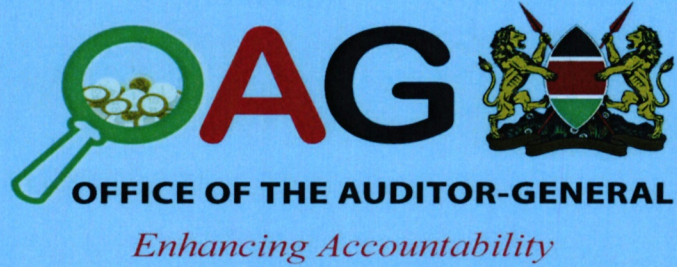
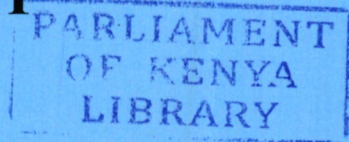


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

**KERIO VALLEY DEVELOPMENT
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2019**

THE NATIONAL ASSEMBLY PADEPS I AID	
DATE:	17 NOV 2021
TABLED BY:	D/Majority Leader
CLERK-AT THE-TABLE:	Gertrude Chebet
	DAY: Wed



12



12

OFFICE OF THE AUDITOR GENERAL
ELDORET HUB
08 MAY 2020
RECEIVED
P. O. Box 2774 - 30100, ELDORET



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING JUNE 30, 2019

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

THE NATIONAL ASSEMBLY
PAPDS I AID

DATE: 17 NOV 2021

TABLED BY:	D/Majority Leader	DAY:	Wed
CLERK-AT THE-TABLE:	Gertrude Chebet		

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1.0 KEY INFORMATION AND MANAGEMENT

1.1 Background Information

The Authority was established on the **31st August, 1979** through an **Act of Parliament Chapter 441 laws of Kenya** with the mandate to plan and coordinate the implementation of development projects in the Kerio and Turkwel catchment areas.

1.2 Principal Activities

Vision Statement: To be a Leading Regional Partner in Integrated and Sustainable Economic Development.

Mission Statement: To deliver sustainable business solutions in river basin development through prudent management of resources for economic prosperity of the people.

Core Values:

Integrity	As an Authority we will be sincere & uncompromising in serving the public.
Respectful	We will serve people with courtesy & fairness.
Accountability	We will conduct business in a transparent & accountable manner.
Teamwork	We will operate and work together for the common good of the people.
Creativity & Innovation	We will nature and adopt new technology in our operations.
Customer Focus	We will endeavour to understand our customer needs and consistently strive to satisfy them.

1.3 Physical address and Contacts

i) Headquarters

KVDA Plaza,
14th Floor,
Oloo Street,
P.O. Box 2660- 30100,
Tel: 053-2063361/3 Fax 2063364
Eldoret
Email: info@kvda.go.ke

ii) Bankers

Kenya Commercial Bank,
Kencom House,
P.O. Box 48400-00100,
Nairobi.

iii) Independent Auditors

The Auditor General,
Kenya National Audit Office,
P.O. Box 30084 – 00100,
NAIROBI.

iv) Principle Legal Advisor

The Attorney General,
State Law Office,
Harambee Avenue,
P.O. Box 40112-00200,
NAIROBI.

1.4 KVDA'S Mandate

The Mandate of Kerio Valley Development Authority (KVDA) is to initiate, plan, develop and manage resources along the Kerio and Turkwel catchment areas through integrated development for sustainable utilization of natural resources and improved socio-economic wellbeing of the communities.

1.5 Strategic Objectives

THE AUTHORITY HAS THREE MAIN STRATEGIC OBJECTIVES NAMELY:-

- To Promote Sustainable Environment protection and Natural Resource Management
- To Spur Economic Development
- To Strengthen Regional Planning, Resource Mobilization and Capacity Building

The Authority has implemented programmes aimed at addressing food security through development of irrigation infrastructure, Hydro-Electric Power generation, value addition, conservation of Cherangany watershed and water harvesting and storage facilities.

This report focuses on the status of activities undertaken by KVDA in the last 5 years ending 30th June 2019. Specific areas covered include:-

- i) Summary of general performance against targets
- ii) Achievements in the past five years (2014/2015 to date)
- iii) Status of on-going projects
- iv) Board of Directors
- v) Financial Status of the Authority

2.0 SUMMARY OF GENERAL PERFORMANCE AGAINST TARGETS

2.1 Performance against Targets

- Over the last five years, the Authority's performance included:
- Mobilized Kshs. 98 billion for development programmes
- Developed irrigation infrastructure for 4,345 acres.
- Increased internally generated revenue from Kshs. 100 million in 2014/15 to Kshs. 223.85 million in 2018/2019 and thereafter a potential of Kshs. 300 million annually
- Implemented Voluntary Early Retirement (VER) as part of restructuring process in order to improve productivity. This has resulted in reduction of staff from over 600 to 145.
- Organized more than 8 Peace Building Initiatives in the region
- Completed construction of KVDA Plaza Southern wing with a total office space of 90,000 sq. ft and together with Northern wing, they generate rental income of Kshs. 112.5 million annually.
- Raised and planted more than 3 million tree seedlings for environmental conservation.
- Raised and planted more than 3 million mango seedlings in collaboration with farmers.
- Established community livelihood programmes such as beehive, honey production, livestock and pasture improvement.
- Launched Integrated Development Master Plan and Strategic Plan for strategic decision making.

3.0 ACHIEVEMENTS IN THE PAST FIVE YEARS

3.1 Human Resource Issues

- New organizational structure and new HR policies and procedures have been developed and being implemented.
- Medical Scheme for both staff and Board members were introduced and is operational. Staff have benefited greatly.
- Staff pension scheme is operational

3.2 Revenue Growth

3.2.1 Rental income

Rental income increased from Kshs. 67.4 million in 2014/2015 to Kshs. 112.5 million in 2018/2019. The rental income is expected to increase to Kshs. 120 million annually in the next two financial years.

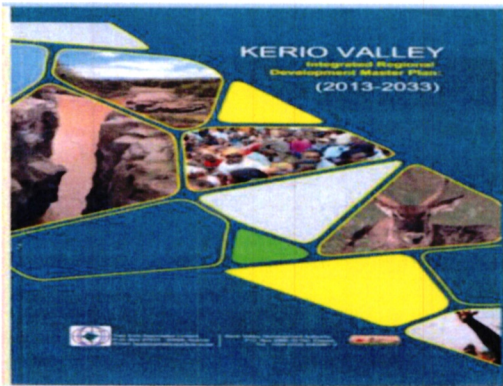
3.2.2 Beehive and Honey Production

Revenue from sale of honey and beehives has increased from Kshs. 11.9 million in 2014/2015 to Kshs. 34.4 million in 2018/19.



Bee hive and Honey Production by KVDA

3.3 Policy Documents



KVDA has developed a twenty (20) year Integrated Regional Development Master Plan (2013-2033) and a five (5) year Strategic Plan 2018/19 – 2022/23. The Master Plan is being used widely by the counties in KVDA area of jurisdiction in preparing the County Integrated Development Programmers

Integrated Regional Development Master Plan

3.4 Conservation Initiatives

The Authority raised 3 million tree seedlings by 2018/2019 and has been used in catchment conservation along Cherangany watershed.



Tree Nursery



Tree Planting Efforts

3.5 Water Harvesting and Storage

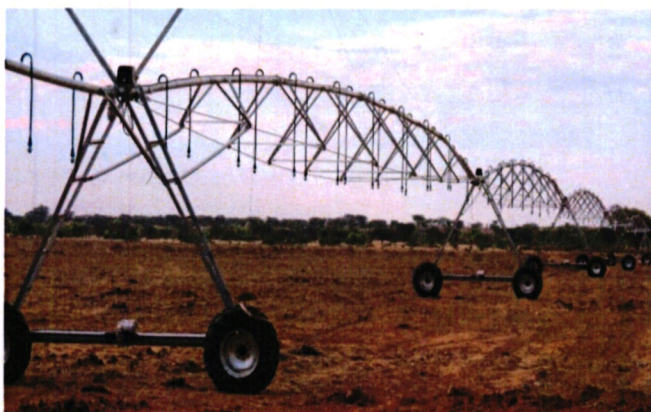
The Authority has constructed 84 No. water pans with over 1.58 million M³ storage capacities in eight counties benefitting over 10,000 households and over 100,000 livestock.



Kadokoi water pan in Tangulbei division, Baringo County

3.6 Irrigation Projects

The Authority has put 4,345 acres of land under irrigation as follows: - Napuu Centre Pivot Irrigation scheme 100 acres, Loyapat 150 acres, Tot – 150 acres, Tot/Kollowa – 295 acres, Lomut – 250 acres, Ptokou Sangat – 800 acres, Marich – 250 acres, Lower Sangat – 250 acres and WeiWei Phase III- 1,500 acres. These irrigation projects are being jointly implemented with the community and are geared towards increasing food production and contributing to the food security pillar of the “Big Four” agenda.



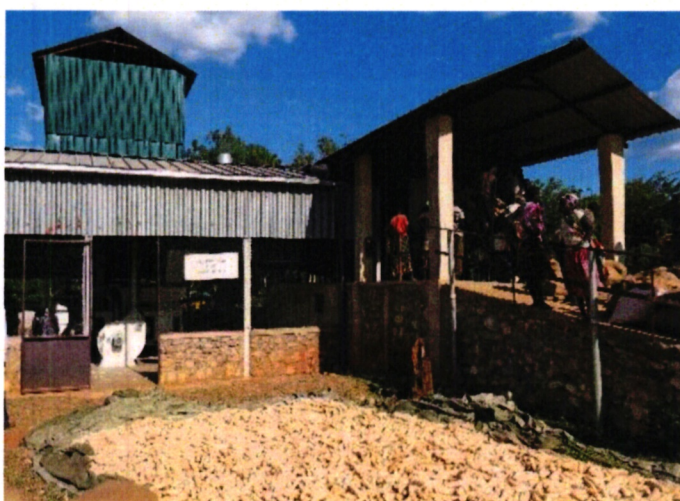
Napuu Centre Pivot Irrigation System



Wei Wei Irrigation Scheme

3.7 Seed Production

The Authority has a Seed Production Certificate making it a seed merchant. This has enabled the Authority to operate a Seed Processing Unit (Wei Wei Sheller) which was commissioned in May 2013 and is now operational.



