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**OFFICE OF THE AUDITOR-GENERAL**

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**REPORT**

**OF**

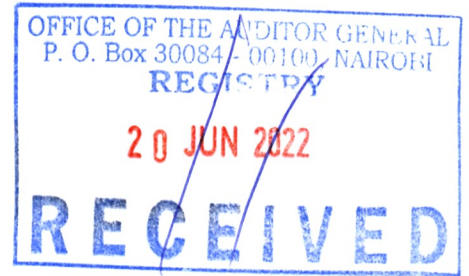
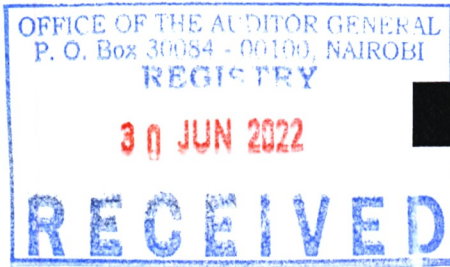
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 22 FEB 2023	DAY:
TABLED BY:	HON. DWEN BAYA, MP
CLERK-AT THE TABLE:	DEPUTY LEADER OF MAJORITY CHRISTINE NJIRITU

**THE AUDITOR-GENERAL**

**ON**

**TANA AND ATHI RIVERS DEVELOPMENT  
AUTHORITY (TARDA)**

**FOR THE YEAR ENDED  
30 JUNE, 2021**



**TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR  
THE FINANCIAL YEAR ENDED  
JUNE 30, 2021**

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

**Abbreviations**

AIA	-	Appropriation in Aid
CEO	-	Chief Executive Officer
CSCEC	-	China State Construction Engineering Corporation
CSR	-	Corporate Social Responsibilities
EU	-	European Union
EP	-	Economic Stimulus Programme
GoK	-	Government of Kenya
HGF	-	High Grand Falls
ICS	-	Internal Control Systems
IPSAS	-	International Public Sector Accounting Standards
JICA	-	Japan International Co-operation Agency
LPO	-	Local Purchase Order
LSO	-	Local Service Order
OECF	-	Overseas Economic Co-operation Fund
TARDA	-	Tana and Athi Rivers Development Authority
TDIP	-	Tana Delta Irrigation Project

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

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

#### **Formation**

TARDA was established by an Act of Parliament, Cap. 443 of 1974. It is responsible to the Government of Kenya through the Ministry of East African Community and Regional Development.

The Authority's areas of jurisdiction approximate coverage is 138,000km<sup>2</sup> and includes nineteen (19) current counties within the former Nairobi, Central, Eastern and parts of Coast, N/Eastern and Rift Valley provinces. The area has an estimated population of 15 million inhabitants based on 2009 census.

#### **Governance Structure**

The Authority has a governance structure consisting of Fifteen (15) Board Members, including the Chairman appointed by the President and the MD as the Secretary to the Board.

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

#### **Vision**

"To be a leading self-sustaining river basin development Authority in natural resource conservation and development."

#### **Mission**

"To undertake integrated basin based natural resources conservation through planning and sustainable development".

#### **Mandate**

The Authority will contribute towards the achievement of 3<sup>rd</sup> Medium Term Plan of Vision 2030 and Big 4 Agenda.

#### **Key objectives**

This includes:

- Sustainable integrated regional planning and development;
- Development of multipurpose water reservoirs along the Tana and Athi Rivers;
- Conservation of water towers, river banks and water reservoirs;
- Community empowerment, support and employment.

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**Key Achievements by TARDA**

**(i) Construction of Integrated & Multi-Purpose Reservoirs**

- *Masinga Reservoir (1982)*
- *Kiambere Reservoir (1988)*
- *High Grand Falls Multi-Purpose Reservoir (Initial stages of development done).*

The two water reservoirs positively affected the socio-economic development of this country in production of hydroelectric power for national grid and 152Kms tarmac roads network and water supplies across Counties of Machakos, Murang'a, Kitui and Embu in the region. Additionally, the reservoirs had fundamental positive impact especially in enhancing irrigated agriculture, food security, eco-tourism, fisheries, drought mitigation, river regulations and substantial flood controls along the Tana River system.

**(ii) Specific Related projects to our development of Masinga and Kiambere Reservoirs:**

- *Masinga Tourist Lodge*
- *Kiambere - Mwingi Water Supply*
- *Masinga - Kitui Water Supply*
- *Infrastructure Development*
- *80km of tarmac road from Kanyonyo to Embu.*
- *60km road from Kamburu to Kiambere market,*
- *12km road from Kaewa to Masinga Dam Resort.*
- *Two (2) air strips at Masinga and Kiambere.*
- *Two (2) Police station and Staff quarters at MDR.*
- *Kiambere school complex (Primary and Secondary)*

**(iii) Other Development Programmes:**

**(a) Catchment Conservation Programmes**

Over the years the Authority has constructed five (5) check dams, 102 water pans, established over 300 tree nurseries and planted over 10 million seedlings within the Upper and the Middle Catchment of the two river basins.

**(b) Other Projects**

- *Tana Delta Irrigation Project – Tana River County*
- *Kiangurwe Community Mini Hydro Power Station – Kirinyaga County*
- *Owns (2) two Prime Plots in Nairobi (Upper Hill and Industrial Area)*
- *Masinga Irrigation Project - Machakos County*

- *Kiambere Irrigation Project – Embu County*
- *Emali Livestock Multiplication & Breeding Farm – Kajiado County*
- *Kibwezi Irrigation Project – Makueni County*
- *Kitui Honey Refinery – Kitui County*

**(c) Key Management:**

The Authority's operational affairs and management is under the following key organs:

**(i) Cabinet Secretary**

Hon. Adan Mohamed, EGH

**Ministry of EAC and Regional Development**

**(ii) Principal Secretary**

Dr. Richard Belio Kipsang

**State Department for Regional and Northern Corridor Development**

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

<b>NAME</b>	<b>DESIGNATION</b>
1. Mr. Emilio N. Mugo	- Ag. Managing Director
2. Mr. David Kimaiyo	- Ag. Chief Manager Finance and Accounts
3. Mr. Samuel Gitonga	- Chief Manager Technical Services & Operations
4. Ms. Damarys Kiarie	- Chief Manager Human Resource & Administration.
5. Mr. Parmenas Mukeku	- Chief Manager Athi Basin
6. Ms. Irene Ndavi	- Ag. Chief Manager Planning, R & D
7. Eng. Henry Maina	- Ag. Chief Manager Tana Basin
8. Mr. James Osano	- Internal Audit & Risk Manager
9. Mr. Wycliffe Sava	- Supplies & Procurement Manager
10. Ms. Maureen Nyamai	- Senior Legal Officer
11. Mr. Samuel Wanyoike	- ICT Manager

