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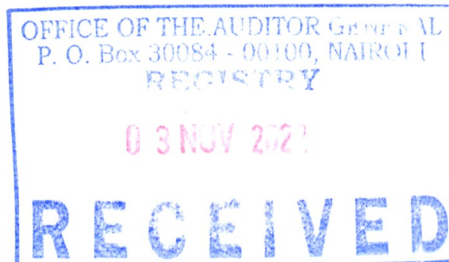
THE AUDITOR-GENERAL

ON

**BURA REHABILITATION DEVELOPMENT
PROJECT (LOAN NOS. BADEA 3530: LA/763,
KUWAIT 752, OPEC 1154P)**

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

NATIONAL IRRIGATION AUTHORITY



PROJECT NAME: BURA REHABILITATION DEVELOPMENT PROJECT

IMPLEMENTING ENTITY: NATIONAL IRRIGATION AUTHORITY

PROJECT LOAN NUMBERS

BADEA 3530:LA/763

KUWAIT 752

OPEC 1154 P

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2022

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

Bura Rehabilitation Development Project
Annual Reports and Financial Statements for the financial year ended June 30, 2022

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1. Project Information and Overall Performance

1.1 Name and registered office

Name: The project's official name is Bura Rehabilitation Development Project

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

Address: The project headquarters offices are in Nairobi city, Nairobi County, Kenya.

The address of its registered office is:

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

The project also has an office as follows:

- Bura Site Office

Contacts: The following are the project contacts

Telephone: (254) -20-2711380/2711468

E-mail: ceo@irrigation.go.ke

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

Bura Rehabilitation Development Project
Annual Reports and Financial Statements for the financial year ended June 30, 2022

Project Information and Overall Performance (Continued)

1.2 Project Information

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

1.3 Project Overview

Line Ministry/State Department of the project	De-	The project is under the supervision of the Ministry of Water, Sanitation and Irrigation.
Project number		KUWAIT 752/ OPEC1154P/ BADEA3530LA763
Strategic goals of the project	pro-	The strategic goals of the project are as follows: Rehabilitation of irrigation works and provision of equipment, extension services and credit to allow reliable irrigation of 15000 acres.
Achievement of strategic goals		Phase 1: Construction of a submerged weir, diversion canal head regulator and siltation basin is at 90% completion Phase 2: Construction and lining of connecting canal with discharge capacity of 11m ³ /sec and 26.3 km in length is at 38% completion.
Other important background information of the project.	back-	The project has 3 major components Phase 1: Construction of diversion facilities at Korakora site, riverbank protection works and sedimentation basin. Phase 2: Construction and lining of connecting canal with discharge capacity of 11m ³ /sec and 26.3 km in length. Phase 3: Rehabilitation and lining of existing irrigation infrastructure.
Current situation that the project was formed to intervene	to in-	The project aimed at changing the irrigation scheme from pump-fed to gravity fed system to reduce the cost of operation and maintenance and ease irrigation of 15000 acres to enhance i. Food and nutrition Security through Irrigation of food crops ii. Improved beneficiary income iii. Enhancing manufacturing through irrigation of industrial crops such as cotton and sunflower
Project duration		Phase 1: The project civil works started on 27 th May 2013 and is expected to run until 13 th December 2023 While the design and consultancy commenced on 11 th July 2008. Phase 2 : Construction and lining of canal by Tunasco/ Marfa /Marsh joint venture started on 10/03/2021 and is expected to be completed in Nov 2022

***Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022***

1.4 Bankers

There is no appointed banker for the project.

