development	0	5,879,975
XI. Water Project Designs & Development	0	6,179,204
XII. Integrated livestock Development project/shartuka	0	3,432,104
XIII. Integrated Horticulture farming/green house	0	3,427,765
XIV. Environmental Conservation & Riverbanks protection	0	14,868,763
XV. Suswa-Magadi integrated project	0	508,711
XVI. Regional coordination & Dev.	0	4,901,083
XVII. Publicity	0	23,400
VIII. Job evaluation & analysis	0	378,277
XIX. Baseline survey	0	3,750,600
XX. Resource Mobilization	0	8,605,724
XXI. Hiv Aid management	0	30,000
XXII. Safety Measures	0	34,600
XXIII. Disability Mainstreaming	0	142,400
XIV. Gender Mainstreaming	0	45,800
XXV. Substance and drugs controls	0	33,500
XVI. Insurance (Medical cover)	0	13,464,847
XVII. Finance and stewardship	0	6,987,300
VIII. work Environment	0	310,000
XIX. Competency Development	0	7,026,347





**Ewaso Ng'iro South Development Authority Reports and Financial Statements For the year ended June 30, 2017**

XXX.	ISO	0	1,035,813
XXI.	Performance contract & Budgeting	0	2,569,800
XXII.	Casual wages	0	444,670
XIII.	Security services		1,685,100
XIV.	Team Building services		1,066,000
	<b>Total Dev. Expenses</b>	<b>158,298,680</b>	<b>141,731,128</b>

**8 (b). Drought Mitigation Programme**

The Authority received a special fund under the National drought emergency response programme to mitigate severity of the drought by enhancing levels of access to water through rehabilitation and construction new of boreholes within the area of jurisdiction. A total number of 34 boreholes and 4 water pans were rehabilitated and equipped during the F/Y 2016/2017

Drought Mitigation Programme	140,263,459	<b>39,991,388</b>
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**8(c). Administration Expenses**

<b>Administration Expenses</b>		
General office Supply	3,160,594	2,222,618
Insurance (Medical cover)	15,999,748	0
Insurance (General cover)	3,994,527	2,787,054
Workmen Compensation	0	339,000
Travel and Accommodation	142,010	117,100
Extraneous Allowance	0	227,300
Finance and stewardship	4,301,207	0
work Environment	5,022,523	0
Competency Development	7,679,875	0
Performance contract & Budgeting	4,211,932	0
ISO	1,658,420	0



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Legal Awards	197,200	1,160,483
Hospitality Supplies and service	2,382,360	0
Postage Services	69,037	6,960
Printing and stationery	275,816	0
Fuel & Lubricants	4,903,137	3,781,567
Water & Sewage treatment costs	83,125	5,750
subscription to Newspaper	108,120	15,840
Electricity service	719,027	492,377
Sanitary/cleaning Materials	60,786	56,902
Loss on Disposal	750,000	0
Bank charges	202,797	138,995
Provision for Audit fee	380,000	325,635
Telephone and fax expenses		6,000
Maintenance of Buildings		3,351,689
<b>Total general expenses</b>	<b>56,302,242</b>	<b>15,035,270</b>

**9. Gain on disposal of assets**

In the FY 2016/2017, the Authority disposed an old motor vehicle with a Net Book Value of Ksh. 800,000.00 at Ksh. 833,000.00 realizing a gain of Ksh. 33,000.

Gain on sale of assets	2016-2017	2015-2016
Property, plant and equipment	33,000	0
<b>Total gain on sale of assets</b>	<b>33,000</b>	<b>0</b>





NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Taxation

The Authority is a Non-Commercial Parastatal exempted from taxes hence the tax liability is nil for the two financial years.

	2016-2017	2015-2016
Taxation		
Current income tax:		
Current income tax charge	-	-

11. Cash and Cash equivalents

The Authority's cash and cash equivalents are cash held at hand and banks. In F/Y 2016/2017, the closing balance was Ksh. 291,960,302 which relates to commitment towards payables and deferred income on ongoing capital projects.