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**(e) TARDA Headquarters**

Tana and Athi Rivers Development Authority  
P.O. Box 47309 - 00100  
Queensway House 7<sup>th</sup> Floor-  
Kaunda Street  
Nairobi, KENYA

**(f) Contacts**

Telephone: (254) 020 341784/5/6  
E-mail: [info@tarda.co.ke](mailto:info@tarda.co.ke)  
Website: [www.tarda.co.ke](http://www.tarda.co.ke)

**(g) Bankers**

National Bank of Kenya Ltd  
Harambee Avenue  
P.O. Box 41862 - 00100  
**NAIROBI**

Kenya Commercial Bank Ltd  
Moi Avenue  
P.O. Box 48400 - 00100  
**NAIROBI**

Consolidated Bank of Kenya Ltd  
Koinange Street  
P.O. Box 51133-00200  
**NAIROBI**

**(h) Independent Auditors**

The Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084- 00100  
**Nairobi, Kenya**



**(i) Principal Legal Advisor**

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

**(j) Lawyers**

- M Mulekyo & Co. Advocate
- Waweru Gatonye and Co. Advocate
- Kibe & Kinoti Co Advocate
- Muchoki Kangata Njenga & Co. Advocate
- Muthuri Riungu Company Advocate

**2. THE BOARD OF DIRECTORS**

No	PASSPORT SIZE PHOTO	ACADEMIC & PROFESSIONAL QUALIFICATIONS	DATE OF BIRTH, KEY QUALIFICATIONS & WORK EXPERIENCE
1.	 <p data-bbox="167 1055 587 1256">Hon. Jamleck Kamau, EGH Chairperson of the TARDA Board of Directors</p>	<p data-bbox="608 546 986 696">University of Nairobi Nairobi, Kenya Bachelors of Arts degree (Economics)</p> <p data-bbox="608 732 986 837">School of Professional Studies Nairobi, Kenya CPA</p> <p data-bbox="608 873 986 1023">United States International University Nairobi Kenya , Masters in International Business</p>	<p data-bbox="1002 546 1519 584"><b>D.o.B: 10-05-1965</b></p> <p data-bbox="1002 620 1519 703">Former MP Kigumo Constituency in Murang'a County 2007</p> <p data-bbox="1002 739 1519 844">Former Chairman of Parliamentary Committee on Energy, Communication and Information.</p> <p data-bbox="1002 880 1519 1008">Minister for State , Ministry of Nairobi Metropolitan Development, The Kenya Government Nairobi, Kenya 2012 – 2013.</p> <p data-bbox="1002 1043 1519 1238">Program Supervisor ,Community Interactions , Philadelphia, United States of America, 1994 – 1997 Social Development and Community Services</p>
2.	 <p data-bbox="167 1778 587 1877">Mr. Liban R. Duba Managing Director</p>	<p data-bbox="608 1270 986 1420">Maastricht School of Management Master Degree – Business Administration</p> <p data-bbox="608 1456 986 1561">University of Nairobi Bachelor of Arts – Economics</p> <p data-bbox="608 1597 986 1680">Member-Institute of Directors, IOD(K)</p> <p data-bbox="608 1715 986 1753">Full Member- IHRM (K)</p> <p data-bbox="608 1789 986 1827">Certified Trustee – RBA</p>	<p data-bbox="1002 1270 1519 1308"><b>D.o.B: 30.09.1981</b></p> <p data-bbox="1002 1344 1519 1382">Managing Director – TARDA</p> <p data-bbox="1002 1417 1519 1500">Manager Industrial Training – National industrial Training Authority</p> <p data-bbox="1002 1536 1519 1597">Managing Director – Burqa Holdings Ltd</p> <p data-bbox="1002 1632 1519 1671">Director HR&amp;A - TARDA</p> <p data-bbox="1002 1706 1519 1789">Manager: Human Resources- ALGAK</p>



**Mr. Robert Kabuta Murimi**  
**Board member**

Business Administration  
Calvin Collage Grand  
Rapids Michigan, USA

**D.o.B: 19 May 1961**

- Hotel Manager , Alliance Hotels Limited
- Director of Various Companies





**Mrs. Jane Cirindi Kithinji**  
**Board Member**

Bachelor of  
Education, Kenyatta  
University

**D.o.B: 1961**

- Teacher, Chogoria Boys High School- 1987-1995
- Head Teacher- Makuri Girls High School 1995-2013
- County Executive Committee- 2013-2017
- Chairlady- Kenya Secondary School Heads Association, Maara District 2008-2013
- Chairlady – Kenya Secondary School Heads Association, Tharaka Nithi County 2011-2013
- Chairlady- Nithi Constituency Bursary Fund (for the National Government) 2008-2013




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<p>5.</p>	 <p>Dr. Michael Maero Wawire <b>Board Member</b></p>	<p>Bsc, Msc, PhD- JKUAT</p>	<p><b>D.o.B: 1976</b></p> <p>Doctorate of philosophy Food science and post-harvest technology- JKUAT Laboratory and Food Technology- Katholieke Unibesiteit. Leuven, Belgium.</p> <p>Masters of Postharvest and Food Preservation Engineering Katholieke Unibesiteit. Leuven, Belgium.</p> <p>Bachelor of Science in Food Science and Postharvets Technology, JKUA</p>
<p>6.</p>	 <p>Mr. Muriithi Wa Kang'ara <b>Board Member</b></p>	<p>O Level</p>	<p><b>D.O.B 1957</b></p> <p>Chairperson, Jubilee Party, Kirinyaga County</p> <p>Former Board Member, Tana Water Services Board</p> <p>Business Mogul</p>