1.5 Auditors

The project is audited by Office of the Auditor General

1.6 Roles and Responsibilities of people working on the project

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

Bura Rehabilitation Development Project
Annual Reports and Financial Statements for the financial year ended June 30, 2022

1.7 Funding summary

A. Sources of Funds

The Project is for a duration of 10 years from 2013 to 2023 with an approved budget of \$118,893,500 equivalent to KSh. 7,569,733,000.00 as highlighted in the table below:

Source of funds	Donor Commitment-		Amount received to date (30-06-2022)		Undrawn balance to date (30-06-2022)	
	Donor currency \$ (000)	KSh. (000)	Donor currency	KSh. (000)	Donor currency \$ (000)	KSh. (000)
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
OPEC	6,000	399,000	4,253	395,935	1,747	3,065
BADEA	8,000	496,000	4,869	453,257	3,131	42,743
KUWAIT	21,840	1,375,920	6,677	621,584	15,163	754,336
(ii) Counterpart funds						
Government of Kenya	83,053.5	5,298,813	40,133	3,736,049	42,922	1,562,763
Total	118,893.5	7,569,733	55,932	5,206,825	62,963	2,362,907

***Bura Rehabilitation Development Project
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B. Application of Funds

Source of funds	Amount received to date (30 June 2022)		Cumulative Amount paid to date (30 June 2022)		Unutilised balance to date (30 June 2022)	
	Donor currency \$ (000)	KSh. (000)	Donor currency \$ (000)	KSh. (000)	Donor currency \$ (000)	KSh. (000)
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i)Loan						
OPEC	4,253	395,935	4,253	395,935	-	-
BADEA	4,869	453,257	4,869	453,257	-	-
KUWAIT	6,677	621,584	6,677	621,584	-	-
(ii)Counterpart funds						
Government of Kenya	40,133.00	3,736,049.00	28,408	2,644,578	11,725	1,091,471
Total	55,932.00	5,206,825.00	44,207.00	4,115,354	11,725	1,091,471

Bura Rehabilitation Development Project
Annual Reports and Financial Statements for the financial year ended June 30, 2022

1.8 Summary of Overall Project Performance:-

- i)* Budget performance against actual amounts for current year is 67 %.
- ii)* The physical progress of phase 1 is 90% complete, while phase 2 is 39% complete.
- iii)* The absorption rate for each year since the commencement of the project has been at 79%
- iv)* List of implementation challenges :-
 - a. Flooding of the working site due to the long rains experienced in April 2022.
 - b. Some canal sections were flooded with water. Mitigation Measures; Construction of dykes and desilting the canal before excavations and prioritizing construction of Canal civil structures to allow for drainage of the flooded sections

1.9 Summary of Project Compliance:

The project complied with all statutory requirements.

2. Statement of Performance against Project’s Predetermined Objectives

Introduction

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

The key development objectives of the *project’s 2010-2023* plan is to increase the productivity of maize and other crops by improvement of Irrigation infrastructures and strengthening of the operations and maintenance framework in Bura Irrigation Settlement (BURA) scheme, thereby contributing to raising the farmers’ livelihood in **Bura** scheme area and food security in Kenya

Progress on attainment of Strategic development objective

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

Project	Objective	Outcome	Indicator	Performance
BURA Rehabilitation Development Project.	To increase the productivity of Maize and other crops.	Construction and improvement of irrigation facilities.	Percentage increase in rice and other crops produced.	The Project is ongoing and estimated level of progress is at phase 1:90% phase 2:39%

Bura Rehabilitation Development Project

Annual Report and Financial Statements for the financial year ended June 30, 2022

3. Environmental and Sustainability Reporting

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

Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

4. Statement of Project Management Responsibilities

The *Chief Executive Officer*, National Rehabilitation Authority and the Project Manager for ***Bura Rehabilitation Development Project*** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on 30 June 2022. These responsibilities includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

The *Chief Executive Officer*, National Irrigation Authority and the *Project Manager* for ***Bura Rehabilitation Development Project*** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended 30 June 2022, and of the Project's financial position as at that date. The Chief Executive Officer, National Rehabilitation Authority and the Project Manager for ***Bura Rehabilitation Development Project*** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

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

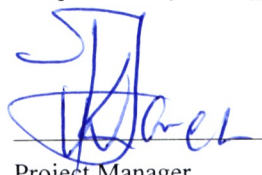
Approval of the Project financial statements

The Project financial statements were approved by the *Chief Executive Officer*, National Irrigation Authority and the *Project Manager* for ***Bura Rehabilitation Development Project*** on 30/06/2022 and signed by them.