	2016-2017	2015-2016
Cash and Cash Equivalents		
Kenya Commercial Bank	5,878	1,560
National Bank	283,958,580.50	70,326,696
Co-operative Bank	9,328,786	1,440,701
<b>Total Cash and Cash Equivalents</b>	<b>293,293,245</b>	<b>71,768,957</b>
11(b) Detailed analysis of the Cash and Cash Equivalents		
National Bank		
Development Account 01003041548101	89,688,494.00	50,050,331.75
Recurrent Account 01003041548100	108,200,859.65	17,101,746.95
Farm Account 01003041548102	652,680.10	317,004.10
ESP Account 01003041548104	85,364,705.25	2,815,868.25
Nakuru Sub-Basin Account 01003041548105	14,915.50	4,818.50





NOTES TO THE FINANCIAL STATEMENTS (Continued)

Comiform Account 01003042125600		36,926.00	36,926.00
<b>Co-operative Bank</b>			
Kilgoris Savings Account 01141018229500		8,614,575.05	1,208,844.30
Kilgoris Recurrent Account 01141018229501		432,652.83	989.10
Kajiado Sub-Basin Account 01141018229502		30,565.66	182,867.75
01141018229503		250,992.75	48,000
<b>KENYA COMMERCIAL BANK 1132205514</b>		5.878	1,560.00
<b>Total cash and cash equivalents</b>		<b>293,293,245</b>	<b>71,768,756.70</b>

12. Work In Progress

This relates to costs incurred on ongoing works for capital projects: Ewaso Ng'iro Tannery and Leather Factory (Construction of the factory building Procurement of, Tannery machinery and construction of Effluent Treatment Plant (ETP) there was an increase in WIP by ksh 189,060,092 from the purchase of leather factory equipment, construction of ETP and completion of factory building.

Work In Progress	2016-2017	2015-2016
Ewaso Ng'iro Leather Factory	103,912,448	82,314,560
Tannery ETP	48,881,624	0
Tannery Equipment's	118,553,580	0
<b>Total Work in Progress</b>	<b>271,374,652</b>	<b>82,314,560</b>





NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Receivables from exchange and non-exchange transactions

The Authority realizes receivables at closure of the F/Y from its operations related to advances issued as imprest, sale of products and other debtors arising from other financial transactions. At the closure of the F/Y receivables amounted to Ksh. 2,246,200 an increase of Ksh. 1,787,600 attributable to outstanding imprest debtors on ongoing assignments at the closure of the F/Y.

Receivables from exchange transactions	2016-2017	2015-2016
Sale of Bamboo seedlings (KVDA)	25,000.00	25,000
<b>Receivables non- exchange transactions</b>		
Toyota East Africa Limited	284,400.00	284,400
Outstanding Imprest	1,936,800	149,200
<b>Total Amount</b>	<b>2,246,200</b>	<b>458,600</b>

14. Prepayments

At the close of the FY 2016/17, the Authority had prepayments of Ksh. 5,191,291 relating to ongoing contracted services on operating land leases rent, medical cover premiums, general insurance cover on PPE and utilities deposits as detailed below. The increase of Ksh. 3,761,642 arose from insurance prepayments and motor vehicle fuel deposits at total Kenya.

Prepayments	2016-2017	2015-2016
Prepayment-Leases	408,000	408,000
Prepayment- AAR Insurance	1,665,553	0
Prepayment - Britam Insurance	1,426,350	681,871
Service ,water and electricity debtors	558,000	38,000
Total Kenya- Fuel	1,133,388	301,778
<b>Total Prepayments</b>	<b>5,191,291</b>	<b>1,429,649</b>



*Ewaso Ng'iro South Development Authority Reports and Financial Statements For the year ended June 30, 2017*



**15. Inventories**

The inventories are valued at the lower of cost and the net realizable value. There was an increase of Ksh. 11,244,930 that resulted from the higher number of bamboo and tree seedlings stock at the close of the financial year as compared to the FY 2015/16

	2016-2017	2015-2016
Tree seedlings (Bamboo)	13,448,382	1,666,470
Tea seedlings	2,500,000	136,455
Tree seedlings	604,960	0
Stores & inventory	174,888	3,680,375
<b>Total inventories</b>	<b>16,728,230.00</b>	<b>5,483,300</b>

**16. Property Plant & Equipment**

All assets are depreciated on reducing balance for every class through their existence. Assets disposed are not subjected to depreciation in the year of disposal.