Wei Wei Seed Maize Processing Plant



3.8 Pasture Seed Development

KVDA’s area of jurisdiction is mainly ASAL with livestock production as the main economic activity. The areas is prone to resource use conflicts and in an effort to reduce scarcity of pasture for livestock, the Authority has implemented a Pasture Seed Development Programme.



Pasture farm at Lemalok, Marigat



Livestock production at Chemeron

3.9 Operationalization of Regional Offices

The Authority established and operationalized Regional Offices in five counties in line with Devolution. The offices co-ordinate the Authority's development programmes at the County level and liaises with County administration in implementing collaborative and cross cutting issues.

3.10 Resource Mobilization

The Authority plans to spend Kshs. 55 billion on the Strategic Plan activities for 2018/19 – 2022/23 (five years). During 2019/2020 financial years, Gok has allocated a development budget of Ksh 269 million for projects indicate below while the balance will be sourced from development partners, Public Private Partnerships, asset financing and special project funds among other sources.

No	Project	GoK (Ksh)	AIA (Ksh)	Donor Funds(Ksh)
	Napuu Irrigation project , Lomut Irrigation Phase II project.	111,428,000	5,000,000	-
	Weiwei Phase III irrigation project	41,000,000		
	Pasture seed development		8,000,000	-
	Mango value chain, seedlings	15,000,000	17,800,000	-
	Folk lift for mango factory		6,000,000	-
	Equip Mango cold storage room		2,000,000	-
	Equipment for processing drums		2,000,000	-
	Honey production		20,000,000	-
	Beehive production		3,000,000	-
Total		167,428,000	58,800,000	-

In addition, the Authority has developed the following proposals for mobilizing resources amounting to Kshs 45.3 billion.

- Development of KVDA Nairobi Complex – Kshs. 5 billion
- Development of Lower Turkwel Irrigation Project - Kshs. 30 billion
- Marble Value Addition project – Kshs. 3 billion
- Dairy Value Chain (in collaboration with 3 universities – Kshs. 6 billion.
- Mango value chain – Kshs. 1.3 billion.

3.11 Peace Initiatives

The region has faced security challenges as a result of competition for natural resources such as grazing land and water which affected implementation of KVDA projects in the past. As a result a total of 13 peace initiatives were organized by the Authority, in collaboration with other stakeholders, to promote peace in the region. The initiatives have reduced insecurity incidences and promoted co-existence among the communities.



Peace initiative meeting in session

4.0 STATUS OF ON-GOING PROJECTS AND PROGRAMMES

4.1 Cherangany Watershed Conservation Programme

The Cherangany watershed is one of the five main “water towers” in Kenya, covering an area of approximately 2,000 km². The watershed is of significant importance to the Kerio Valley Basin due to diverse resources existing within its various ecosystems. The Authority has been involved in conservation activities for the water basin in collaboration with other stakeholders. These efforts have contributed to sustained river-flows and increased forest cover in the region. A notable intervention is the conservation of Upper Turkwel and construction of Turkwel Dam which today holds 1.6 billion M³. The Dam is currently being used to generate 106 MW of Hydro Power which is fed into the National Grid. In addition, it enables Tukwel River to have water throughout the year unlike before when it was seasonal seven months in a year.

The project is located in Elgeyo Marakwet, West Pokot, Uasin Gishu, Samburu, Baringo, Nakuru and Trans-Nzoia counties and the main objective is to conserve, rehabilitate and protect the water basin through integrated activities for sustainable natural resource development and socio-economic enhancement.

The project is estimated to cost Kshs. 2.3 billion with the overall achievements being:

- Over 2 million tree seedlings raised and planted to conserve Cherangany Watershed.
- 30 km riverbanks protected with woodlots/vegetation cover.
- Improved biodiversity and ecological resilience.
- Improved food security.
- Livelihood programmes promoted including honey and beehive production, pasture development and livestock improvement.
- Produced a documentary for Cherangany watershed
- The expected output include:
- Contribute to the 10% forest cover and improved biodiversity and ecological resilience by conservation of over 500 km².
- 100 km of riparian areas protected.
- Farm forestry established and over 7 million tree seedlings planted.
- Sustainable flows of rivers and streams flowing to Lake Turkana and Lake Victoria.
- Climate change adapted and mitigation measures put in place.
- Enhanced conservation based livelihood programmes such as honey production, pasture and livestock improvement.



Soil erosion and landslides along Cherengany watershed



Tree planting in Cherangany hills

4.2 Irrigation Projects

The region has a potential land for irrigation of 304,000 ha out of which 4,345 acres has already been developed by the Authority to address food security pillar of the “Big Four” Government agenda. The projected benefits include increased crop production of 10,000 tons annually, increased household

income of Kshs. 300 million, engagement of 2,000 youth and women and general economic development of the area.

The irrigation projects include Wei Wei Phase III, Napuu Centre Pivot Irrigation scheme, Loyapat, Tot, Ptokou Sangat, Marich, Lomut and Lower Sangat. Some of these projects have not been fully implemented due to budget constraints. When fully implemented, they will contribute to food security and full utilization of the region's potential.



Wei Wei Irrigation Project



H.E. the President during the official launch of Wei Wei Phase 3 project

4.3 Mango Value Chain Programme

Mango production has been promoted as a National cash crop under Vision 2030 and KVDA is one of the lead implementing agency. To date 3 million mango seedlings have been raised and planted in collaboration with other stakeholders in the region. Currently, a total of 240,000 mango seedlings are under different stages of production in eight nurseries. The Authority has planned to raise additional 10 million mango seedlings in the next 5 years to promote mango farming

The project is located in Elgeyo-Marakwet, Turkana, West Pokot, Baringo, Nakuru, Samburu, Kericho and Narok Counties. The objective is to promote mango production in the region and to establish a mango processing plant for value addition for local and export markets. The achievements include:

Three million mango trees planted and another 240,000 are in stock ready for planting.

Mango processing plant procured at a cost of Kshs. 36 million and delivered on 1st April 2018 at Tot.



Wei Wei tree nurseries in West Pokot County



Tot tree nursery in Elgeyo Marakwet County



Mango seedlings distributed to farmers



Mango Processing Factory at Tot

The expected output includes:

- 13 million Mango trees to be planted in the next five years which will produce fruits worth Kshs. 65 billion annually.
- A pilot mango factory established to process mango fruits into puree, concentrate or juice.
- Over Kshs.200 million revenue is expected from sale of juice from the pilot mango plant annually and over Kshs. 183 billion from value addition in the next five years.
- 50,000 farmers engaged in mango farming and over 100,000 farmers through the value chain.

4.4 KVDA Plaza (Southern Wing and Lift Replacement)



KVDA Plaza located in Eldoret in Uasin Gishu County was constructed in late 80s is comprised of the Northern and Southern wings. In May 2015, the Authority obtained a bank loan of Kshs. 400 million to be used in the construction of the southern wing which was completed in November 2016. The new wing has 14 floors with a total of 90,000 sq. ft of office space. The Authority also replaced four lifts and there are plans to replace the remaining ones.

KVDA Complex in Eldoret

The objectives included completing construction of Southern Wing and replacing three lifts. The expected outputs include:

- 90,000 sq. ft of office space developed and rented out to generate revenue for the Authority.
- Seven lifts replaced to serve both wings.
- Improved service delivery within KVDA Plaza.
- Increased rental income to Kshs. 112.5 million annually.

5.0 BOARD OF DIRECTORS

5.1 Board Members



Hon. Jackson Kiptanui
 Chairman
 Appointed on 12/07/2018
 and was Born 1972.
 Holds a Bachelors degree



Mr. Sammy Naporos
 Managing Director



Mrs. Dinah Chelanga
 Vice Chairperson
 Appointed on 20/09/2018
 and was Born 1968.
 Holds H. Diploma Psych.
 Counselling



Mr. Mohammed Jabane
 Alternate Director Chief of
 State & Head of Public
 Service
 Holds Master of Arts in
 International Relations, BA
 Political Science both UoN,
 and Advanced Public
 Relations – Kenya institute
 of Administration



Mrs. Francisca Ereng
 Board Member Appointed
 7/2/2019
 Holds Bachelor's degree



Dr. Joseph Rotumoi -
 Board Member Appointed
 20/02/18. Born in 1966
 Holds PhD in Educational
 Comm., Post Graduate Dip
 in HR; Master's in
 Education all at Moi
 University.



Ms Grace W. Were
Board Member
Appointed 7/2/19 and was
Born 1970.
Holds MA (PPM), BA (CP)

**Mr. Albert Mokuu - Board
Member, Alt. Director,
P.S. Min of East African
Community and Regional
Development**



Mrs Susan Chesinya
Board Member
Appointed 7/2/19 and was
born in 1967
Holds BA in Education
Psychology and Dip in
Education Psychology



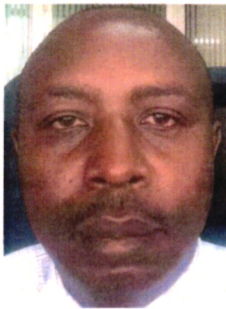
**Mr. David Komen –Alt.
Director, C.S. The National
Treasury**
Born 1965 holds MSc.
University of Brandford
United Kingdom, BA
Economics UoN, S.A.
Director National Treasury,
Alt Director KEMRI,
Economist Ministry of
Planning.



Ms Pauline Lenguris
Board Appointed 7/2/19.
Born 1976



Mr. David Gichuhi
Alternate Director
Inspectorate of State
Corporations



Kimani Kiiru

Board Member

Alternate to PS Min of Agriculture, Appointed on 3/5/2017

Born in 1965, holds Masters in INT. UoN, BSC Arts (KU)



Lilian Abishai

Board Member

Alternate Director to Attorney General, Senior Counsel

Born in 1979



Mr. Juma Chrispine Omondi

Alternate to PS Min. of Water and sanitation
Born in 1964



Mr. Adan Omar

Board Member Appointed 7/2/2019 and was Born in 1978.