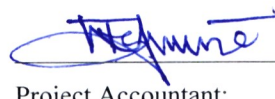
Chief Executive Officer

Mr. Gitonga Mugambi, EBS



Project Manager

Eng. Joseph Karangu



Project Accountant:

CPA. Tirus N. Kabuthia
ICPAK Member No.15039

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BURA REHABILITATION DEVELOPMENT PROJECT (LOAN NOS. BADEA 3530: LA/763, KUWAIT 752, OPEC 1154P) FOR THE YEAR ENDED 30 JUNE, 2022 - NATIONAL IRRIGATION AUTHORITY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Bura Rehabilitation Development Project set out on pages 1 to 23, which comprise of the statement of financial assets as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Bura Rehabilitation Development Project as at 30 June, 2022 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and International Public Sector Accounting Standards (Cash Basis) and comply with the OPEC, KUWAIT and BADEA Loan Agreements dated 19 November, 2007, 13 December, 2007 and 28 April, 2008 between the OPEC Fund for International Development, Kuwait Fund for Arab Economic Development and The Arab Bank for Economic Development in Africa respectively and the Republic of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

Note 1.7 on Funding Summary indicates that the Project duration is for ten (10) years from 2013 to 2023, with an approved budget of \$118,893,500 equivalent to Kshs.7,569,733,000. However, out of the total funding, the amount realized for donor commitment amounted to Kshs.2,270,920,000 and GOK counterpart funds of Kshs.5,298,813,000. During the year under review, donor funding of Kshs.1,470,776,000

or 65% and GoK counterpart funding of Kshs.3,736,049,000 or 71% were received. This is an indication of slow release of funds, and yet the project duration is expected to end in less than a year.

Further, the statement of comparative budget and actual amounts indicates that the Project was expected to receive a total of Kshs.1,550,000,000 in the year under review. However, Kshs.1,038,901,568 was realized resulting in a deficit of Kshs.511,098,432 or 67%. Similarly, out of the budgeted expenditure of Kshs.1,550,000,000, an amount Kshs.1,038,901,568 was spent hence an under-expenditure of Kshs.511,098,432 or 67% of the budget.

As a result, the Project's goals and activities may not be achieved within the financing period which commenced on 27 May, 2013 and is expected to end on 13 December, 2023.

2. Pending Bills

The financial statements and as disclosed in Note 12 .1 on Other Important Disclosures, reflects an amount of Kshs.261,712,434, as pending accounts payables. However, Management did not provide any explanation why the amount was not settled during the year under review.

In the circumstances, the Project is exposed to unnecessary interest and penalties on delayed or non-payment of claims.

3. Unresolved Prior Year Matter

In the audit report of the previous year, an issue on budgetary control and performance was raised on the Project. However, the Management has not resolved the issue or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Maintain Separate Bank Account

The statement of financial assets and as reflected under Note 11 to the financial statements reflects an amount of Kshs.1,091,471,356 in respect of cash and cash equivalents. The Management did not maintain a separate cashbook or detailed analysis

for the project and as at the time of the audit in October, 2022, and the Project continued to receive the counterpart funds through the Authority's development bank account. This is contrary to Regulation 76(1) of the Public Finance Management Regulations (National Government), 2015 which states that, for the purpose of disbursement of project funds, there shall be opened and maintained a project account for every project at Central Bank of Kenya unless it is exempted by the Cabinet Secretary, in writing, into which all funds shall be kept and such an account shall be known by the name of the project for which it is opened and each project shall maintain one bank account.

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

2. Delay in Project Implementation

The Project Loan Agreement signed in 2013, the project duration was to take 10 years commencing 2013 to 2023. However, records indicate that contract No. NIA/081/2020-2021 for the construction of a new main canal and associated civil works for the Rehabilitation Project was awarded on 12 February, 2021 to a contractor at a contract sum of Kshs.1,764,278,550. According to the signed contract agreement of 10 March 2021, the agreed contract period was 18 (eighteen) Months (547 days) from 7 April, 2021 to end on 07 October, 2022. However, review of project progress as of 30 June, 2022 revealed the payments totalling Kshs.447,057,535 or 25 % of the contract sum had been made against an overall physical completion level of about 38.5%. This, therefore, indicates delayed implementation of the project, with only a few months remaining until to end of the project duration which is due to end in a year.