**PROPERTY, PLANT & EQUIPMENT ASSET MOVEMENT SCHEDULE FOR YEAR ENDED 30<sup>TH</sup> JUNE 2016**

	LAND	M/V	FURNITURE, FITTING & EQUIP.	BUILDINGS PERMANENT NRS	BUILDINGS SEMI PERM. NRS	BUILDING PERM. RESIDENTIAL	COMPUTERS & RELATED ACCESSORIES	LOOSE TOOLS	TOTAL KSH.
		25%	12.5 %	2.0%	12.5%	2.0%	30.0%	33.3%	
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
TOTAL ASSET COST	11,697,500	44,255,237	19,313,659	31,419,080	16,512,723	270,952	10,819,124	1,176,395	135,464,670
GAIN ON REVALUATION	169,602,500	7,076,484	2,117,945	20,277,536	11,364,775	403,415	1,875,887	137,305	212,855,847
<b>T. ASSETS AS AT 30/6/2016</b>	<b>181,300,000</b>	<b>51,331,721</b>	<b>21,431,604</b>	<b>51,696,616</b>	<b>27,877,498</b>	<b>674,367</b>	<b>12,695,011</b>	<b>1,313,700</b>	<b>348,320,517</b>
N.B.V. 2015/2016	<u>181,300,000</u>	<u>51,331,721</u>	<u>21,431,604</u>	<u>51,696,616</u>	<u>27,877,498</u>	<u>674,367</u>	<u>12,695,011</u>	<u>1,313,700</u>	<u>348,320,517</u>
N.B.V. 2014/2015	11,697,500	17,421,252	10,739,528	27,686,573	4,309,950	200,599	2,600,456	7,027	74,662,886





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In the year 2015/2016, the Authority revalued its assets. However, in the preparation of the Property Plant Equipment (PPE) schedules, accumulated depreciation for prior years amounting to Ksh. 60,801,783 was not adjusted for in arriving at the Net Book Value at the close of that year. This led to an overstatement of the PPE by the same amount. This has been addressed under prior year adjustments in the preparation of the current year financial statements.

PROPERTY, PLANT & EQUIPMENT – ASSET MOVEMENT SCHEDULE FOR YEAR ENDED 30 <sup>TH</sup> JUNE, 2017										
	LAND	M/V	FURNITURE, FITTING & EQUIP.	BUILDINGS PERMANEN T NRS	BUILDINGS SEMI PERM. NR'S	BUILDING PERM. RESIDENTIAL	COMPUTERS & RELATED ACCESSORIES	LOOSE TOOLS	TOTAL	
T. ASSETS VALUES 30/6/2016	181,300,000	51,331,721	21,431,604	51,696,616	27,877,498	674,367	12,695,011	1,313,700	348,320,517	KSHS.
ADJUSTMENT FOR PRIOR YRS ACC. DEP	0	26,833,985	8,574,130	3,732,506	12,202,773	70,353	8,218,668	1,169,368	60,801,783	KSHS.
TOTAL ASSETS ADJUSTED FOR DEP.	181,300,000	24,497,736	12,857,474	47,964,110	15,674,725	604,014	4,476,343	144,332	287,518,734	KSHS.
ADDITIONS FOR YEAR	4,500,000	362,400	5,243,296	0	8,139,673	0	3,140,580	0	21,385,948	KSHS.
DISPOSALS FOR YEAR	0	(3,000,000)	0	0	0	0	0	0	(3,000,000)	KSHS.
Total assets as at 30/06/2017	185,800,000	21,860,136	18,100,770	47,964,110	23,814,398	604,014	7,616,923	144,332	308,904,682	KSHS.
Depreciation for the year	0	6,215,034	2,262,596	959,282	2,976,800	1,208	2,285,077	48,063	14,748,060	KSHS.
Net book values as at 30/06/2017	185,800,000	15,645,102	15,838,174	47,004,828	20,837,598	602,806	5,331,846	96,269	291,156,623	KSHS.





NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Biological Assets

The value of biological assets are reflected in statements as per the professional valuer's estimates that was done in the financial year 2015/2016

	2016-2017	2015-2016
Olkalau trees	13,000,000	13,000,000
Tea bushes (Keyian & Shankoe)	67,000,000	67,000,000
Shartuka Trees	1,700,000	1,700,000
Narok Head Quarter Assets	16,000,000	16,000,000
<b>Total Biological Assets</b>	<b>97,700,000</b>	<b>97,700,000</b>

18. Trade and other payables from non-exchange transactions

TRADE AND OTHER PAYABLES AS AT 30 JUNE 2017				
NO.	NAMES	DESCRIPTION	AGE	AMOUNTS (KSH)
1.	Waterman Drilling Africa Ltd	Bore holes Drilling	5 Months	6,560,907
2.	Maasai Store ltd	Bore holes Drilling	3 Months	23,021,810
3.	Ole Polos	Borehole drilling	5 Months	4,170,685
4.	Maji Africa Ltd	Borehole drilling	3 Months	14,086,952
5.	Enkisuma Sidai	Borehole rehabilitation	5 Months	299,202





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6.	Clarence International	Borehole rehabilitation	5 Months	602,794
7.	Acorn Investments	Borehole rehabilitation	5 Months	162,261
8.	Shilaw Investments	Borehole rehabilitation	5 Months	156,460
9.	Sanlet Ent.	Borehole drilling	3 Months	233,672
10.	Basa Ent.	Borehole drilling	3 Months	456,576
11.	Najile Enterprises	Kordai & Naishi Dam construction	2 Months	1,641,934
12.	Mbosha Flo	Fencing of Kordai Dam	1 Month	1,786,920
13.	Entawuoh Ent.	Water pan construction	5 Months	15,618,575
14.	Soyian Ent.	Water pans construction	5 Months	1,362,538
15.	Equegen Ent.	Water pan construction	5 Months	815,145
16.	Gemona Ent.	Water pan construction	5 Months	4,841,277
17.	Enkejuemuny co. Ltd	Water pan construction	5 Months	15,025,595
18.	Nanana SHG	Provision of catering services	1 Month	30,000
19.	Bhogals Toyota Narok	Motor vehicle Repair and maintenance	1 Month	75,856
20.	Rukip Enterprises	Printing services	1 Month	160,350
21.	Tach Africa Ltd	Office stationeries	1 Month	251,300
22.	Naboisho Compilers	Office consumables	1 Month	343,800
23.	KPLC	Electricity bill	1 Month	80,716
24.	Lucky lilies	Gazebo construction	5 Months	119,866



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25.	Far East Connection	Leather Factory Equipment's	5.Months	79,035,720
26.	Centurion Eng. Builders Ltd	Construction of ETP	2 Months	51,118,376
27.	Dachers Kenya	Project branding	1 Month	239,150
28.	Concern Development	Feasibility studies	2 Months	1,740,000
29.	Africa project coordination Agency	Data center consultancy	2 Months	7,799,156
30.	Lapimar Agency ltd	Exit surveys	1 Month	3,850,000
31.	Arial Investments	Borehole rehabilitation	1month	2,696,710
32.	Ilmao Contractors Ltd.	Auxiliary work Boreholes	1 Month	3,549,600
33.	Jomo kenyatta Agriculture & Technology	Training fee	10 Months	10,800.00
34.	Human Resource Management			7,800.00
35.	National Country Authority	Construction levy	2 Yrs	468,197.00
36.	Sage E.A Ltd	Lincese fee	1.5 Yrs	9,460.00
37.	Kipepeo Sol	Computer Accessories	1 Yrs	18,031.00
38.	Kenya highland Seed Co.	Comm of VAT	8 Months	16,862.00
39.	Zenith Business systems ltd.	Comm of VAT	1.9 Yrs	10,200.00
40.	Auditor General	Audit fee	2 Yrs	688,635.00
41.	Enterprise Integrated Greatlakes	Comm of VAT	9 Months	10,500.00
42.	Bephat Enterprise ltd.	Comm of VAT	8 Months	40,704.00
43.	Bephat Enterprise ltd.	Comm of Domestic Taxes	8 Months	20,352.00
44.	Sensei ltd.	Comm of Domestic Taxes	2 Yrs	10,467.00
45.	Sensei ltd	Comm of VAT	2 Yrs	20,935.00
	<b>TOTALS</b>			<b>243,266,846</b>