**ALTERNATE BOARD MEMBERS**





- |                                 |   |  |
|---------------------------------|---|--|
| 7. Mr. Anthony Mugane           | - | Alternative Director to Principal Secretary<br><b>Ministry of Forestry and Wildlife</b>                        |
| 8. Eng. Ndegwa Muhwanga         | - | Alternative Director to Principal Secretary<br><b>Ministry of Water Sanitation and Irrigation</b>              |
| 9. Amb.(Eng.) Mahboab Maalim    | - | <b>Board Chairman - Kenya Power and Lighting<br/>Company Limited</b>   |
| 10. Mr. Ronald Inyang'ala       | - | Alternate Director to The Principal Secretary<br><b>National Treasury</b>                                      |
| 11. Late Eng. John K. Kibe      | - | Alternative Director to Principal Secretary<br><b>Ministry of Agr. Livestock, Fisheries and<br/>Irrigation</b> |
| 12. Eng. Alexander w. Kuria     | - | Alternative Director to the General Manage<br><b>National Irrigation Board</b>                                 |
| 13. Ms. Felister Nyacuru OGW    | - | Alternative Director<br><b>Attorney General and Department of<br/>Justice</b>                                  |
| 14. Mr. Christopher Musumbu OGW | - | Alternative Director to Principal Secretary<br><b>Ministry of EAC &amp; Regional Development</b>               |
| 15. Mr. Peter Nyutu Mwangi      | - | Senior Assistance Inspector General<br>(Corporation)<br><b>Executive office of the President</b>               |

**3. MANAGEMENT TEAM**

NO.	Name	Qualification	Designation / D.O.B
1.	 Mr. Liban R. Duba	Maastricht School of Management Master Degree – Business Administration  University of Nairobi Bachelor of Arts – Economics  Member-Institute of Directors, IOD(K)  Full Member- IHRM (K)  Certified Trustee – RBA	D.o.B: 30.09.1981  Managing Director – TARDA  Manager Industrial Training – National industrial Training Authority  Managing Director – Burqa Holdings Ltd  Director HR&A - TARDA  Manager: Human Resources-ALGAK
2.	 David Kimaiyo	MBA (Finance Option) – 2010  BBA (Finance & Accounts Option) – 2008 CPA KISM	D.o.B: 1975  Ag. Chief Manager Finance and Accounts
3.	 Samuel Gitonga	Msc. (Water Resources Survey & Management)–1999 MBA (Strategic Management) 2014  BSc. (Geology) - 1989  Member-Institute of Environmental Assessment Kenya (EIK)  Hydrological Society of Kenya (HSK)	D.o.B: 1962  Chief Manager Technical Services

<p>4.</p>	 <p>Parmenas Mukeku</p>	<p>BSc (Animal Production) – 1992</p>	<p>D.o.B: 1965</p> <p>Chief Manager Athi Basin</p>
<p>5.</p>	 <p>Irene Ndavi</p>	<p>MSC International Development Studies</p> <p>BA (Agricultural Education)</p>	<p>D.o.B: 1977</p> <p>Ag. Chief Manager Planning and Research Development</p>
<p>6.</p>	 <p>Damarys Kiarie</p>	<p>BA (Social Sciences) - 1980</p>	<p>D.o.B: 1957</p> <p>Chief Manager Human Resource &amp; Administration.</p>

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7.	 <p><b>Eng. Henry Maina</b></p>	<p>BSc (Agriculture Engineering)- <b>1999</b></p> <p>Member - Institute of Engineers Kenya (MIEK).</p> <p>Engineers Board of Kenya (EBK)</p>	<p><b>D.o.B: 1974</b></p> <p>Ag. Chief Manager Tana Basin</p>
8.	 <p><b>James A. Osano</b></p>	<p>MBA (Finance Option) – <b>2010</b></p> <p>B Com (Accounting Option) – <b>2006</b></p> <p><b>CPA (K) -1997</b></p> <p><b>CPS (K) – 2007</b></p>	<p><b>D.o.B: 1962</b></p> <p>Internal Audit and Risk Manager</p>
9.	 <p><b>Wycliffe Sava</b></p>	<p>MBA (Pro. &amp; Supplies) - <b>2013</b></p> <p>B Com (Marketing) - <b>2005</b></p> <p>Member –Kenya Institute of Supplies Management (KISM)</p>	<p><b>D.o.B: 1979</b></p> <p>Procurement and Supplies Manager</p>
10.	 <p><b>Maureen Nyamai</b></p>	<p><b>CPS (K)-2019</b> <b>Advocate-2014</b> <b>KSL .DIP 2013</b> <b>LLB – 2011</b></p>	<p><b>D.o.B: 1989</b></p> <p>Senior Legal Officer</p>

#### **4. CHAIRPERSON'S STATEMENT**

##### **Assumption of Office**

In Exercise of the powers conferred by section 4(1) of the Tana and Athi Rivers Development Authority Act Cap 443 of the Laws of Kenya, His Excellency the President, Uhuru Kenyatta appointed me to be the Chairman of Tana and Athi Rivers Development Authority (TARDA), for the period of three (3) years with effect from 14<sup>th</sup> April 2022.

##### **Mandate of TARDA**

TARDA's area of jurisdiction is wide, covering an area of approximately 138,000km<sup>2</sup> covering nineteen (19) counties namely; Nyeri, Kirinyaga, Nyandarua, Murang'a, Embu, Tharaka Nithi, Meru, Isiolo, Kiambu, Nairobi, Machakos, Kajiado, Makueni, Kitui, Garissa, Taita Taveta, Tana River, Lamu and Kilifi. The Region is inhabited by a diversity of communities and is endowed with natural resources and enabling infrastructure; all providing good opportunities for development.

##### **Vision**

The Board's vision for TARDA is to be a leading self-sustaining river basin development Authority in natural resources conservation and development. TARDA's overall goal is to facilitating the attainment of the 'Big 4 Agenda' Pillar on Food Security in line with the National Government's Vision 2030 and the Third Medium Term Plan (2018-2022) on advancing socio-economic development of our Nation. The Board has identified key initiatives for implementation to achieve equitable and sustainable development through implementation of integrated and multi-purpose programs and projects and promotion of resource based investments in the Basins.

##### **Performance Highlights:**

During the year under review, TARDA engaged our partners and stakeholders in the Counties in activities with positive bearing on social and economic gains in catchment conservation activities, water conservation, and irrigation development among others. However, due to the impact of the COVID-19 pandemic that hit the country and the entire world, many of the activities the Authority was engaged in were greatly hampered. However, TARDA endeavors to provide excellent customer service through all delivery channels through continuous improvement of various processes and procedures.