In view of the above, the Project is behind schedule and it is unlikely that the set timelines will be achieved which may lead to additional costs.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by loan agreements signed between the Government of Republic of Kenya and OPEC Fund for International Development Loan No. 1154P dated 19 November, 2007, Kuwait Fund for Arab Economic Development Loan Number 752 dated 13 December, 2007 and The Arab Bank for Economic Development in Africa (BADEA) Loan No. 3530:LA/763 dated 28 April, 2008, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Project Management, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Project's policies and procedures may deteriorate.

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


15 November, 2022

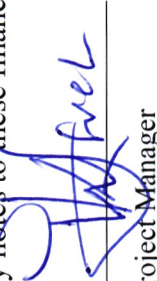
Bura Rehabilitation Development Project
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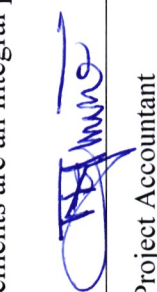
6. Statement of Receipts and Payments for the Year Ended 30 June 2022

	Note	2021/2022			2020/2021			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	
		KSh.	KSh.		KSh.	KSh.	KSh.	
RECEIPTS								
Transfer from Government entities	1	500,000,000		500,000,000	650,000,000		3,736,049,555	
Loan from external development partners	3		465,617,930	465,617,930	97,602,040		1,470,775,798	
TOTAL RECEIPTS		500,000,000	465,617,930	965,617,930	650,000,000	97,602,040	5,206,825,353	
PAYMENTS								
Purchase of goods and services	6	11,700,097		11,700,097	29,50,851		104,294,535	
Acquisition of non-financial assets	8	561,583,541.	465,617,930	1,027,201,471	56,787,794		4,011,059,462	
Other grants and transfers and payments	10	-	-	-	-		-	
TOTAL PAYMENTS		573,283,638	465,617,930	1,038,901,568	97,602,040	184,340,685	4,115,353,997	
SURPLUS/(DEFICIT)		-73,283,638	-	-73,283,638	563,261,355	563,261,355	1,091,471,356.	

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


 Chief Executive Officer


 Project Manager


 Project Accountant

Mr. Gitonga Mugambi, EBS

Eng. Joseph Karangu

CPA. Tirus Kabuthia

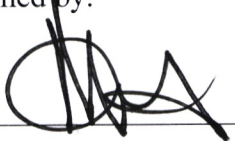
ICPAK Member No: 15039


***Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022***

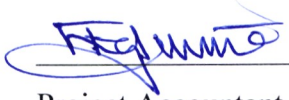
7. Statement of Financial Assets as at 30th June 2022

	Note	2021-2022	2020-2021
		KSh.	KSh.
Financial Assets			
Cash and Cash Equivalent			
Bank Balances	11	1,091,471,356.00	1,164,754,994.00
Total Financial Assets		<u>1,091,471,356.00</u>	<u>1,164,754,994.00</u>
Financial Liabilities			
Deposits and Retention Monies		-	-
Net assets		<u>1,091,471,356.00</u>	<u>1,164,754,994.00</u>
Represented By			
Fund balance B/F	14	1,164,754,994.00	601,493,639.00
Surplus/(Deficit) for the year		-73,283,638.00	563,261,355.00
Net Financial Position		<u>1,091,471,356.00</u>	<u>1,164,754,994.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30/09/2022 and signed by:


 Chief Executive officer
 Date 30/09/2022


 Project Manager
 Date 30/09/2022



 Project Accountant
 Date 30/09/2022
 ICPAK Member No: 15039

***Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022***


8. Statement of Cashflow for the Year Ended 30 June 2022

		2021-2022	2020-2021
	Note	KSh.	KSh.
Receipts for operating activities			
Transfer from Government entities	1	500,000,000.00	650,000,000.00
Payments for operating activities			
Purchase of goods and services	6	11,700,097.00	29,950,851.00
Net cash flow from operating activities		488,299,903.00	620,049,149.00
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	-1,027,201,471.00	-154,389,834.00
Net cash flows from Investing Activities		-1,027,201,471.00	-154,389,834.00
CASHFLOW FROM BORROWING ACTIVITIES			
Loan from External Development partners	3	465,617,930.00	97,602,040.00
Net cash flow from financing activities		465,617,930.00	97,602,040.00
NET INCREASE IN CASH AND CASH EQUIVALENT			
		-73,283,638.00	563,261,355.00
Cash and cash equivalent at beginning of the year	14	1,164,754,994.00	601,493,639.00
Cash and cash equivalent at end of the year	11	1,091,471,356.00	1,164,754,994.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/09/2022 and signed by:


Chief Executive Officer
Date 30/09/2022


Project Manager
Date 30/09/2022


Project Accountant
Date 30/09/2022
ICPAK Member No: 15039

Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

9. Statement of Comparative Budget and Actual Amounts for the Year Ended 30 June 2022

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Compa- rable Basis d	Budget Utilization Difference e=c-d	% of Utiliza- tion f=d/c %
Receipts						
Transfer from Government entities	500,000,000.00	-	500,000,000.00	500,000,000.00	0	100
Proceeds from borrowings	1,050,000,000.00	-	1,050,000,000.00	465,617,930.00	584,382,070.00	44
Total Receipts	1,550,000,000.00	-	1,550,000,000.00	965,617,930.00	584,382,070.00	62
Payments						
Purchase of goods and services	12,000,000.00	-	12,000,000.00	11,700,097.00	299,903.00	98
Acquisition of non-financial assets	1,538,000,000.00	-	1,538,000,000.00	1,027,201,471.00	510,798,529.00	67
Other grants and transfers	0					
Total Payments	1,550,000,000.00		1,550,000,000.00	1,038,901,568.00	511,098,432.00	67
Surplus or Deficit			0	-73,283,638.00	73,283,638.00	


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


Chief Executive Officer

Date 30/06/2022


Project Manager

Date 30/09/2022


Project Accountant

Date 30/09/2022

ICPAK MEMBER NO 15039

10. Significant Accounting Policies

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

10.1. Statement of compliance and basis of preparation

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

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

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

10.2. Reporting Entity

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

10.3. Reporting currency

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

10.4. Recognition of receipts

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

i. Transfers from the Exchequer

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

ii. External Assistance

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

iii. Other receipts

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

iv. Donations and grants

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

v. Proceeds from borrowing

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

vi. Undrawn external assistance

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

10.5. Recognition of payments

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

i) Compensation to employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

10.6. In-kind donations

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

10.7. Cash and cash equivalents

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

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

10.8. Restriction on cash

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

10.9. Imprests and Advances

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

imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

10.10. Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships. The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

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

10.11. Contingent Assets

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

10.12. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

10.13. Budget

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

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

10.14. Third party payments

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

Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

During the year, **KShs. 465,617,930.00** being loan disbursements were received in form of direct payments from third parties.

10.15. Exchange rate differences

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

10.16. Comparative figures

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

10.17. Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2022.

10.18. Prior period adjustments

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

***Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022***

11. Notes to the Financial Statements

1. Transfers from Government Entities

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

Description	2021/2022	2020/2021	Cumulative
	KSh.	KSh.	to-date(from inception)
Balance brought forward			3,236,049,555.00
<i>Counterpart funding through Ministry of Water, Sanitation and Irrigation</i>			
Quarter 1	125,000,000.00	162,500,000.00	
Quarter 2	125,000,000.00	487,500,000.00	
Quarter 3	250,000,000.00		
Total	500,000,000.00	650,000,000.00	3,736,049,555.00

2. Proceeds from Domestic and Foreign Grants

There were no grants during the financial period 2021/2022.

Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

3. Loan From External Development Partners

During the financial period to 30 June 2022, we received funding from development partners in form of loans negotiated by the

National Treasury as detailed in the table below:

	Date Received	Amount in Loan Currency	Loans Received in Cash Kshs.	Loans Received as Direct Payment* Kshs.	Total Amount in KShs.
BADEA	30/10/2020				7,543,970.00
	25/06/2021				30,658,247.00
KUWAIT	30/10/2020				13,092,323.00
	25/06/2021				15,737,900.00
OPEC	30/10/2020				5,655,740.00
	25/06/2021				24,913,860.00
BADEA	12/01/2022	668,892.00	-	68,197,252.00	
	13/04/2022	595,414.00	-	60,705,822.00	
	10/05/2022	826,841.00	-	84,801,117.00	
KUWAIT	09/0/2022	149,275.00	-	15,226,010.00	
	22/06/2022	216,627.00	-	22,095,999.00	
OPEC	12/01/2022	657,157.00	-	67,000,809.00	
	12/01/2022	392.00	-	40,000.00	
	11/04/2022	605,860.00	-	61,770,837.00	
	17/05/2022	841,347.00	-	85,780,084.00	
Total		4,561,805.00	-	465,617,930.00	97,602,040.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Miscellaneous Receipts

There were no miscellaneous receipts

5. Compensation of Employees

There are no employees for Bura rehabilitation project because the project implementation unit is co-opted from National Irrigation Authority.

**Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022**

6. Purchase of Goods and Services

	2021-2022		2020-2021	Cumulative to- date
	Payments made by the Entity in Cash KSh.	Payments made by third parties KSh.		
Utilities, supplies and services				103,133.00
Communication ,supplies and services				71,736.00
Domestic travel and subsistence	1,275,400.00		1,151,250.00	3,787,250.00
Foreign travel and subsistence				86,114.00
Hospitality ,supplies and services	149,240.00			330,030.00
Printing, advertising and – information supplies & services			7,765.00	998,721.00
Other operating payments (Consultancy)	10,255,457.00		28,771,836.00	98,769,551.00
Routine maintenance – vehicles and other transport equipment	20,000.00		20,000.00	148,000.00
Total	11,700,097.00		29,950,851.00	104,294,535.00

Notes to the Financial Statements (Continued)

7. Social Security Benefits.

There were no social security benefits

8. Acquisition of Non-Financial Assets

	2021/2022		2020/2021	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties		
	Ksh	Ksh	Ksh	Ksh
Construction of civil works	561,583,541.00	465,617,930.00	154,389,834.00	4,011,059,462.00
Total	561,583,541.00	465,617,930.00	154,389,834.00	4,011,059,462.00

Construction of civil works refers to payments made to the contractors who are constructing Kora Kora intake and the development of Rehabilitation area

Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Notes to the Financial Statements (Continued)

9. Transfer to Other Government Entities

There were no transfers to other government entities.

10. Other Grants and Transfers and Payments.

There were no other grants, transfers, and payments

11. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank Accounts	1,091,471,356.00	1,164,754,994.00
Cash in hand	-	-
Cash Equivalent (Short term deposits)	-	-
Total	1,091,471,356.00	1,164,754,994.00

11. A. Bank Accounts

Project Bank Accounts

There were no project bank accounts.

Special Deposit Accounts

The project does not have a Special Deposit Account.

11. B. Cash in Hand

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

12. C. Cash equivalent (short-term deposits).

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

Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

12. A. Imprests and Advances.

There were no accounts receivables during the year under review.

12. B. Breakdown of Imprests and Advances.

There were no imprests and advance pending during the year.

13. Deposits and retention monies

Description	2021-2022	2020-2021
	Kshs	Kshs
Deposits and Retention Monies	-	-
Total	-	-

Refer to Annex 3.c

14. Fund Balance Brought Forward

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank Accounts	1,164,754,994.00	601,493,639.00
Cash in hand	-	-
Cash equivalent (short –term deposits)	-	-
Outstanding imprests and advances	-	-
Total	1,164,754,994.00	601,493,639.00

15. Prior Year Adjustment.

There were no prior year adjustments.

16. Changes In Receivable

There were no receivables, hence no change in receivables.

Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

17. Changes In Accounts Payable

Description of the error	2021-2022	2020-2021
	Kshs	Kshs
Deposit and Retentions as at 1 st July 2021	-	-
Closing accounts payables as at 30 th June 2022	-	-
Change in payables	-	-

Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

12. Other Important Disclosures

1. Pending Accounts Payable (See Annex 3 a)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	KSh.	KSh.	KSh.	KSh.
Construction of civil works.	-			
1. Jilk construction		109,444,819.00		109,444,819.00
2. Tunasco Limited		147,268,015.00	-	147,268,015.00
Consultancy	-	4,999,600.00	-	4,999,600.00
Total	-	261,712,434.00		261,712,434.00

2. Pending Staff Payables

There was no pending staff payables.

3. Other Pending Payables (See Annex 3c)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	KSh.	KSh.	KSh.	KSh.
Amounts due to third parties				
1. Jilk (Retention)	48,483,440.00	68,685,698.00	-	104,169,138.00
2. Tunasco (Retention)	-	44,708,225.00	-	44,708,225.00
Total	48,483,440.00	113,393,923.00		148,877,363.00

Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

4. External Assistance

		FY 2021/2022	FY 2020/2021
	Description	Kshs	Kshs
	External assistance received as loans from KUWAIT,BADEA & OPEC	465,617,930.00	97,602,040.00
Total		465,617,930.00	97,602,040.00

a. External assistance relating loans and grants

		FY 2021/2022	FY 2020/2021
Description		Kshs.	Kshs.
	External assistance received as loan from OPEC / BADEA/KUWAIT	465,617,930.00	97,602,040.00
Total		465,617,930.00	97,602,040.00

b. Undrawn external assistance

	Purpose for which the undrawn external assistance may be used for	FY 2021/2022	FY 2020/2021
Description		Kshs.	Kshs.
Undrawn external assistance -Loans	Payment of irrigation civil works & associated consultancy.	800,144,000.00	1,265,762,000.00
Total		800,144,000.00	1,265,762,000.00

Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

c. Classes of providers of external assistance

	FY 2021/2022	FY 2020/2021
Description	Kshs.	Kshs.
Bilateral donors	465,617,930.00	97,602,040.00
Total	465,617,930.00	97,602,040.00

d. Purpose and use of external assistance

Payment made by third parties	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
Acquisition of assets – Irrigation civil works.	465,617,930.00	97,602,040.00
Total	465,617,930.00	97,602,040.00

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

Payment made by third parties	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
Bilateral donors- OPEC , Kuwait and BADEA	465,617,930.00	97,602,040.00
Total	465,617,930.00	97,602,040.00

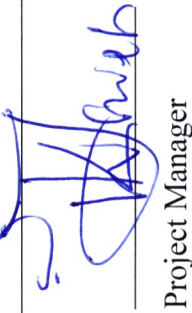
Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

13. Progress of Follow up of Prior Year Auditors Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on External Audit Report	Issue/Observations from Auditor	Management Comments	Focal Point Person to Resolve the Issue (Name and Designation)	Status: (Resolved/Not Resolved)	Timeframe: (Put a Date when you expect the Issue to be Resolved)
1.	Budgetary Control and Performance – The statement of comparative budget and actual amounts reflects final budget and actual on combative basis of KShs.1,788,598,120 and KShs.184,340,684.80 respectively, resulting to under-funding of KShs.1,604,257,435.20 or 90% of the budget. As a result, the project goals may not be achieved within the stated timelines.	The absorption of funds is determined by the progress of works by the Contractor since the contract is a measured contract. During the period under review, there were several challenges mainly termination of the initial contract and delay in the approval of master list and flooding on the site which seriously affected the progress of works by the Contractor and therefore, it was not possible to absorb the funds as planned.	Eng. Joseph Karangu – Project Manager	Resolved	