On-going PhD in Leadership and Governance
Holds a MBA (Strategic Mngt) from KU, B.Ed – Kampala Intl Univ; Dip – Kenya Science



Hon. Leonard Sang

Board Member Appointed 7/2/19 and was Born 1974.

Holds BS in Public Health, Higher Dip Reproductive Health and Health Service Management; Dip in Clinical Medical & Surgery

Mr. Andrew Karumbo

Board Member Appointed 7/2/19. Born 1979

Holds bachelors BCOM from UN, CPS(K), CPA(K).

5.2 Appointment and Nomination of Board Members

The appointment and nomination of KVDA Board Members is as tabulated below:

No	Name	Designation	Gender	Home County	Appt. Date	Expiry Date
1.	Hon. Jackson Kiptanui	Chairman	Male	N/A	12/7/2018	11/7/2021
2.	Mrs. Dinah Chelanga	Vice Chair	Female	KeiyoMarakwet	20/9/2018	19/9/2021
3.	Dr. Joseph Rotumoi	Member	Male	Baringo	20/9/2018	19/9/2021
4.	Mr. Adan Omar	Member	Male	Wajir	7/2/2019	6/2/2022
5.	Mrs. Susan Chesiyana	Member	Female	Baringo	7/2/2019	6/2/2022
6.	Mr. Andrew N. Karumbo	Member	Male	Nairobi	7/2/2019	6/2/2022
7.	Mrs. Francis Ereng	Member	Female	Turkana	7/2/2019	6/2/2022
8.	Hon. Leonard Sang	Member	Male	Kericho	7/2/2019	6/2/2022
9.	Mrs. Pauline Lenguris	Member	Female	Samburu	7/2/2019	6/2/2022
10.	Mrs. Grace Were	Member	Female	Nairobi	7/2/2019	6/2/2022
11.	Hon. Philip Rotino	Member	Male	West Pokot	5/7/2019	4/7/2022
12.	Mr. David Komen	Alt. Director, National Treasury	Male	N/A	14/10/2015	-
13.	Mr. Mohamed Jabane	Alt. Director to Chief of Staff	Male	N/A	17/10/2015	-
14.	Mr. Albert Mokua	Alt. Director, EAC&RD	Male	N/A	28/8/2018	-
15.	Mr. Kimani Kiiru	Alt. Director, Min of Agriculture	Male	N/A	3/5/2017	-
16.	Mr. Chrispine Juma	Alt. Director, Min of Water	Male	N/A	28/6/2018	-
17.	Ms. Lilian Abishai	Alt. Director, Attorney General	Female	N/A	19/4/2013	-
18.	Mr. Sammy Naporos	Ag. MD/ Secretary	Male	N/A	25/7/2019	

5.3 Fiduciary Oversight Arrangements

5.3.1 Functions and Responsibilities of the Board

- To plan for the development of the Area of jurisdiction and initiate project activities identified for such planning through the Government,
- To develop and keep up-to-date a long range development plan for the Area,
- To initiate such studies and to carry out such surveys of the Area as may be considered necessary by the Government or by the Authority and to assess alternative demands within the Area on the resources thereof, including agriculture (both irrigated and rain-fed) forestry, wildlife and tourism industries, electric power generation, mining and fishing and to recommend economic priorities,
- To co-ordinate the various studies of, and schemes within, the Area so 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,
- To effect a program of both monitoring and evaluating of projects within the Area so as to improve that performance and establish responsibility therefore and to improve future planning,
- To co-ordinate the present abstraction and use and the planned abstraction and use of the natural resources especially water and set up an effective monitoring of abstraction and usage,
- To cause the construction of any works necessary for the protection and utilization of the water and soils of the Area,
- To ensure that the landowners in the Area undertake all the measures specified by the Authority to protect the water and soils of the Area,
- To identify, assemble and correlate all the data related to the use of water and other resources within the Area as may be necessary for the efficient forward planning of the Area,
- To maintain a liaison between the Government, the private sector and other agencies in the matter of the development of the Area with a view to limiting the duplication of effort and ensuring the best use of technical resource.

5.3.2 Committees of the Board

The Board has three standing Committees namely:

i) Audit and Risk Management Committee

The Audit and Risk Management Committee meets quarterly. During the financial year under review, the Audit Committee held four meetings. The membership comprised of five members. Its responsibility includes ensuring that internal control functions are effectively followed; oversee internal audit function

are effectively followed; oversee Audit's work-plan is executed; ensure compliance to legal and statutory requirements; assess audit risks portfolio of the organization; review external reports and ensure recommended actions are addressed; Ensure Audit charter and risk management policies are in place and up-to-date. The members of this Committee are:

- 1) Dr. Joseph Rotumoi - Chairman
- 2) Ms. Lilian Abishai - Member
- 3) Mr. David Gichuhi - Member
- 4) Mr. David Komen - Member
- 5) Mr. Peter Kurui - MIA (Secretary)

ii) Finance & Establishment Committee

There is a Finance and Establishment Committee Comprising of six members which meets on quarterly basis. During the financial year under review, the Finance and Establishment Committee met four times.

The Committee is responsible in considering Authority's budget, work plans, and procurement plans and forward the same for Board's approval; prioritization and allocation of financial resources for projects; financial reporting on income and expenditure accounts, budget actual and variance on propose expenditure, project cost versus completion status, variance trends that may have material effect on institution's financial health, compliance to accounting policies and standards and also to statutory and regulatory regulations of the Authority.

The members of this Committee are:

- 1) Mrs. Susan Chesiyana - Chair Person
- 2) Ms. Pauline Lenguris - Member
- 3) Mrs. Grace W. Were - Member
- 4) Mr. David Komen - Member
- 5) Mr. Mohammed Jabane - Member
- 6) Mr. David Kimosop - Managing Director

iii) Development & Environment Committee

This Committee comprises of six members who meets once in every quarter. The Committee met four times in the financial year under review. The Committee is in charge of strategies that would facilitate the Board to give guidance and direction to Management on project implementation.

The Committee concerns itself with identification, prioritization and recommendation (from the master plan and Strategic Plan) for approval of investment projects; Consider and recommend approval of

project budget and work-plans; Report on quality of works in projects; Report on project status; Report on project evaluation process and indicate whether there is value for money and Ensure and report on compliance to all relevant policies, laws and regulations for development of projects.

The members of this Committee are:

- 1) Mr. Adan Omar - Chairman
- 2) Mrs. Francisca Ereng - Member
- 3) Hon. Leonard Sang - Member
- 4) Mr. Kimani Kiiru - Member
- 5) Mr. Chrispine Juma - Member
- 6) Mr. David Kimosop - Managing Director

iv) Human Resource Committee

There is a Human Resource Committee that was constituted in March 2019 and comprises of five members and is meant to meet once every quarterly. During the financial year under review, the Committee met twice.

The Committee is responsible in:- Oversee and report on HR management and development issues regarding recruitment, selection, discipline, retirement and compensation; Consider and advice Management on legal matters related to the Authority; and Performance Contract – progress and status.

The members of this Committee are:

- 1) Mr. Andrew Karumbo - Chairman
- 2) Mrs. Dinah Chelanga - Member
- 3) Mr. Albert Mokua - Member
- 4) Dr. James Chelanga - Member
- 5) Mr. David Kimosop - Secretary

5.3.3 Management Team

The KVDA Management Team during the period under review were as follows:



**David Kimosop
Managing Director**

Born 1964, He is a PHD Finalist Moi Univ. Holds MBA Moi Univ, Bachelors Degree in Business Administration UoN and Dip in Risk Mgt in Banking. Member of IA, IOD, and former Board of Trustees KCB staff Pension A versatile Chief Executive in corporate Governance, Risk management solutions, Corporate and Retail business Management, Credit, Treasury and Banking operations and internal audit through 22 solid years at KCB where he served as a Group Head Co-ordinator for World Vision Projects in Kenya for one year



**Francis Kipkech
Chief Manger Technical
Services & Operations**

Born 1963 holds MSc (McGill University-Montreal), BSc - UoN, Dip. Crop Mgt Egerton Univ. Previously Deputy Director - Ministry of Regional Development Authorities, MD CDA, Ag MD and Deputy MD KVDA, Snr Research Officer KARI



**Mr. David Onyango
Chief Manager Planning
Research & Development**

Born 1966 Holds Masters Degree in Business Administration, BA (Econ) UoN and various professional trainings Worked as Business Development Consultant, Lecturer, Credit Officer - Caribbean, Business Development Specialist UN, Administration Manager KATO, Research officer KATO and AMREF, Economist/ Statician in the Ministry of Tourism and Wildlife



Mr. Samuel Koskei
Chief Manager Business
Development &
Investment promotion

Born 1963. He holds MBA. Moi University, C.P.A (K). Worked as Financial Controller & Chief Accountant - Sirikwa Hotel Ltd and Kenya Fluorspar, Accountant Twiga Chemical Industries Ltd, Accountant in National Oil Corporation of Kenya Accountant I Nandi County Council



Elizabeth Kebenei
Ag Chief Manager
Human Resource &
Administration

Born 1966. She holds MSc Human Resource Development -Moi Univ., BA Kenyatta Univ., HDHRM. Previously worked as Snr HRO, HRO, and Ass. HRO KVDA, Teacher Kocholwo Sec School
 Has attended various management workshops and seminar



Mr Moses Kipchumba
Chief Manager Finance

Born 1975 She holds MBA, BCom - KU, CPA (K). Worked as Fund Manager CDF, Asst Accountant Family Bank, Accountant Pine Tree Agencies Ltd



Esther J. Kiror
Legal Officer

Born 1975 She holds LLB Moi University, Worked as Asst Legal Officer - KVDA



Mr William K. Maina
Supplies and Procurement
Manager

Born 1968. He holds MBA, BCom, Poona University (India), Dip Ms Office, Dip Purchasing & Sup Mgt. Worked as Head of Supplies Dept. Ampath, Snr Supplies & Procurement Officer MTRH, District Supplies Officer UG District, Supplies Officer II OP.