##### **Acknowledgement**

I would like to thank the Members of the Board for their valuable guidance, support and prudent counsel. I also place on record our appreciation for the support from our stakeholders and most importantly, the dedicated employees for their consistent support and commitment to the Authority during the financial year despite all the challenges faced.



**BOARD CHAIRMAN**

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

I was appointed as the Acting Managing Director of Tana and Athi Rivers Development Authority on 16<sup>th</sup> September, 2020. I am delighted to report the 2020/21 Financial Statements of Tana and Athi Rivers Development Authority. The report highlights the operational performance, challenges and ongoing projects.

During the year under review, the Authority total revenue reflect an decrease of 16.7% from Kshs.428 million in 2020 to Kshs.356 million in 2021 mainly due to revenue from non-exchange transactions and exchange transactions decrease.

In the statement of changes in equity the capital fund in the year 2021 witnessed a 1% growth in capital from Kshs.5.04 billion in 2020 to Kshs.5.09 billion in 2021. This was due to development funds received in the year under review.

The overall deficit increased by 16% Kshs 577 million in 2020 to Kshs 669 million in 2021.

### **MAIN CHALLENGE**

#### **Going Concern**

Before the power sector reorganization which was completed in the year 2000, the going concern of the Authority was very healthy and encouraging. The Authority did not rely on the Exchequer system for its operational sustainability because we had sufficient revenue generated from commercialized projects mainly Masinga & Kiambere multi-purpose reservoirs Kibwezi and Masinga farms and livestock and Honey enterprises among others.

The taking over of our facilities without recommended compensations has been causing the Authority unnecessary financial constraint to date due to legal claims emerging from land compensation, land rates, outstanding pensions among others which are directly related to reservoir assets and revenues.

Unless these claims are honoured, the going concern and balance sheet accounting of the Authority will continue to be negative and recurring year after year despite the fact that it is not the inefficiency of TARDA but the effect of the power sector restructuring of the late 1990s.

### **ON GOING PROGRAMMES AND PROJECTS**

#### **1. TANA DELTA IRRIGATION PROJECT (TDIP)- KITERE INTAKE WORKS**

##### **a) Progress Report**

The Farm continues to be an anchor project for the Authority, but has continued to be faced by a myriad of challenges; mainly a range between managing water shortages (from the destroyed water intake and irrigation infrastructure) and flooding (being that it lies at the Tana River Delta and the protection dykes were breached in the rains experienced early 2020).

On that note, the focus in FY 2022/2023 has been the rehabilitation of the farm geared towards the restoration of the infrastructure (flood protection dyke and water supply channels). The restoration works will continue in the current FY 2021/2022; the Authority also proposes to establish rain-fed agricultural activities at the Farm as the water supply issues are being addressed.

#### **b) KIENI INTEGRATED IRRIGATION PROJECT**

The project was a product of an earlier feasibility study done in 2013 by the Ministry of Water and Irrigation jointly with the National Irrigation Board to identify Irrigation potential in Kieni East and West in Nyeri County. The project covers seven (7) dams identified and out of these, two dams (Karemenu and Narumoru) and their irrigation infrastructures had been recommended to implement in Phase I under Engineering Procurement Contract-Finance (EPC-F) model through the Expression of Interest (EOI).

In the year under review the Authority planned nine (9) small holder irrigation schemes under the National Water Harvesting and Storage Programme in Kieni area. Eight (8) out of the (9) small holder schemes in Kieni arid and semi-arid areas have already been completed. The schemes were projected to open up 250 Ha of land and benefit 5450 Households.

#### **c) LOWER MURANG'A INTEGRATED IRRIGATION PROJECT**

The Lower Murang'a Integrated Irrigation Project is being implemented as part of 1 million acre and funded through Ministry of Environment, Water and Natural Resources - State Department of Water under "**Water Use for Enhanced National Food and Water Security Project**".

The project areas covers 3 sub-counties of Murang'a namely, Kiharu, Maragua and Gatanga sub-counties. The following locations will be targeted within the project area;

- i) Mirira location in Kiharu sub-county.
- ii) Maragua ridge location , Kamahuha location, Kambiti location and Makuyu location in Maragua sub-county
- iii) Ithanga location and Kakuzi location in Gatanga sub-county

The Authority and County Government of Murang'a commissioned project feasibility study and design for the development of 5,000ha irrigation scheme in the Lower Murang'a and a Mini-hydro power generation.

In the year under review, six (6) small holder irrigation schemes were planned for implementation in Murang'a area. Two (2) out the six (6) planned small holder projects have been completed. The other four (4) are at advanced levels of completion (over 90% completion levels). The challenges experienced before have since been addressed.

The Murang'a schemes are projected to open up 100 Ha of land and benefit 2550 Households.

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**Appreciation**

I extend my appreciation to the Government including The National Treasury and our Parent Ministry of East African Community (EAC) and Regional Development, State Department for Regional & Northern Corridor Development, TARDA Management and employees for their continued support and insights.

*I would also like to thank the TARDA Board of Directors on matters of policy & corporate governance and guidance to the Management.*

A handwritten signature in black ink, appearing to read 'Liban R. Duba', with a long, sweeping flourish extending to the right.