19. Deferred Income

The Authority recognises Government grants used to finance equity or acquisition of asset using the deferred income approach. The grants are recognized as a financing device and dealt with as such in the statement of financial position rather than be recognized in profit or loss to offset the items of expense that they finance. Since there is no repayment expected, such grants are recognized outside the statement of Financial Performance. In the financial year 2016/2017, the Authority deferred Ksh. 330,507,009 that was used to finance procurement of Tannery Equipment, construction of an Effluent Treatment Plant, motor vehicles and other assorted assets (land, furniture and buildings). The cost of the various assets acquired were as detailed on the table below,

	2016-2017	2015-2016
Tannery Equipment	197,707,160	0
Effluent Treatment Plant	100,000,000	0
Motor Vehicle	11,414,000	0
Other Assets (Land, Furniture's and Buildings) refers to note. 16	21,385,948	0
<b>Total deferred Income A/C</b>	<b>330,507,009</b>	<b>0</b>

The deferred income movement is as follows:

	Kshs.	Total
Balance brought forward	0	0
Additions	330,507,009	330,507,009
Transfers to Capital fund	0	0
Transfers to income statement	0	0
Other transfers	0	0
<b>Balance carried forward</b>	<b>330,507,009</b>	<b>330,507,009</b>





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

**20. Accumulated Development Fund**

The Authority maintains an Accumulated Development Fund that accounts for government grants used in financing acquisition of Authority assets. In the financial year 2016/2017, the closing balance was adjusted in line with the prior year adjustment for accumulated depreciation over the years.

**21. Related Parties Transactions**

The related parties are

1. The National Government ,
2. The Ministry of Devolution
3. Key management
4. The Directors

**Related party transactions**

	2017	2016
	Kshs	Kshs
Transfers from related parties'	817,991,291	345,728,649
Transfers to related parties	0	0
	=====	=====

**Key management remuneration**

	2017	2016
	Kshs	Kshs
Directors'	18,066,223	13,900,718
Key management compensation	16,345,220	14,345,768
	=====	=====





NOTES TO THE FINANCIAL STATEMENTS (Continued)

**22. Reserves**

The Authority revalued its Assets in the FY 2015/16 with a revaluation gain of Ksh. 288,032,176. However, in the financial statements for the financial year 2015/2016, the gain on revaluation was reported as Ksh. 348,320,517. In the current financial year, the Authority addressed this overstatement through a prior year adjustment. The total reserves as at the end of June 2017 was Ksh.310,555,848. The movement in the net reserves is detailed in the statement of net assets.

**23. Cash generated from operations**

	2016-2017	2015-2016
	KShs.	KShs
Surplus for the year before tax	12,498,924	97,568,739
Adjusted for:		
Depreciation	14,748,060	0
Non-cash grants received	(37,764,669)	(22,523,671)
Gains and losses on disposal of assets	33,000	0
Contribution to provisions	(295,013)	(387,184)
<b>Working Capital adjustments</b>		
Increase in inventory	(11,244,930)	4,831,912
Increase in receivables	(1,787,600)	617,900
Increase in deferred income	330,507,009	0
Increase in payables	205,280,107	3,815,488
<b>Net cash flow from operating activities</b>	<b>511,974,888</b>	<b>83,923,184</b>





### 23. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The company's financial risk management objectives and policies are detailed below:

#### (i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2017</b>				
Receivables from exchange transactions	2,246,200	2,246,200	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	293,293,245	293,293,245	0	0
<b>Total</b>	<b>295,539,445</b>	<b>295,539,445</b>	<b>0</b>	<b>0</b>





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<b>At 30 June 2016</b>				
Receivables from exchange transactions	458,600	458,600	0	0
Receivables from non -exchange transactions	0	0	0	0
Bank balances	71,768,957	71,768,957	0	0
<b>Total</b>	<b>72,227,557</b>	<b>72,227,557</b>	<b>0</b>	<b>0</b>

The customers under the fully performing category are paying their debts as they continue trading with the Authority. The credit risk associated with these receivables is minimal.