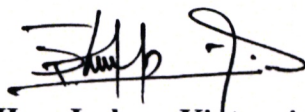
5.3.4 Chairman's Statement

It is with great pleasure to report on Kerio Valley Development Authority's Accounts for 2018/2019 financial year. The Authority is a State Corporation wholly funded by the Government of Kenya and its area of jurisdiction includes Counties of Elgeyo /Marakwet, West Pokot, Turkana, Baringo, Samburu and part of Nakuru.

During the year under review, the Authority focused on the following;

- Implementation of the Strategic Plan 2014-2018 and review of strategic plan for 2018/19 – 2022/23 in an effort to transform the region's economy through sustainable exploitation of natural resources in partnership with communities, National and County Governments, Donor and Development Partners. The Plan was guided by the GOK Vision 2030.
- Strategic intervention on food security through expansion of irrigation projects.
- Enhance collaboration with the County government and various institutions e.g. Moi, and Eldoret Universities and KALRO among others.
- Undertook resource mobilization abroad and locally through participation in investments, conferences and engaging The National Treasury.
- Organized peace initiatives in the region aimed at promoting development.
- Engagement with the Ministry in preparation of RDA Amendment Bill.
- Undertook corporate social responsibility in the region through contributions towards community programmes.

In conclusion, the Board looks forward to continue engaging all stakeholders and undertaking resource mobilization for effective and sustainable in implementation of its programmes within the region.



Hon. Jackson Kiptanui

Chairman of the Board

Date: 25/09/2019

5.3.5 Managing Director's Report

It is my honour to present the Financial Statement for the year ended 30th June 2019. During the period, there was growth in KVDA's revenue base. Our focus was on building the already laid down foundation for sustainability through expansion of revenue streams, enhancing operational efficiency and restructuring so as to make the Authority self reliant. This is intended to move the Authority from current dependency on Government financing to a blue chip institution within a five to eight years period.

Overall, the Authority reported a surplus of **Kshs 3.47 million**. This is largely attributed to Aror/Kimwarer Multipurpose Dams receipts. internally generated income (AIA) which has remained above 200 million. However, the overall income realized from exchequer and AIA were not adequate to cover the recurrent costs. The management has put in place the following financial measures in order to improve on the overall Authority's performance both in the short and long term:-

Short Term Measures:

- Enhance rental income from KVDA Plaza to a projected level above **Kshs. 112.5 million** per annum,
- Completion and operationalization of 800 acres Wei Wei Phase III Irrigation Scheme in West Pokot County
- Purchasing and refining 100 tons of semi-processed honey and marketing honey products so as to raise **Kshs 50 million** per annum.
- Construction and operationalization of Mango factory in Tot, Elgeyo Marakwet county to enhance value addition of Mangoes

Long Term Measures:

- Upscale mango seed production business through prudent management of existing farms and expansion of irrigable land to achieve at least 3,000 hectares in the next five years.
- Implement development at Turkwel downstream irrigation project to put an additional 30,000 ha of land under irrigation to enhance national food security and peace within the Region.
- The management will continue to expand its revenue base to support operating activities and create sustainability in our area of jurisdiction.

In conclusion, the Management is grateful to our Parent Ministry, Stakeholders, KVDA entire Board of Directors and Staff for their contributions towards the achievements made during so far.



Sammy Naporos
Managing Director
Date: 25/09/2019

5.3.6 Corporate Governance Statement

Corporate Governance is the process by which companies are directed, controlled and held accountable. The Kerio Valley Development Authority Board of Directors is responsible for the overall management and the governance of the Authority and is accountable to the Government for ensuring that the Company complies with the law and the highest standards of best practice in corporate governance. The business and operations of the Authority will be conducted with integrity, accountability, teamwork, customer focus and embrace internationally developed principles of good governance.

Board of Directors meetings: The Board met five times during the year. The Board has the responsibility of establishing and maintaining the Authority's overall financial, operational and compliance controls well as formulating policies for the Authority. All Board members except the Managing Director are non executive. The Chairman is appointed by the President whereas the other members are appointed by the Minister.

Code of Ethics: The Authority is committed to the highest standards of integrity in dealing with all stake holders. All employees of the Authority are expected to serve with uncompromising spirit in serving the public.

5.3.7 Management Discussion and Analysis

The Authority was created by the Act of Parliament Chapter 441 laws of Kenya with the mandated to plan, execute, co-ordinate, and implement development projects within its area of jurisdiction. The projects include: Irrigation projects, Conservation Projects, Multipurpose projects, Value Addition among others.

During the year under review, Napuu Irrigation Project was launched and the implementation is on-going. Area residents have already reaped the benefits from the project. Wei Wei Phase III was launched by the President of the Republic of Kenya and the project implementation process is on-going. The benefits from this project are expected to trickle down to the community as the project attains full implementation. The Authority played a vital role in ensuring Cherangany catchment remains conserved by providing and planting trees which have been a great achievement by KVDA and the local community.

The Authority has completed the construction of Mango processing factory for value addition of mango produce. Plans are underway for the commissioning and subsequent operationalisation of the factory. Other projects completed during the period under review include KVDA Southern Wing, Construction of National water harvesting dams and Samburu livestock project. These projects will greatly contribute to food security; improve co-existence among communities with respect to natural resource use, and improvement of the community livelihoods.

The major challenges faced by the Authority included under-funding by the National Treasury through budget adjustment which reduced development funding from time to time. The printed estimates showed **Kshs.205** million as development funding that was reduced to **Kshs.72** million. These funds were not sufficient for the implementation of planned development programmes such as:

- Napuu/Lomut Irrigation Project and lower Turkwel irrigation project.
- Rehabilitation of Boreholes
- Wei Wei Phase III
- Mango Processing
- Pasture Development
- Honey Value Chain
- Cherangany Water Shed Conservation

The Authority complied in paying all its statutory requirements including unremitted pension funds amounting to **Kshs. 16,933,937**. However, there has also been reduction in recurrent funds which has negatively impacted on the Authority's financial ability to adequately remunerate her employees as well as undertaking its recurrent operations.

5.3.8 Corporate Social Responsibility Statement

Our commitment to our stakeholders and in improving the quality of life of communities living in our area of jurisdiction is central to our corporate identity. During the year under review, the Authority supported the hunger stricken families in Turkana, participated in peace building initiatives, supported expansion of educational institutions and offered internship and attachments to young scholars. However much could be done with other well wishers.

5.4 Report of the Directors

The Board of Directors submit their report together with Financial Statements for the year ended 30th June, 2019 showing the state of KVDA's affairs.

Principal activities:

- To formulate Integrated Regional Development Master Plan in partnership with other stakeholders.
- To undertake resource mapping for data bank and promotion of Integrated Multi-Sector Investments.
- To carry out appraisal of multi-sectoral investments.
- To monitor, evaluate, document and disseminate data on development levels.
- To market and implement multi-sectoral development projects/investments.
- To mobilize active engagement of stakeholders through various forums.

Results: The results of the entity for the year ended 30th June, 2019 are set out on pages 33 to 54

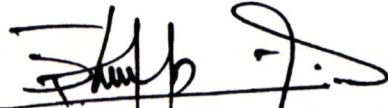
Directors: The members of the Directors who served during the year are as shown on pages 16 to 18.

Internal Controls

The Authority has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information, procedures are also in place to ensure that assets are subject to proper physical controls and that the Organization remains structured to ensure appropriate segregation of duties. In reviewing the effectiveness of the system controls the Board take to consideration the results of all the work carried out to audit and review the activities of the Authority. Monthly meetings are held by Management to monitor performance.

Auditors

The Auditor General is responsible for the statutory audit of the KVDA in accordance with the Public Finance Management (PFM) Act, 2012



Hon. Jackson Kiptanui

Chairman K.V.D.A Board

Date 25/09/2019

5.5 Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require the Directors to prepare Financial Statements in respect of that KVDA, which give a true and fair view of the state of affairs of KVDA at the end of the financial year/period and the operating results of KVDA for that year/period. The Directors are also required to ensure that KVDA keeps proper accounting records which disclose with reasonable accuracy the financial position of KVDA. The Directors are also responsible for safeguarding the assets of KVDA.

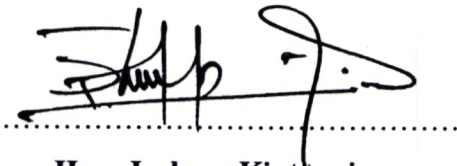
The Directors are responsible for the preparation and presentation of KVDA's Financial Statements, which give a true and fair view of the state of affairs of KVDA for and as at the end of the financial year (period) ended on June 30th, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the KVDA (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for KVDA's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that KVDA's financial statements give a true and fair view of the state of KVDA's transactions during the financial year ended June 30th, 2019, and of KVDA's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for KVDA, which have been relied upon in the preparation of KVDA's Financial Statements as well as the adequacy of the Internal Control systems.

Nothing has come to the attention of the Directors to indicate that KVDA 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 KVDA's financial statements were approved by the Board on 31st September 2019 and signed on its behalf by:



Hon. Jackson Kiptanui
Chairman K.V.D.A Board
Date: 25/09/2019



Sammy Naporos
Managing Director
Date 25/09/2019

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Anniversary Towers
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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KERIO VALLEY DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kerio Valley Development Authority set out on pages 33 to 53, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kerio Valley Development Authority as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in Conditional Receipts

As disclosed in Note 25 to the financial statements, the statement of financial performance reflects conditional receipts amount of Kshs.2,781,952. However, the amount does not include conditional funds liability realized during the year in respect of water harvesting expenditure amounting to Kshs.27,195,077 even though it has been included in operation expenses of Kshs.65,304,718 as per Note 17 of the financial statements.

Consequently, the accuracy of conditional grants amount of Kshs.2,781,952 reflected in the statement of financial performance for the year ended 30 June, 2019 could not be confirmed.