Chief Executive officer


Project Manager


Project Accountant

ICPAK Member No: 15039

Date 30/09/2022

Date 30/09/2022

Date 30/09/2022

Bura Rehabilitation Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

14. Annexes

Annex 1 - Variance Explanations - Comparative Budget and Actual Amounts

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	500,000,000	500,000,000	0	100	
Proceeds from borrowings	1,050,000,000	465,617,930	584,382,070	44	Direct payments are made on work done and certified.
Total Receipts	1,550,000,000	965,617,930	584,382,070	62	
Payments					
Purchase of goods and services	12,000,000	11,700,097	299,903	98	The over –expenditure was balance from last year's budget.
Acquisition of non-financial assets	1,538,000,000	1,027,201,471	510,798,529	67	Direct payments are made on work done and certified as such
Other grants and payments	0				
Total payments	1,550,000,000.0	1,038,901,568	511,098,432	67	

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Annex 2: Reconciliation of Inter –Entity Transfers

PROJECT NAME: BURA IRRIGATIO DEVELOPMENT PROJECT		Break down of Transfers from the State Department of Water, Sanitation and Irrigation		
A. Government Counterpart Funding		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
1	Receipt No.193102	20/08/21	125,000,000.00	Financial year 2021/2022
2	Receipt No.198623	27/10/21	125,000,000.00	Financial year 2021/2022
3	Receipt No. 206346	28/02/22	250,000,000.00	Financial year 2021/2022
	Total		500,000,000.00	
B. Direct Payments		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	-	
C. Others		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	-	
	TOTAL(A+B+C)		500,000,000.00	

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Annex 3a - Analysis of Pending Bills

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid Date	Outstanding Balance 2022	Outstanding Balance 2021	Comments
	a	b	c	d=a-c		
Construction of civil works						
1. Jilk construction -Kuwait Share from IPC 3,4 & 5	109,444,819.00	04/06/2019 Reassigned to Jilk on 30/08/2021	-	109,444,819.00	-	Kuwait funds were reallocated from lot 1 (Sheet pill- ing) to lot 2 (construction of main canal and associated civil works.
2. Tunasco Limited	147,268,015.00	10/03/2021		147,268,015.00	-	
Supply of services						
Cas Consultants Limited for lot Bura lot 2	4,999,600.00	7/03/2022	-	4,999,600.00	-	Work done and certified by 30/06/22 but not yet paid
Total	261,712,434.00			261,712,434.00	-	

NB: Development Kuwait Fund Arab Economic only caters for 15% of the contract price

3b. Analysis of Staff Pending Bills

There were no staff pending bills since the project is supervised by staff of National Irrigation Authority.

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Annex 3c – Analysis of Other Pending Payables

Name	Brief Trans- action Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2021	Comments
		a	b	c	d=a-c		
Amounts due to Third Parties							
1. Retention (Jilk construction Company Limited) NIB/DRP/023/2018-2019	Cum Retention Upto IPC 5	104,169,138.00	4/06/2019 And reas- signed on 27/08/2022	-	104,169,138.00	48,483,440.00	Payable after expiry of defects liability period.
2. Retention (Tunas-co/Marfa/Marsh joint venture NIA /081/2020/2021	Cum Retention Upto IPC2	44,708,225.00	10/03/2021	-	44,708,225.00	-	Payable after expiry of defects liability period.
Total		148,877,363.00			148,877,363.00	48,483,440.00	

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Annex 4 – Summary of Fixed Asset Register

Asset class	Opening Cost (KSh.) 2020/2021	*Purchases/Additions in the Year (KSh.) 2021/2022	** Disposals in the Year (KSh.) 2021/2022	Transfers in/(out) KSh. 2021/2022	Closing Cost (KSh.) 2022
	(a)	(b)	(c)	(d)	(e) = (a) + (b) - (c) + (-) d
Work in Progress	3,076,452,429.00	1,038,901,568.00	-	-	4,115,353,997.00
Total	3,076,452,429.00	1,038,901,568.00	-	-	4,115,353,997.00

Annex 5 – Contingent Liabilities Register

There were no contingent liabilities.

ANNEX 6 Reporting of Climate Relevant Expenditures

There were no climate relevant expenditure incurred within the year.

ANNEX 7 Disaster Expenditure Reporting Template

There were no disaster expenditures incurred within the year.