**Liban R. Duba**  
**MANAGING DIRECTOR**

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVE FOR 2020/21

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021				
Strategic Pillar/Theme/Issues	Objectives	Key Performance Indicators	Activities/ Projects	Achievements
Organizational Sustainability	SO 1: To strengthen the institutional human capital capacity for optimal service delivery	100% of implementation of the revised HR & Administration Policy's	Review and implement organizational HR and administration policy	Policy document done and submitted
		% implementation of career Progression Guidelines & JD's	Review and implement career progression guidelines and job descriptions	First draft done. To be completed in 2021/22 Q1
		% of implementation of staff establishment framework	Develop staff establishment and undertake recruitment and placement of competent staff	Staff Establishment document Done Translation ongoing
		% of implementation of staff establishment framework	Review and implement remuneration framework for recognition and reward scheme	Framework ready awaiting approval by SCAK
		no of Training needs identified	Conduct a Training Needs Assessment (TNA)	1 TNA Report submitted
		% of Training needs identified	Implement recommendations of organizational Training Needs Assessment (TNA)	Ongoing
		% of review meetings on staff welfare held	Review and implement staff welfare, recognition and reward schemes	Draft Policy in place
		Types of key skillsets identified	Identify, develop and operationalize key skillsets, managerial and knowledge areas	Ongoing
	SO 2: To enhance TARDA's financial stability	% of policy and strategy reviewed	Review Resource Mobilization Policy and strategy.	Policy document done awaiting full board approval
		Proposal Unit established	Strengthen Project Proposal Development unit	Ongoing under the new organ structure
		No. of liaison initiatives in place	Strengthen donor and government liaison services for revenue generation	Donor inventory manual done.
		Policy approval by the board	Develop a commercialization and enterprise policy	Policy document done and submitted
		No of commercialized enterprises and services in place	Commercialization and marketing of products and services including; enterprise, consultancy and investment promotion services	Tana basin-Masinga farm 1000 Ha leased to investor, contract signed. Athi Basin- Emali Livestock selection and and breeding program, Tree nurseries in wote , machakos and kibwezi. 2 Kibwezi irrigation.
		No. of policies adopted	Adopt financial and procurement policies, processes and procedures	Policies Adopted
		No. of financial and procurement audits planned	Conduct annual financial and procurement audits	Exercise ongoing , to be completed in September 2021
Sustainable Development	SO 3: To adopt the use of modern technology for operational efficiency in institutional processes, procedures and products	Review process planned	Review the ICT policy	ICT policy draft done
		No. of review sessions held	Review customer service delivery charter and PR code of conduct for staff	Done. Attached PR code of conduct

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	No. of customer feedback systems identified	Establish customer feedback management systems	Done
	No of annual work plans and Pc sessions.	Develop and implement corporate annual work plans and performance contracts	Done
	Review process planned	Develop and implement an institutional M&E policy and framework	Draft Policy done
	No. of audits completed	Conduct annual Performance Management System audits	Continuous exercise. Done
	No. of innovations and technology identified	Develop and implement innovation and technology hubs	Tana Basin- Not Done. Athi-Basin- Hay Bailing in Kibwezi
	No. of resource surveys planned	Conduct comprehensive resource studies and surveys	Tana Basin-Survey for land use plan and ongoing, Beaconing for Kiambere and Masinga ongoing. Athi basin
<b>SO 5:</b> To implement natural resource based development projects and and promote basin based investments for sustainable developments for enhanced livelihoods	No. of monitoring tools developed	Monitor and evaluate the efficacy of existing projects	Done
	No. of integrated project plans developed	Detailed design, plan and implement integrated development projects and programs	Tana Basin-Small irrigation schemes done;5 Kieni,3 Muranga.
	No. of water and soil conservation programs being undertaken	Strengthen, expand and leverage catchment water and soil conservation programs	2(No.)Water and Soil conservations programs were undertaken in the Tana and Athi Basins
	No. of community sensitization forums held	Sensitize and mobilize communities to participate in catchment conservation programs	4 Community sensitization forums held in Machakos, Mua Hills,Makueni and Ngong.
	No. of collaborative forum planned	Strengthen conservation collaborative efforts with key stakeholders	2 Collaborative forums held in Kitui and Machakos.
	No. of acreage under rehabilitation and restoration	Restoration and rehabilitation of riparian zones in the Tana and Athi basins	1Riparian rehabilitation programme implemented in Masinga
	<b>SO 6:</b> To implement climate change adaptation and mitigation programs to build resilience of vulnerable communities	No. of projects reviewed	Review and redesign existing projects to avoid mal-adaption
No. of sessions for preparation of climate change action plan		Develop climate change action plan for the Authority	On-Going
No. of community sensitization forums held		Sensitization of catchment communities on causes and effects of climate change	3 community sensitization forums held
No. of community champions and forum identified		Identify community climate change champions and forum for revenue mobilization	3 environmental community initiatives supported
No. of invitations and applications to participate		Participate in national climate change forum	3 forums on climate change action in Machakos, Nairobi and Makueni
<b>SO 7:</b> To develop broad consultative and collaborative framework with stakeholders for coordinated integrated development	No. of review sessions held	Review Regional Development Authorities Policy and TARDA Act	Draft Policy under review by parent ministry
	No of review sessions held	Develop a stakeholder engagement framework, database and communication policy	Stakeholder database developed
	No. of intergovernmental dialogue forums held	Plan and conduct intergovernmental dialogue forums with the counties within the region	2 forums Conducted in Athi Basin
	No. of joint programs under implementation	Plan and conduct joint projects and programs within the region	2 joint programmes initiated within the Tana and Athi Basin.

## **7. CORPORATE GOVERNANCE STATEMENT**

The Tana and Athi Rivers Development Authority (TARDA) Act Chapter 443 of the Laws of Kenya is the main guideline on membership and procedure of the Authority. Section 4 (1) of the TARDA Act provides for a Board of Seventeen (17) Board Members, including the Chairman appointed by the President and the Managing Director as the Secretary to the Board.

### **OVERVIEW**

Corporate Governance refers to the principles, processes and practices by which an organization is operated, regulated and controlled so that it can set and fulfill its goals and objectives in a manner that adds value for the benefit of all stakeholders and its sustainability. It is concerned with systems and practices and procedures that govern the Authority. Good corporate governance entails provision of structures that establish relationships among company's board, shareholders, management and other stakeholders to ensure the Authority's business remains viable and sustainable.

Good Corporate Governance is necessary in order to:

- Attract investors – both local and foreign – and assure them that their investments will be secure and efficiently managed, and in a transparent and accountable process.
- Create competitive and efficient companies and business enterprises.
- Enhance the accountability and performance of those entrusted to manage corporations.
- Promote efficient and effective use of limited resources.

Without efficient operations of business enterprises, the country will not create wealth or employment. Without investment, companies will stagnate and collapse, if business enterprises do not prosper, there will be no economic growth, no employment, no taxes paid and invariably the country will not develop. The country needs well-governed and managed business enterprises that can attract investments, create jobs and wealth and remain viable, sustainable and competitive in the global market place.

**Good corporate governance, therefore, becomes a prerequisite for national economic development.**

In Corporate Governance, the above can be summarized into five basic tenets:

- Accountability
- Efficiency and Effectiveness
- Integrity and Fairness
- Responsibility, and
- Transparency

The Authority regards good corporate governance as crucial to the success of the business and is steadfastly committed to practice it so that the Authority remains a sustainable and viable business of global stature. This statement sets out the main corporate governance practices and structures in Tana and Athi Rivers Development Authority.