2. Unauthorized Payments

During the year under review, Management made payments amounting to Kshs.27,385,194 in respect of expenditure as indicated below:

Expenditure Item	Amount (Kshs)
Arrow and Kimwarer expenses	9,724,791
Extension of Chepkum Irrigation pipeline	4,121,263
Borehole drilling and rehabilitation	6,078,100
Farmers trip to Napuu II	1,578,550
Tot Mango Factory	5,632,490
5 th Annual Charity Marathon Sponsorship	250,000
Total	27,385,194

A review of the supporting documents revealed that payments were made without requisite authorization and approvals.

Consequently, the propriety of the expenditure amounting to Kshs.27,385,194 for the year ending 30 June, 2019 could not be confirmed.

3. Long Outstanding Receivables from Exchange Transactions

As disclosed in Note 21 to the financial statements, the statement of financial position reflects receivables from exchange transactions amounting to Kshs.51,385,808. The balance includes staff salary advances amounting to Kshs.3,185,608 which have been outstanding from 1998 and most of the staff members are no longer in service. However, as reported in the previous year, the Management had not indicated measures put in place to recover the funds from respective staff members' final dues or make a provision for doubtful debts for the unrecoverable amounts.

Further, the balance includes tenant debtors amount of Kshs.29,107,525. The amount includes a balance of Kshs.2,436,811 due from a firm that has since vacated the offices without paying rent due. Management did not provide evidence to demonstrate how the amounts shall be recovered or make a provision for doubtful debts.

Under the circumstances, the recoverability of receivables from exchange transactions amounting to Kshs.51,385,808 could not be confirmed.

4. Unsupported Receivable from Non - Exchange Transactions

As disclosed in Note 21 to the financial statements, the statement of financial position reflects receivable from non-exchange transactions balance of Kshs.7,778,151,688 (USD 75,274,465) being advance payments to contractors towards construction of Arrow and Kimwarer multipurpose dams. The balance constitutes Kshs.4,292,651,060.25 (USD41,611,140.83) and Kshs.3,485,500,628 (USD33,663,324.59) which was to be recovered by the Authority from subsequent

payments of certified works. Although the Authority has indicated that it forwarded the payment documents to The National Treasury for approval and payment on 13 December, 2017, evidence of actual payment to bank account of the contractor by The National Treasury as stated in clause 5(c) of the contract was not provided for audit review.

Further, the contractor was not on site as none of the projects have commenced. Management has not made any provision for doubtful debts in respect of advance payments.

Consequently, the recoverability of the receivable from non-exchange transactions amount of Kshs.7,778,151,688 reflected in the statement of financial position could not be confirmed.

5. Unsupported Inventories

As disclosed in Note 22 to the financial statements, the statement of financial position reflects inventories balance of Kshs.20,384,685. The balance comprises of processed and semi processed honey, spares, tools and equipment, farm inputs and products, general stores and other materials. Evidence of stock-take as at 30 June, 2019 to establish the net realizable values of closing stock was not provided for audit review. Further, the stocks were valued at cost instead of the lower of cost and net realizable value.

Consequently, the accuracy and completeness of closing stocks of Kshs.20,384,685 reflected in the statement of financial position could not be confirmed.

6. Property, Plant and Equipment - Valuation of Assets

As disclosed in Note 34 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.4,477,120,285. However, a review of the various items revealed that the balance includes an investment property amount of Kshs.1,068,154,930 which relates to the net book values for thirty-six (36) permanent buildings and land on which they stand. The Authority has no accounting policy on investment property. The cost of land and buildings in respect of investment property is not separated contrary to paragraph 74 of International Public Sector Accounting Standards, IPSAS 17. As a result, the investment property has been accounted for using the cost model which implies they are part of property, plant and equipment rather than investment property while the cost of land has also been subjected to depreciation over the years thereby misstating it.

Further, the investment property includes industrial workshop used by the Authority in the normal course of business with net book value of Kshs.3,564,906 which does not qualify as an investment property.

In addition, the Authority's assets have not been valued to determine the fair values of the property, plant and equipment whose fair value of asset differs materially from

its carrying amount as provided under paragraph 44 of the International Public Sector Accounting Standards, IPSAS 17.

In the circumstances, the accuracy of property, plant and equipment balance of Kshs.5,545,275,215 reflected in the statement of financial position could not be confirmed.

7. Unsupported Biological Assets

As disclosed under Note 23 to the financial statements, the statement of financial position reflects biological assets amounting to Kshs.10,446,770 which constitutes the value of plant seedlings and live animals such as cattle. However, the overall decrease of Kshs.14,934,155 in carrying amount of biological assets from Kshs.25,380,925 as at 30 June, 2018 to Kshs.10,446,770 as at 30 June, 2019 was not supported by a reconciliation statement and accounted for under the statement of financial performance in line with International Public Sector Accounting Standards No. 27. The valuation report of the biological assets was not provided for audit review while seedlings valued at Kshs.7,056,770 grown for sale were not differentiated from mature mango and fruit seedlings for sale transferable to inventory.

Consequently, the accuracy and completeness of biological assets balance of Kshs.10,446,770 reflected in the statement of financial position could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.14,565,933,730 and Kshs.4,261,407,093 respectively resulting to an under-funding of Kshs.10,304,526,637 or 71% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.1,424,739,402 and Kshs.589,426,116 respectively resulting to an under expenditure of Kshs.835,313,286 or 57% of the budget. The revenue is ten (10) times the expenditure budget, a situation that does not reflect the

Report of the Auditor-General on Kerio Valley Development Authority for the year ended 30 June, 2019

economic realities. The Management did not provide reasons for the huge variances in the budget formulation as well as performance.

Consequently, the under-funding and under-expenditure affected the planned activities and impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management had not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular No. PSASB/1/12/Vol. 1/(44) of 25 June, 2019.

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. Summary Projects Implementation

During the year under review, the Authority was implementing several projects for fruits processing, irrigation projects and multi-purpose project in addition to upgrading its internal infrastructure. However, a review and physical checks on thirteen (13) projects with total contract sum of Kshs.49,778,337,086 revealed that six (6) projects with contract sum of Kshs.44,256,108 were completed, five (5) projects with contract sum of Kshs.134,120,979 were ongoing while two (2) projects with contract sum of Kshs.49,600,000,000 had stalled.

Further, although the Authority had developed and irrigated 4,345 acres of land out of 304,000 hectares that is available for irrigation, Management had not put in place measures to ensure sustainability and maintenance of the irrigated land to ensure that there is no wastage of public resources resulting from poor management of the irrigation schemes.

Consequently, it has not been possible to confirm whether value for money realized by the public from the projects.

2. Non-Compliance with National Cohesion and Integration Act, 2008

During the year under review, the Authority had a total of one hundred and fifty-seven (157) employees out of whom one hundred and fourteen (114) or 77% were members of the dominant community in the region. Further, seven (7) or 41% out of the seventeen (17) appointed Board Members were from the dominant community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, “all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community”.

Consequently, Management is in breach of the law.

3. Lack of Records for Maintenance of Lifts

The KVDA Plaza building has a total of seven (7) lifts out of which four (4) are operational and the remaining three (3) lifts were to be replaced by a contractor at a contract sum of Kshs.29,194,850. However, Management did not provide a general register, bi-annual reports of the lifts and the signed examination reports of the lifts after repairs by a person appointed by the Director of Occupational Safety & Health services as required by section 63(2) of Occupational Safety and Health Act, 2007.

Consequently, the Management is in breach of the law.

4. Delay in Securing Land for the Projects

Examination of records indicates that the Authority had received Kshs.643,200,000 as at 30 June, 2019 as counterpart funding from The National Treasury for Arror Project for resettlement and compensation of land owners affected by the project while no counterpart funding had been recorded for Kimwarer Project. The Authority has not secured land for the projects or compensated the owners of land where the two projects are to be implemented as the funds received is said to be insufficient.

Further there is no evidence that the total amount required for land acquisition and compensation had been factored in the 2019/2020 budget to enable the land acquisition, resettlement and compensation of the land owners in future.

The Authority is likely to incur huge cost overruns arising from delay in the commencement of the two projects

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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables from exchange transactions amounting to Kshs.43,192,349 which constitutes creditors amount of Kshs.27,868,709 which includes creditors that are over 120 days amounting to Kshs17,098,480. Delay in settlement of liabilities may expose the Authority to penalties, interests or litigations by creditors.

In the circumstances, it has not been possible to determine whether the Authority has an effective internal mechanism to monitor and manage its obligations as and when they fall due.

2. Management of Scrap Materials

During the year ended 30 June, 2019, the company removed the old lifts in order to replace them with new ones. However, the Authority did not maintain records of the removed item(s) and parts as scrap materials and old spares and there were no controls in place for receipt, recording and safe keeping of the scrap materials and old spares awaiting disposal or reuse.

Consequently, the Authority lacks appropriate internal controls and is likely to lose the scrap materials and old spares to vandalism and pilferage.

3. Internal Audit Function and Risk Management

The Authority has established an internal audit function as well as an audit and risk sub-committee of the Board. The internal audit function had only two (2) members of staff, which comprise of an assistant audit manager who is the Head of the unit and a clerical member of staff. In absence of substantive Head of the internal audit function cannot discharge its mandate. Further, the entity has also not developed a risk management policy and risk policy framework and risk profile.

Management has also not established a Public Finance Management Standing Committee as well as monitoring and evaluation unit to monitor and report on non-financial performance in respect of individual programmes and projects

In the circumstance, I am unable to confirm existence of an effective internal audit function and risk control mechanisms including governance.