The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2017</b>				
Trade payables	0	113,162,878	130,103,688	243,266,846
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	330,507,009	330,507,009
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>113,162,878</b>	<b>460,610,697</b>	<b>573,773,855</b>



*Ewaso Ng'iro South Development Authority Reports and Financial Statements For the year ended June 30, 2017*



At 30 June 2016				
Trade payables	0	37,986,738	37,986,738	
Current portion of borrowings	0	0	0	
Provisions	0	0	0	
Deferred income	0	0	0	
Employee benefit obligation	0	0	0	
<b>Total</b>	<b>0</b>	<b>37,986,738</b>	<b>37,986,738</b>	

**XV. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The Authority did not have any pending audit issues with the Office of the Auditor General by the close of FY 2016/2017.





Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY

STATUS OF PROJECTS COMPLETION

21. STATUS OF PROJECTS COMPLETION							
Project	Total project Cost	Total expended to date	Completion % to date	Budget FY 2016/17	Actual	Sources of Funds	
1	Ewaso Ng'iro Tannery and Leather Factory	963,000,000	322,025,048	70%	318,500,000	314,435,768	GOK
2	Integrated Bamboo Commercialization Project	500,000,000	50,334,288	30%	57,000,000	50,334,288	GOK
3	Nkorienito Dam	400,000,000	30,513,921	100%	29,000,000	30,513,921	GOK
4	Ololtepes Dam	500,000,000	44,810,627	100%	50,000,000	44,810,627	GOK
5	Olkejuado Dam	1,600,000,000	28,753,356	100%	30,000,000	28,753,356	GOK
6	Drought Mitigation Programme	142,000,000	139,261,180	100%	142,000,000	139,261,180	GOK
	<b>Total</b>	<b>4,105,000,000</b>	<b>615,689,420</b>		<b>626,500,000</b>	<b>608,109,140</b>	





APPENDIX 2: INTER-ENTITY TRANSFERS

TRANSFERS FROM THE STATE DEPARTMENT OF STATISTIC AND PLANNING FY 2016/2017			
Recurrent Grants	FY 2016/2017	FY 2015/2016	
	Date	Amount (KShs)	Amount (KSh)
	22/8/2016	34,197,822.75	28,006,236
	9/11/2016	34,197,822	4,667,706.50
	6/03/17	34,197,822	17,613,706
	9/06/17	54,700,000	
	11/05/2017	34,197,822	
	<b>Total</b>	<u>191,491,291</u>	<u>50,287,649</u>
<b>Development Grants</b>			
	10/10/2016	243,750,000	50,000,000
	18/1/2017	100,000,000	20,000,000
			100,000,000
	21/04/17	110,375,000	85,441,000
	10/06/17	30,375,000	-
	<b>Total</b>	<u>484,500,000</u>	<u>255,441,000</u>





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Drought Mitigation Programme	Date	Amount (KShs)	Date	Amount (Ksh)
	24/11/2016	50,000,000	6/7/2015	40,000,000
	21/04/17	28,000,000		-
	12/06/17	64,000,000		-
	Total	<u>142,000,000</u>		<u>40,000,000</u>

The above amounts have been communicated to and reconciled with the Parent Ministry.

Chief Finance Manager  
Ewaso Ng'iro South River Basin Development Authority

Sign

Head of Accounting Unit  
Min. of Devolution and Planning.

Sign





Appendix 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized		Total Transfers during the Year
	As per bank statement			Statement of Financial Performance	Deferred Income	
Ministry of Devolution and Planning	Refer to Appendix 2.	Recurrent	191,491,291	191,491,291	0	191,491,291
Ministry of Devolution and Planning	Refer to Appendix 2.	Development	484,500,000	153,992,991	330,507,009	484,500,000
Ministry of Devolution and Planning	Refer to Appendix 2.	Special Prog.	142,000,000	142,000,000	0	142,000,000
<b>Total</b>			<b>819,991,291</b>	<b>487,484,282</b>	<b>330,507,009</b>	<b>819,991,291</b>