## **COMPOSITION OF THE BOARD OF DIRECTORS**

### **1. Membership of the Board**

According to the TARDA Act CAP443, The Authority should consist a total of seventeen (17) members who include:-

- a) A chairman who shall be appointed by the President;
- b) Seven members who shall be the Permanent Secretaries of the scheduled Ministries;
- c) The General Manager of the National Irrigation Board appointed pursuant to section 11 of the Irrigation Act (Cap. 347);
- d) The chairman of the East African Power and Lighting Company Limited;
- e) The Director of the Water Department;
- f) Five other members, who shall not be members of the Government service, and who shall be appointed by the Minister in consultation with the President;
- g) The Managing Director.

In the period under review, the Board comprised of Thirteen (13) Members. The Chairperson of the Board, Four (4) are non-official members who are not members of the Government service, The Chairman Kenya Power and Lighting Company, Five (5) of the members are were principal secretaries or alternate appointees, The alternate director to the General Manager of the National Irrigation Board and the Managing Director. The Board also had one (1) representative from the Inspectorate of State Corporations, however, the representative is not a member of the Board.

### **2. Functions of the Board are inter alia:**

- a) Determine TARDA's mission, vision, purpose and core values.
- b) Set and oversee TRADA's overall strategy and approve significant policies
- c) Approve TARDA's organizational structure
- d) Approve the annual budget of TARDA
- e) Monitor TARDA's performance and ensure sustainability and regularly access the performance of top management.
- f) Enhance TARDA's corporate image of TARDA
- g) Ensure effective communication with stakeholders
- h) Regularly undertake overall board performance evaluation.

### **3. Role of the Chairman of the Board of Directors**

#### **The chairman interalia:**

- a) Provides overall leadership to the Board especially on area of policy development
- b) Conducts efficient Board meetings and guide the Board's decision –making process.

- c) Leads the Board evaluation process.
- d) Heads the Board Evaluation Process.
- e) Promotes a positive image of TARDA.

#### 4. Conduct of Board's Business

The TARDA Act CAP 443 provides for the appointment of sub-committees whose main responsibilities are to engage management in providing detailed information and disclosure in readiness for subsequent full Board meetings. However, all decisions made by the sub-committees require confirmation and/or modifications during full Board meetings.

The current sub-committees' activities and their responsibilities are as follows;

##### 1) Finance & Supply Chain Committee of the Board

###### Roles and Responsibility

The Board as per section 12 of the TARDA Act CAP 443 shall be responsible for the management of the affairs of a state corporation and shall be accountable for the moneys, the financial business and the management of a state corporation e.g. no corporation may incur expenditure for which provision was not made in an annual estimate prepared and submitted to the National Treasury before the end of February every year. Thus it is important for the Board to formulate work plan and meet regularly to ensure that the estimates are prepared and submitted in time.

This committee constitutes of the following members:

- |      |                              |   |             |
|------|------------------------------|---|-------------|
| i)   | Mr. Robert Murimi            | - | Chairperson |
| ii)  | Dr .Muriithi wa Kang'ara OGW | - | Member      |
| iii) | Mr. Ronald Inyangala         | - | Member      |
| iv)  | Mr. Christopher Musumbu OGW  | - | Member      |
| v)   | Eng. Ndegwa Muhwanga         | - | Member      |
| vi)  | Mr. Anthony Mugane           | - | Member      |
| vii) | Eng. Alexander Wainaina      | - | Members     |

The Finance & Supply Chain committee held Six (6) regular meetings in 2020/2021

##### 2) Human Resource & Administration Committee of the Board

###### Roles and Responsibility:

**Its** role is to consider all matters associated with the policies and practices of the Authority in relation to its Human Resources & Administration.

This committee constitutes of the following members:

- |    |                           |   |             |
|----|---------------------------|---|-------------|
| i) | Ms. Jane Cirindi Kithinji | - | Chairperson |
|----|---------------------------|---|-------------|

- ii) Ms. Felister Nyacuru - Member
- iii) Eng. Alexander Wainaina - Member
- iv) Mr. Christopher Musumbu OGW - Member

The HR Sub-Committee held four (4) regular meetings in 2020/2021.

### **3) Governance, Audit & Risk Management Committee of the Board**

#### **Roles and Responsibility**

The committee is responsible for a thorough and detailed review of Audit matters. It enables the non-executive directors to contribute an independent judgment and play a positive role in an area for which they are particularly fitted, and offers the auditors a direct link with the non-executive directors:

This committee constitutes of the following members:

- i) Dr. Kang'ara Muriithi, OGW - Chairperson of the Committee
- ii) Amb. Eng. Maalim Moahboub - Member
- iii) Dr. Wawire M. Michael - Member
- iv) Eng. Ndegwa Muhwanga - Member
- v) Mr. Ronal Inyangala - Member

#### **The Governance, Audit & Risk committee will:**

- i) Review quarterly and annual financial statements before submission to the Board: -
- ii) Consider appointment, remuneration and the resignation or dismissal of external auditors.
- iii) Discuss with external auditors any reservations and problems arising in the course of audit and any audit management letters and management responses prior to the issuance of the audit certificate.

The Audit, Risk Management and Compliance Sub-Committee held three (3) regular meetings in 2020/2021.

### **4) Planning & Natural Resources Conservation Committee of the Board**

#### **Roles and Responsibility**

The Planning Research and Development committee will:

- i) Formulate and oversee implementation of projects plans, research and development policies.
- ii) Advise the Board on the overall strategy, directions and effectiveness of the Authority's planning, research and development programmes.

- iii) Evaluate the Authority progress and success in achieving its planning development.

This committee constitutes of the following members:

- |       |                               |   |          |
|-------|-------------------------------|---|----------|
| i)    | Dr. Wawire M. Michael         | - | Chairman |
| ii)   | Dr. Muriithi wa Kang'ara, OGW | - | Member   |
| iii)  | Late Eng. John Kibe           | - | Member   |
| iv)   | Ms. Felister Nyacuru, OGW     | - | Member   |
| v)    | Mr. Anthony Mugane            | - | Member   |
| vi)   | Mrs. Jane Cirindi Kithinji    | - | Member   |
| vii)  | Mr. Robert Murimi             | - | Member   |
| viii) | Mr. Christopher Musumbu       | - | Member   |

The Planning & Natural Resources Conservation Sub-Committee held (3) regular meetings in 2020/2021.