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.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Authority 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 the Authority's ability to continue as a going concern. 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.
- 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

30 September, 2021

KVDA FINANCIAL STATEMENTS | 2018/2019FY

6.1 Statement Of Financial Performance For The Year Ended 30 June 2019


	Notes	As at 30th June 2019 Kshs	As at 30th June 2018 Kshs
Revenue from non-exchange transactions			
Government grants-Unconditional	11(a)	270,575,184	190,675,184
Conditional Receipts (VER)	12	252,859,892	20,445,484
Conditional Grant (Arror Dam)	13(a)	28,619,408	8,634,135
Conditional Grant- Kimwarer Dam	13(b)	3,485,500,628	-
Gain on disposal of Assets		-	1,683,957
Conditional Receipts (ESP)	25	2,781,952	-
Government grants-Conditional	26	-	15,100,369
		4,040,337,064	236,539,129
Revenue from exchange transactions			
Appropriation In Aid	14	223,851,981	226,521,478
Total revenue		4,264,189,045	463,060,607
Expenditure			
Conditional Grants payments		-	15,100,369
Conditional grant Expense (VER)	12	252,859,892	20,445,484
Conditional grant payment (Arror)	13) (a)	28,619,408	8,634,135
Personal Emoluments-Employee costs	15	126,779,963	192,268,021
Administration Expenses	16	124,317,360	48,468,009
Operation expenses	17	65,304,718	154,137,777
Director's Remuneration	18	21,803,415	21,356,391
Finance Costs	19	50,577,948	52,205,672
Provision for doubtful debts	21 (b)	562,166	661,372
Conditional Expenses ESP	25	2,781,952	-
Depreciation and amortization expense	34	114,999,034	110,521,180
Total expenses		788,605,856	623,798,409
Surplus/(Loss) before tax		3,475,583,189	-
Taxation		-	-
Surplus /loss after Tax		3,475,583,189	160,737,802

KVDA FINANCIAL STATEMENTS 2018/2019FY

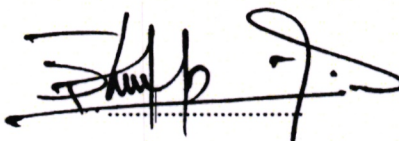
6.2 Statement Of Financial Position As At 30 June 2019

		As at 30th June 2019	As at 30th June
Assets	Notes	Kshs	2018 Kshs
Current assets			
Cash and cash equivalents	20	821,259,615	781,667,287
Receivables from exchange transactions	21(a&b)	51,385,808	70,674,588
Receivable from non-exchange transactions	21) (c)	7,778,151,688	-
Inventories	22	20,384,685	22,385,075
		8,671,181,796	874,726,950
Non-current assets			
Property, plant and equipment	34	4,477,120,285	4,942,282,499
Investment property	34	1,068,154,930	694,726,674
Biological Assets	23	10,446,770	25,380,925
		5,555,721,985	5,662,390,098
Total assets		14,226,903,781	6,537,117,048
Liabilities			
Current liabilities			
Ministry Devolution - (VER Funds)	12	35,694,724	288,554,516
Restricted Liability- Aror	13	605,946,457	384,565,865
Trade and other payables from exchange transactions	24	43,192,349	41,006,104
Restricted Funds Liability (ESP)	25	8,557,760	38,534,789
Auditor General	28	812,000	812,000
Sub- Total Current liabilities		694,203,290	753,473,274
Non-Current Liabilities	27	353,815,401	377,263,352
Total Liabilities		1,048,018,691	1,130,736,626
Total Net Assets		13,178,885,090	5,406,380,422
Capital Reserves		7,696,199,073	7,696,199,073
Revenue Reserves		5,482,686,017	-2,289,818,651
Total net assets and liabilities		13,178,885,090	5,406,380,422

The Financial Statements for the year under review were signed by the chairman and Managing Director on behalf of the KVDA Board of Directors:



SAMMY NAPOROS
 Managing Director
 Date 25/09/2019



HON. JACKSON KIPTANUI
 Chairman K.V.D.A Board
 Date 25/09/2019

KVDA FINANCIAL STATEMENTS 2018/2019FY

6.3 Statement Of Changes In Net Assets For The Year Ended 30th June 2019

	Note	Capital reserves Kshs	Revenue reserve Kshs	Totals Kshs
Balance as at 1st July 2017		7,696,199,073	- 2,129,080,849	5,567,118,224
Surplus/(deficit) for the period			- - 160,737,802	- 160,737,802
Balance as at 30 June 2018		7,696,199,073	- 2,289,818,651	5,406,380,422
Balance as at 1st July 2018		7,696,199,073	- 2,289,818,651	5,406,380,422
Prior year adjustments- Arror	33(a)	-	4,292,651,060	4,292,651,060
Prior year adjustments- Rokocho	33(b)	-	4,270,419	4,270,419
Surplus/(deficit) for the period			- 3,475,583,189	3,475,583,189
Balance as at 30 June 2019		7,696,199,073	5,482,686,017	13,178,885,090

KVDA FINANCIAL STATEMENTS | 2018/2019FY

6.4 Statement Of Cash Flows For The Year Ended 30th June 2019

	Notes	As at 30th June 2019 Kshs	As at 30th June 2018 Kshs
Cash Flows from Operating Activities			
Receipts			
Government Grants & Subsidies	11(b)	520,575,184	573,985,585
Disposal of Assets		-	1,685,000
Sale of Goods	14(a&c)	111,276,780	130,513,474
Other Income, rentals	14(b)	112,575,201	94,417,626
Total Receipts		744,427,165	800,601,685
Payments/Cash outflows			
Conditional Expenses		-	-15,100,369
Voluntary Early Retirement	12	-252,859,892	-20,445,484
Conditional Grant Expenses(Error)	13	- 28,619,408	- 8,634,135
Compensation of Employees	15	-126,779,963	-192,268,021
Administration Expenses	16	- 122,406,311	- 47,656,009
Operation Expenses	17	-59,188,675	-153,789,779
Director's Remuneration.	18	-21,803,415	-21,356,391
Finance Costs-	19	-50,734,565	-52,205,672
		-662,392,229	- 511,455,860
Net cash generated from operating activities		82,034,936	289,145,826
Cash flows from Investing Activities			
Purchase of Property, Plant and Equipment	34	-18,994,657	-34,450,709
		-18,994,657	-34,450,709
Net Cash flow after Investing Activities		63,040,279	254,695,117
Cash flows from financing activities			
Borrowing		-	6,576,479
Principal Loan repayment	27	-23,447,951	-15,058,943
Net cash flow from financing activities		-23,447,951	- 8,482,464
Net cash and cash equivalents		39,592,328	246,212,653
Cash and cash equivalent at the beginning of the period		781,667,287	535,454,634
Net Cash & Cash Equivalents - End	20	821,259,615	781,667,287

KVDA FINANCIAL STATEMENTS 2018/2019FY

6.5 Statement of Comparison of Budget and Actual Amounts

	ORIGINAL BUDGET 2018- 2019	ADJUSTMENTS 2018-2019	FINAL BUDGET 2018-2019	ACTUSL ON COMPARABLE BASIS 2018-2019	PERFORMANCE DIFFERENCE 2018- 2019
REVENUE					
RECURRENT	367,866,184		367,866,184		
DEVELOPMENT	9,786,000,000	-48,000,000	9,786,000,000	360,427,165	7,439,019
CONDITIONAL RECEIPTS (Kimwarer)			3,485,500,628	134,000,000	9,652,000,000
CONDITIONAL RECEIPTS (VER)	288,554,516		288,554,516	3,485,500,628	
CONDITIONAL RECEIPTS (ARROR)	634,565,865		634,565,865	252,859,892	35,694,624
CONDITIONAL RECEIPTS (ESP) B/F	3,446,537		3,446,537	28,619,408	605,946,457
TOTAL	11,080,433,102	-48,000,000	14,565,933,730	4,261,407,093	10,301,744,685.00
EXPENSES					
PERSONNEL & ADMINISTRATION	367,866,184		367,866,184	251,097,323	116,768,861
MANGO VALUE CHAIN PROJECT	20,000,000		20,000,000	16,356,536	3,643,464
WEI WEI IRRIGATION PROJECT	30,000,000		30,000,000	9,551,571	20,448,429
NAPUU/ LOMUT IRRIGATION PROJECT	96,000,000	- 48,000,000.	48,000,000	3,746,309	44,253,691
WATER HARVESTING BOREHOLE & ESP	35,752,837		35,752,837	27,195,077	8,557,760
ARROR MULTIPURPOSE PROJECT	634,565,865		634,565,865	28,619,408	605,946,457
VOLUNTARY EARLY RETIREMENT	288,554,516		288,554,516	252,859,892	35,694,624
TOTAL	1,472,739,402	-48,000,000	1,424,739,402	589,426,116	835,313,286
SUPLUS/DEFICIT	9,607,693,700.00	-	13,141,194,328.	3,671,980,977.00	9,466,431,399

6.6 Notes To The Financial Statements

1). Statement of compliance and basis of preparation-IPSAS 1

The Authority adopted International Public Sector Accounting Standards (IPSAS) following the Gazettement of the Public Sector Accounting Standard Board (PSASB) that was established by the Public Financial Management ACT no. 18 of July 2014. The financial statements have been prepared in Kenya shillings, which is the functional and reporting currency of the entity and values are rounded to the nearest shilling. These statements are prepared on historical cost. The cash flow statement is prepared using direct method and the financial statements are prepared on accrual basis.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2) Revenue recognition

i) Revenue from non-exchange transactions-IPSAS 23

Revenue from non-exchange transactions and other Government entities are recognized when it is probable that future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

ii). Revenue from exchange transactions-IPSAS 9

Sale of goods (Honey, Livestock, Seedlings, & Bee Hives)

Revenue from sale of goods is recognized when the significant risks and rewards of ownership have been Transferred to the buyer, on delivery of the goods and revenue can reliably be measured.

iii) Rental income

Rental income arising from operating leases on investment properties is accounted for on line basis over the lease term and included in revenue

iv) Donation

The Authority treats donations as revenue from non-exchange transaction in (i) above.

3) Restricted/Conditional Funds

The Authority recognises Restricted funds as income but this is only if it is certain that it will meet and Comply with conditions attached to these funds. (IAS NO 20) Payments for all restricted funds are paid for upon receipt of certified certificate of works completed and as per contracts awarded

4) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis

for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statements in the statement of comparison of budget and actual amounts.

5) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a Replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal Consideration the asset is initially measured at its fair value.

6). Depreciation:-

Fixed assets are depreciated (on prorata basis) on their reducing Net Book Value (NBV) balances. Depreciation is charged fully on the year of purchase and none in the year of disposal

Depreciation rates

Assets category

Depreciation rates

Assets category	Annual %
(i) Buildings- Permanent	2
(ii) Buildings- Semi-permanent	10
(iii) Plant, machines & Farm Equipment	25
(iv) Motor Vehicles	25
(v) Tractors & Dozzers	25
(vi) Office Furniture & Fittings	12.5
(vii) Loose Tools & Equipment	12.5
(viii) Survey & Drawing Equipment	12.5
(ix) Office machines & Equipment	12.5
(x) House Furniture & Fittings	12.5

7) Recognition and Measurement of biological assets IPSAS 27

The Authority recognizes a biological asset when and only when:

- (a) The entity controls the asset as a result of past events;
- (b) It is probable that future economic benefits or service potential associated with the asset will flow to it,
- (c) The fair value or cost of the asset can be measured reliably.

8) Inventories – IPSAS 12

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

9) Provisions – IPSAS 19

Provisions are recognized when the Entity 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 is required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, this will be recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

10) 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

KVDA FINANCIAL STATEMENTS | 2018/2019FY

11) (a) Government Grant income

Description	As at 30th June 2019 Kshs	As at 30th June 2018 Kshs.
Recurrent	136,575,184	118,675,184
Development	134,000,000	72,000,000
Total	270,575,184	190,675,184

11 (b)

Recurrent	-	108,785,585
Development	-	72,000,000
Arror Multipurpose	250,000,000	393,200,000
Total (a+b)	520,575,184	573,985,585

During the year under review, the Authority received kshs. 250,000,000 as counterpart funding for Arror Multipurpose project. The total amounts received to date are kshs 643,200,000 out of which kshs. 605 946,457 have not been spent.

12) Voluntarily early Retirement

	Kshs.	Kshs.
Receipts	288,554,516	309,000,000
Expenditure for the year	- 252,859,792	- 20,445,484
Balance c/f	35,694,724	288,554,516

13) (a) Arror Multipurpose

	Kshs.	Kshs.
Balance B/f	384,565,865	-
Receipt	250,000,000	393,200,000
Expenditure	- 28,619,408	- 8,634,135
Balance c/f	605,946,457	384,565,865

13) (b) Kimwarer Multipurpose

Project Grant	3,485,500,628	-
Total	3,485,500,628	-

KVDA FINANCIAL STATEMENTS 2018/2019FY

14). Appropriation In Aid

	As at 30th June	2019	As at 30th June
(a) Other Income		Kshs.	2018 Kshs.
Beekeeping		34,418,545	35,239,651
Sale of Farm Produce		3,300	187,955
Miscellaneous/interest		23,589,301	34,189,856
Sale of Tree Seedlings		51,060	73,900
Pasture seed & Livestock		2,589,294	11,820,200
Sale Mango Seedling		5,625,280	4,592,290
Total		66,276,780	86,103,852
(b) Rental Revenue		112,575,201	95,417,626
(c) Kenya Electricity Generating Co. Ltd		45,000,000	45,000,000
Grand Total AIA =(a) + (b) + (c)		223,851,981	226,521,478

KVDA FINANCIAL STATEMENTS | 2018/2019FY

	As at 30th June 2019	As at 30th June 2018
15. Employee cost (Description)	Kshs.	Kshs.
Basic Salary	76,390,585	89,900,370
House Allowance	17,276,250	32,512,000
Acting Allowance	159,097	422,141
Hardship Allowance	4,469,750	4,150,800
Medical Cover	-	23,287,214
Special Duty Allowance	37,721	157,380
Extraneous Allowance	285,160	1,012,666
Leave & Passage	1,131,000	2,616,000
Commuter Allowance	9,428,000	20,727,000
N.S.S.F Employer's contribution	432,200	1,112,200
Pension	3,797,556	5,958,263
Gratuity	-	7,694,674
Transfer Allowance	582,986	47,212
Non Practicing Allowance	60,000	60,000
Contractual Employees	-	450,101
Incentive& Awards	-	1,800,000
Salary Arrears	12,369,658	-
Disability Help Allowances	360,000	360,000
Sub-Total	126,779,963	192,268,021

KVDA FINANCIAL STATEMENTS | 2018/2019FY

	As at 30th June 2019	As at 30th June 2018
16) Administration expenses	Kshs	Kshs
FKE Subscription	156,180	-
National Industrial Training Authority (NITA)	108,600	-
Contracted Employees	647,561	-
Sanitary Services	233,820	-
Legal Services Fee	833,811	-
Hospitality	6,031,042	3,017,837
Security	7,148,300	-
Bank Charges	156,617	183,147
Maintenance of Assets	2,982,154	2,037,480
Valuation of KVDA Plaza	547,000	-
Property Mgt Fees	5,642,327	-
Rent & Rates-Residential	2,645,693	933,830
Maintenance of Motor Vehicle & Cycles	8,554,341	-
Fuels, oil and lubricants	5,906,849	70,076
Daily substance	6,609,301	6,847,884
Benevolent Expenses	119,500	177,750
Honey Value chain Expenses	39,514,586	-
Sales & Marketing	9,600	1,074,762
Audit Fees	812,000	812,000
Communication & Supplies Services	1,962,995	1,029,236
Provision for bad debts	562,166	-
Insurance	-	4,097,212
Office General Supplies (Stationery)	-	766,512
Contracted Professional Services	-	1,464,515
Office Machines Repair	-	5,450
Other recurrent expenses	-	830,792
Sub totals	91,184,443	23,348,483

KVDA FINANCIAL STATEMENTS | 2018/2019FY

16(b). Goods & Services /Utilities	As at 30th June 2019	As at 30th June 2018
	Kshs.	Kshs.
Water	5,378,041	4,740,744
Electricity	10,826,816	10,239,398
Cleaning & security Services	2,535,660	10,139,384
Total goods & services	18,740,517	25,119,526
16) (c) Insurance		
Group life	37,526	-
Group personal	526,039	-
Medical Cover	2,042,922	-
Staff Cover	8,973,037	-
Motor Vehicle	555,678	-
Building & Equipment	2,257,198	-
Sub-Total	14,392,400	-
Total Admin. Expenses 16a+16b+16	124,317,360	48,468,009
17(a) Operation Expenses	As at 30th June 2019	As at 30th June 2018
	Kshs.	Kshs.
Cherangany Water Shed Conservation	1,249,598	3,586,512
Pasture Development	1,761,700	4,601,930
Livestock Improvement (Chesongoch)	402,129	701,700
Livestock Improvement (Nomotio)	441,347	1,657,874
Livestock Improvement (Chemeron)	359,660	757,375
Honey Value Chain Project	-	29,015,041
ICT	1,444,964	928,727
ISO	-	746,724
Corporate Communication	3,642,170	1,575,612
PC Targets	406,000	1,507,517
Region offices- Lake Baringo Region Office	3,000	416,573
Region offices- Kerio Region Office	59,705	523,753
Region offices- Samburu Region Office	407,563	1,772,797
Region offices- Turkwel Region Office	50,900	729,925
Region offices- Lake Turkana Region Office	77,219	982,943
Crops production MGT (WeiWei)	2,520,153	2,441,444
Crops production MGT (Chepkum/Kamsiwet)	4,963,897	-
Support Chepkum Scheme	4,121,263	-
Research & Development	814,716	-
Public Participation	-	28,827,584

KVDA FINANCIAL STATEMENTS 2018/2019FY

Competency	-	23,200
Green House Development (Kerio Roses)	123,179	-
Turkwel Dam Monitoring	308,294	-
Safety Measures	-	140,000
County Coordination	-	10,500
Project Support (Transport)	1,474,749	2,804,105
Totals	24,632,206	83,751,836

	As at 30th June 2019 Kshs	As at 30th June 2018 Kshs.
17 (b) Grant Expenses		
Arror Multipurpose Project	-	8,634,135
Lomut	177,500	11,268,490
Lower Turkwel/Napuu Irr Infrast Devpt	3,746,309	11,158,558
Weiwei Phase iii	9,551,571	22,037,331
Mango Value Chain	-	670,635
Marich Pass	-	848,890
Boreholes	27,195,077	15,767,902
Water Pans	2,055	-
Total	40,672,512	70,385,941
Grand Totals Grants a+b	65,304,718	154,137,777

18). Remuneration of directors

	As at 30th June 2019	As at 30th June 2018
Chairman's Honoraria	931,613	762,667
Sitting Allowances	20,324,802	14,663,854
Other allowances (Board Expenses)	547,000	5,147,107
Medical Cover	-	782,763
Total director emoluments	21,803,415	21,356,391

	As at 30th June 2019 Kshs	As at 30th June 2018 Kshs
19). Finance Costs		
Interest Expense for the year ended June 2019	50,577,948	52,205,672
	50,577,948	52,205,672

KVDA FINANCIAL STATEMENTS 2018/2019FY

20) Cash & Bank Balances		As at 30th June 2019	As at 30th June 2018
Financial institutions Name	A/C No	Kshs.	Kshs.
a) Current account			
1. KVDA Premises A/C	1169785719	10,481,793	10,092,875
2. KVDA Development A/C	1169784720	710,365,489	430,221,258
3. KVDA Recurrent A/C	1169784984	9,540,316	517,019
4. Turkwel A/C	1169785344	3,427,715	557,560
5. KVDA Depreciation A/C	1169786111	280,946	283,256
6. KIDDP A/C	1169785166	358,424	361,799
7. KVDA Lake Turkana Region A/C	1150365099	220	220
8. KVDA Lake Turkwel Region A/C	1138684031	4,302	4,302
9. KVDA Lake Baringo Region A/C	1138684007	50,072	50,058
10. KVDA Kerio Region A/C	1138683884	1,630	1,630
11. KVDA Samburu Region	1148701583	4,348	3,762
12. KVDA Farm Produce & Other Income	1133480969	4,259,083	1,621,888
13. KVDA Machinery A/C	1131849132	1,880,977	1,883,802
14. KVDA Service Charge A/C	1133481035	1,969,052	2,113,945
15. KVDA Honey & other Business A/C	1146518099 1001027717	28,548,218	5,732,281
16. KVDA Service Centre a/c	004 1001027717	7,999	238,200
17. KVDA Sigor a/c	005	44,707	5,158
18. KVDA Retention A/C	1181606381	41,476,564	290,097,628
19. Economic Stimulus Project - KCB		681,673	3,446,537
20. National Water Harvesting & Storage Program a/c - KCB		7,876,087	34,434,110
Total		821,259,615	781,667,287