#### 5) ADHOC COMMITTEE OF THE BOARD FOR RECRUITMENT OF MANAGING DIRECTOR FOR TARDA

During the Full Board meeting of 24<sup>th</sup> November 2020, the Board resolved to form an Ad hoc committee to undertake the recruitment process of a Managing Director for TARDA. The Ad hoc Committee would comprise of five (5) members as follows: -

1. **Dr. Michael Wawire** - Independent Board Member and Chairperson of the Ad hoc Committee
2. **Mrs. Jane Cirindi Kithinji** - Independent Board Member
3. **Mr. Ronald Inyangala** - Alternate Director to the Cabinet Secretary National Treasury & Planning
4. **Ms. Felister Nyacuru OGW**- Alternate Director to the Office of the Attorney General & Department of Justice
5. **Public Service Commission**- (PSC) representative.

The Adhoc Committee of the Board for Recruitment of Managing Director for TARDA held Five (5) meetings in 2020/2021.

#### DIRECTOR'S TRAINING AND DEVELOPMENT

The Authority recognizes the importance of having a well informed and fully empowered Board of Directors. In this regard, relevant training and capacity development opportunities are organized to equip directors with skills and knowledge necessary to effectively perform their responsibilities. Further, Board members are encouraged to attend training conducted by the State Corporations Advisory Committee (SCAC).

## **BOARD WORKPLAN AND MEETINGS**

A work plan and schedule of meetings is prepared annually at the beginning of each financial year. The Board meets at least once every three months or more depending on the requirements of the business. Directors receive adequate notice for meetings and detailed papers on issues to be discussed before the meetings.

The Full Board held a total of Nine (9) full Board meetings during the year comprising of seven (7) special Full Board minutes and two (2) regular full Board minutes. The Authority sort necessary approval to hold all the Board meetings above the requisite number of Board meetings in a financial year.

The Special Full Board meetings were necessitated by the need for the Board to deliberate on EACC's request to the Board to suspend the then Managing Director, Mr. Stephen Githaiga, the Subsequent appointment of an Acting Managing Director, Mr. Emilio Mugo, the recruitment process for a substantive Managing Director, the Board's evaluation and review of its results.

### **Conduct of the Board Members**

- a) **Disclosure-** In the conduct of the Board matters, any member who may have any interests in the matter being discussed is under mandatory obligation to declare such interest. In this case, the Board would decide whether the member may attend the meeting. If he does, then he cannot vote on the matter.
- b) **Attendance of Board meetings-** Board members shall not absent themselves from three (3) consecutive Board meetings with which they have reasonable notice.
- c) **Compliance with the constitution-** Each member of the Board to conduct himself in a manner that will not contravene Chapter Six of the Constitution of Kenya, 2010. Each member should ensure policies set by the Board are compliant with the letter and spirit of the Constitution. Members are also charged with monitoring of management to ensure effective institutional frameworks and administrative procedures are in place for the implementation of the Constitution.

**NB:** TARDA is governed by various circulars that give guidelines on the terms and conditions of service for members

Members are entitled to a transport allowance where official transport is not provided for them to attend a meeting or an official function, which they are required to attend. A member will be reimbursed on the cost of travel by the most cost effective public transport means on production of receipted bills, or be reimbursed for actual mileage performed by the member or members spouse vehicle at the prevailing Automobile Association rates (in respect to transport from and to cities without an air transport facility)

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Financial Year 2020/21 was a particularly difficult period that saw a 16.8% drop in the allocation to TARDA, from GOK, for recurrent expenditure. This resulted from overall drop in the General Economic and Commercial Affairs (GECA) sector budget ceiling, with all MDAs categorized under it equally affected. TARDA Enterprises, particularly the Masinga and Tana Delta Resorts, financial performance also was heavily impacted by the Covid-19 global pandemic, with a 9% drop in internally generated revenue, year on year.

This income drop diminished the Authority's ability to meet its obligations, particularly regarding employee remuneration, resulting in an increase in unremitted PAYE deductions. Austerity on various non-core expenditure items was however applied, in an effort to mitigate the effect on overall financial performance, by the sharp drop in revenue, with marked success.

This can be seen in the general reduction in most expenditure items, with the exception of medical insurance expenses. An appeal was made and accepted by the GOK to provide sufficient funding for employee remuneration and offset accumulated PAYE arrears owed to The Kenya Revenue Authority going forward. It is expected that the allocation and disbursement for the Financial Year 2022/23 will be sufficient to meet these key expenditure items and consequently improve performance.

Management is also actively exploring resource mobilization from development partners to cover shortfalls occasioned by fluctuating GOK allocations.

TARDA undertook and successfully completed a number of development works carried over from the previous period. These include:

- The completion of 11 small holder irrigation schemes under the Kieni irrigation project.
- The completion of 4 Small holder irrigation schemes under the Muranga integrated programme.
- The continuation of rehabilitation works at the Tana Delta Irrigation project.
- The completion of the first phase of Masinga Dam Resort Expansion and rehabilitation that involved construction of 8 no.VIP suites.

### **Historical Financial Performance FY 2015/16-2020/21**

TARDA has consistently recorded subpar performance since the energy sector reforms that caused the transfer of power generating and distribution functions and assets to Kengen and KPLC. The Authority lost this key revenue stream and became dependent on Exchequer grants for sustenance. This is further exacerbated by a large provision for depreciation that TARDA is required to make for the Masinga and Kiambere reservoirs, whose ownership it retained, as per International Accounting Standards. Without commensurate revenue from those assets, financial performance is likely be disappointing. Notwithstanding these challenges efforts to mobilize funding to fulfill core mandate were made in the period registering some success.

TARDA received funding from GOK and other partners and was able to implement various intervention programmes in line with the Medium term plans II and III of the Vision 2030 and the Big four Agenda.