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	As at 30th June 2019	As at 30th June 2018
21. (a) Trade & Other Receivables		
Trade debtors -Tenants	29,107,525	39,668,782
Trade debtors –Other Clients	6,687,296	9,218,120
Staff Debts	26,154	30,770
Salary advances	3,185,608	3,747,774
National Oil Corporation of Kenya	1,000,000	1,000,000
Toyota	500,000	500,000
Wambwa Musembi, Chebii & Co. Advocates	879,996	879,996
Wei Wei Integrated Developent6 Association	2,518,970	2,518,970
Petty Cash	2,203,455	3,220,579
G.O.K(Salaries)	-	9,889,597
Kone Kenya Ltd	5,838,970	-
Total Receivables (a+b)	51,947,974	70,674,588
21. b) Provision for doubtful debts	15% (3,747,774)	(661,372)
Net Trade & Other Receivables	51,385,808	-

21 C) Receivable from Non Exchange Transaction

Advance Payments Arror Multipurpose Dam	4,292, 651,060	-
Advance Payments Kimwarer Multipurpose Dam	3,485,500,628	-
Total	7,778,151,688	-

22) Inventory IPSAS 12

Inventory is measured at cost upon initial recognition. The cost of the inventory is its fair value at the date of acquisition.

Inventories are recognized as expenses when deployed for utilization in the ordinary Course of operations of the entity.

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	As at 30th June 2019	As at 30th June 2018
Category	Kshs	Kshs
Processed Honey	2,515,030	4,018,390
Crude and semi processed Honey	8,235,356	3,944,180
Building & Plumbing	2,699,656	3,190,114
Spare Parts	2,285,506	2,187,446
Beehives & Honey Equipment	654,488	480,618
Tools & Equipment	738,000	4,965,516
Packaging Materials	-	1,502,071
Farm inputs	419,490	860,110
Stationery	830,947	785,627
Fuel, Oil lubricants	-	58,479
Agro-Vet (Live Stock)	5,940	60,167
Farm products	1,860,000	136,070
General stores	140,272	196,287
Total	20,384,685	22,385,075

23) Biological Assets

Biological Assets include tree seedling and farm animals. These assets are valued at fair market value.

	As at 30th June 2019	As at 30th June 2018
Description	Kshs	Kshs
Seedlings	7,056,770	22,201,925
Animal Goats	690,000	629,000
Animal Sahiwal Cattle	2,700,000	2,550,000
Total	10,446,770	25,380,925

LIABILITIES

24) Trade & Other Payables

	As at 30th June 2019	As at 30th June 2018
Description	Kshs	Kshs
Creditors (Recurrent A/C)	27,868,709	11,158,810
Unremitted salary deductions	-	16,933,937
Pensions /Insurance Refunds	-	453,608
National Industrial Training Authority	9,541,800	9,541,800
Retention- (Water pans & Others)	5,781,840	2,917,949
Total	43,192,349	41,006,104

25 Conditional Funds Liability (ESP &

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Water Harvesting)

Balance b/f	38,534,789		53,635,158
Less - water harvesting	-	27,195,077	-
Less - Economic stimulus	-	2,781,952	-
Liability	8,557,760		38,534,789

26 Grants- Conditional Funds

	As at 30th June 2019		As at 30th June 2018
Payee			
Economic Stimulus Program			
Loyapat	-		575,377
Ptokou Sangat	-		874,819
Rokocho	-		179,210
Tot Arror & Sangach	-		4,661,620
Arror Chepkum/Kamsiwet	-		5,666,004
Kimao	-		46,900
Sub-total	-		12,003,930
Water harvesting			
Elgeiyo County	-		1,006,350
Uasin Gishu county	-		339,000
Hq cordination costs	-		1,236,839
Baringo county	-		251,250
Turkana county	-		263,000
Sub-total	-		3,096,439
Grand total	-		15,100,369

27) Non-Current Liabilities (Loan)

The Authority borrowed a from KCB bank loan Kshs. **400 million** which is being serviced.

Balance b/f LOAN	377,263,352		380,845,275
Draw Down Certicate no. 10	-		6,576,479
Undercast as per certifiacates	-		4,900,541
	-		
Principal loan Repayment	23,447,951	-	15,058,943
Loan Balance c/f	353,815,401		377,263,352

28. Audit Fees

Balance b/f	812,000	1,112,000
Current Year	812,000	812,000
	1,624,000	1,924,000
Less paid	- 812,000	-1,112,000
Amount payable	812,000	812,000

29(a) Capital Reserves

Capital reserves include Land, **building, Tractors & Dozers**, Plant Machinery, equipment, Motor Vehicles Furniture and Turkwel Gorge.

30 Revenue Reserves

The negative position of reserve is as a result of annual depreciation charge. This will change once the Authority concludes revaluing its assets and updates it's books of accounts

29) Bad Debts Written Off

There were no bad debts written off in the current financial year.

31) Contingent Items

Included in the exchange transactions is a receivable deposited by the authority to enable it make an appeal in a court case NO. 96 of 2013 of kshs 875,996. This money was deposited as a result of a court order to enable the authority make an appeal . There is a high chance of winning this case.

32) Related Party Disclosure IPSAS 20

The Authority has a related party relationship with Ministry of Devolution Planning and Statistics, The National Treasury, Office of the President and sister regional Authorities which from time to time give circulars on financial and operational issues

33(a) Aror Multipurpose Dam Conditional Grant

During the year ended 30th June 2018, the National Treasury paid on behalf of the Authority advance payment of Kshs. 4,292,651,060 to M/S CMC De Ravena towards construction of Aror Multipurpose dam. However the conditional grant receipt was omitted from the statement of financial performance.

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33 (b) Construction of Rokocho Honey Factory

During the year ended 30th June 2018, The Authority paid an amount of Kshs. 4,270,419 for the construction works at Rokocho Factory. This amount was expensed instead of being capitalized.

OTHER DISCLOSURES

Name (Long Outstanding Debts)	As at 30th June 2019	As at 30th June 2018
Former Managing Director- Immanuel Imana	22,090,971	22,090,971
Former Directors	316,740	316,740
Former Employees	1,506,195	1,506,195
Tenants who have since left premises	14,055,346	14,055,346
Total	37,969,252	37,969,252

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6.7 34) Non -Current Assets Schedule for the period ended 30th June 2019 property, plant & equipment in (kshs)

Cost	LAND KSHS	SURVEY & DRAWING EQUIPT. KSHS	BUILDINGS SEMI- PERMANENT	BUILDING PERMANT KSHS	PLANT MACHINERY & EQUIPMENT	OFFICE MACHINERY &FITTINGS	MOTOR VEHICLES & LORRIES	TRACTORS & DOZERS KSHS	OFFICE FURNITURES & FITTINGS	HOUSE FURNITURE & FITTINGS	LOOSE TOOLS & EQUIPT. KSHS	TURKWEL GORGE PROJECT	W.I.P Southern Wing & Rokocho Factory	WIP MANGO VALUE CHAIN	TOTALS KSHS
At 30th June 2017	87,879,950	7,161,701	9,855,151	969,529,071	16,541,229	20,182,973	80,261,051	33,957,870	7,214,373	1,983,566	2,517,099	7,001,309,300	390,326,796	-	8,628,720,129
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	34,450,709	34,450,709
Disposal	-	-	-	-	-	-	-	(3,693,710)	-	-	-	-	-	-	(3,693,710)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	4,900,541	-	4,900,541
At 30th June 2018	87,879,950	7,161,701	9,855,151	969,529,071	16,541,229	20,182,973	80,261,051	30,264,160	7,214,373	1,983,566	2,517,099	7,001,309,300	395,227,337	34,450,709	8,664,377,669
Additions	-	-	-	-	-	50,500	-	-	-	-	923,360	-	1,664,261	16,356,536	18,994,657
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	395,227,337	-	-	-	-	-	-	-	-	(395,227,337)	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	4,270,419	-	4,270,419
At 30th June 2019	87,879,950	7,161,701	9,855,151	1,364,756,408	16,541,229	20,233,473	80,261,051	30,264,160	7,214,373	1,983,566	3,440,459	7,001,309,300	5,934,680	50,807,245	8,687,642,745
At 1st July 2017	-	5,527,879	9,275,531	260,624,302	14,539,520	14,251,164	65,733,846	29,652,900	5,169,213	1,775,007	2,014,451	2,511,976,171	-	-	2,920,539,983
Disposal	-	-	-	-	-	-	-	(3,692,667)	-	-	-	-	-	-	(3,692,667)
Depreciation	-	204,228	57,962	14,178,095	500,427	741,476	3,631,801	1,075,982	255,645	26,070	62,831	89,786,663	-	-	110,521,180
At 30th June 2018	-	5,732,106	9,333,493	274,802,397	15,039,947	14,992,640	69,365,648	27,036,215	5,424,858	1,801,077	2,077,282	2,601,762,833	-	-	3,027,368,496
Depreciation	-	178,699	52,166	21,799,080	375,320	655,104	2,723,851	806,986	223,689	22,811	170,397	87,990,929	-	-	114,999,034
At 30th June 2019	-	5,910,806	9,385,658	296,601,477	15,415,268	15,647,744	72,089,499	27,843,201	5,648,547	1,823,888	2,247,679	2,689,753,763	-	-	3,142,367,530
At 30th June 2019	87,879,950	1,250,895	469,493	1,068,154,931	1,125,961	4,585,729	8,171,553	2,420,959	1,565,825	159,678	1,192,780	4,311,555,537	5,934,680	50,807,245	5,545,275,215
At 30th June 2018	87,879,950	1,429,595	521,658	694,726,674	1,501,282	5,190,333	10,895,404	3,227,945	1,789,515	182,489	439,817	4,399,546,467	395,227,337	34,450,709	5,637,009,173