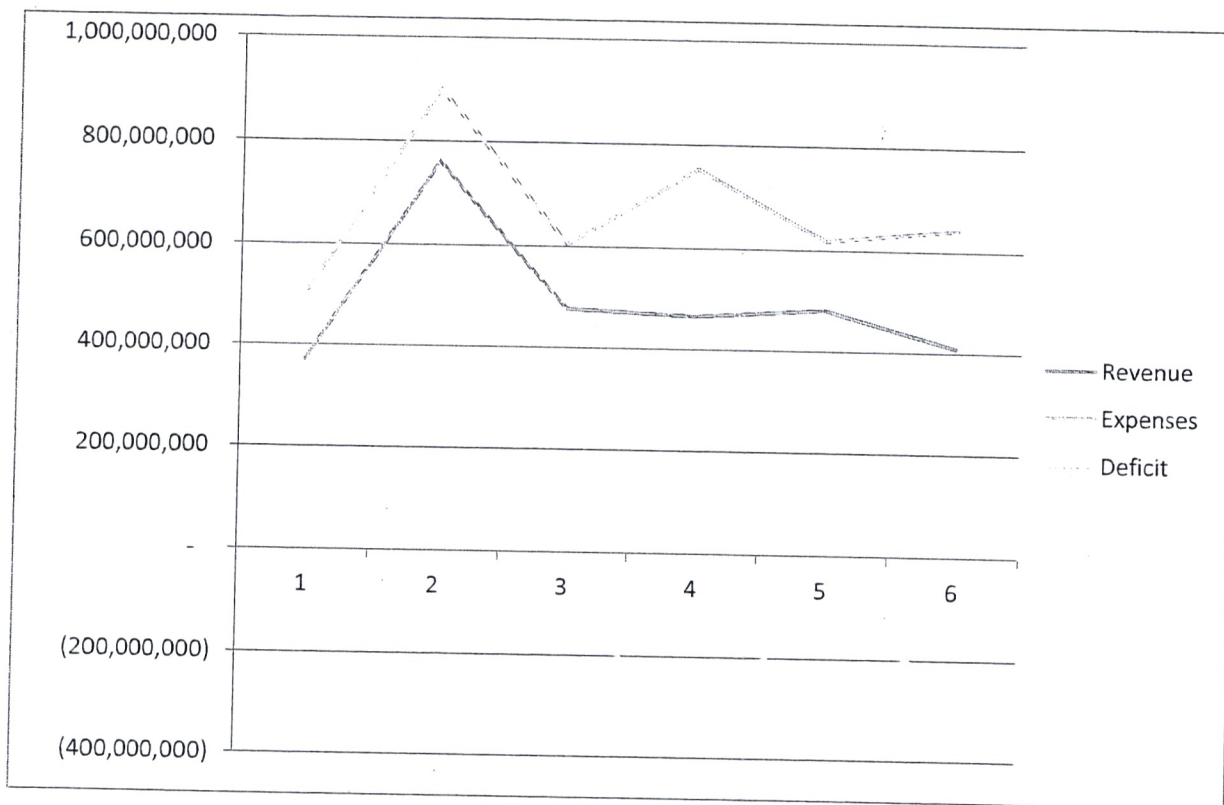
*Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2021*

These include

- Drought Mitigation and water Harvesting programmes.
- National food security programmes
- Climate change mitigation programmes.

The Authority is currently in advanced stages of planning programmes and projects designed to attract funding and impact communities through sustainable development.

**Financial performance FY 2015/16-2020/21**



## ENVIRONMENTAL AND SUSTAINABILITY REPORTING

### i) Sustainability Strategy and Profile

Over the years, population growth and rapid urbanization of the TARDA catchment areas has created new challenges in economic development and resource use in the due to the shared natural resources. This has hindered the resources utilization and sustainable development leading to degradation of the environment and resource based conflicts in the region. Hence, there is need to harness and manage shared resources through inter and intra-county coordination.

The Authority therefore seeks to address a myriad of development challenges by initiating interventions such as fact based resource planning; protecting the environment; aggressive resource mobilization; economic development in order to achieve the government's 'Big Four Agenda' and the Vision 2030. This will be achieved through strengthening collaborations with organizations and institutions in the implementation of identified programmes and projects; technological adoption and transfer; and enhanced capacity building for the Authority's human resource to deliver on its mandate.

The United Nations Sustainable Development Goals lay emphasis on poverty reduction by encouraging equitable socio-economic development. Similarly, Agenda 2063 of the African Union seeks to improve living standards, transformed, inclusive and sustained economies

### ii) Environmental Sustainability

Environmental Sustainability involves making responsible decisions that reduce developmental actions' negative impact on the environment. Environmental sustainability forces organizations to look beyond making short term gains and look at the long term impact they are having on the Environment

In undertaking its mandate of undertaking integrated basin based natural resources conservation through panning and sustainable development TARDA is guided by the following principles;

- a. *Environmental Right:* Every person in Kenya has a right to a clean and healthy environment and a duty to safeguard and enhance the environment;

- b. *Right to Development:* The right to development will be exercised taking into consideration sustainability, resource efficiency and economic, social and environmental needs;
- c. *Ecosystem Approach:* An integrated ecosystem approach to conserving environmental resources will be adopted and enhanced to ensure that all ecosystems are managed in an integrated manner while also providing a range of benefits to the citizenry;
- d. *Total Economic Value:* The benefits that ecosystems generate will be integrated into the national accounting system, programmes and projects;
- e. *Sustainable Resource Use:* Environmental resources will be utilized in a manner that does not compromise the quality and value of the resource or decrease the carrying capacity of supporting ecosystems;
- f. *Equity:* The management of the environment and natural resources will ensure equitable access to resources for present and future generations;
- g. *Precautionary principal:* It emphasizes on caution, pausing and review before leaping into new innovations that may prove environmentally disastrous;

To ensure environmental sustainability within Tana and Athi rivers' Basins, TARDA has a directorate of Natural Resources Conservation whose mandate inter-alia is to

- a) Maintaining and conserving the water catchments areas of Tana and Athi River Basins
- b) Restore, promote and conserve sustainable environmental services
- c) Spearhead climate change mitigation and adaptation initiatives
- d) Undertaking Strategic Social and Environmental Impact studies for proposed TARDA projects and programmes
- e) Undertaking Annual Projects Audit Reports for TARDA projects and programmes
- f) Undertaking Annual Projects Audit Reports for TARDA projects and programmes

### **iii) Employee Welfare**

#### **➤ Policies guiding the hiring process and the gender ration.**

This is provided in TARDA Human Resource Policy and procedures manual August 2020 clauses 3.14 Recruitment Procedures.

➤ **Stakeholders engagement**

Recruitment of casuals is undertaken within the population adjacent to other projects. Recruitment is either done through referrals or advertisement/local administrators. Recruitment of casuals at times is guided by the skills an individual possess.

➤ **Improvement of skills and managing of careers.**

This is done through training.

We also undertake TNA.

Appraisal systems is usually undertaken as per guiding policy TARDA HR policy and procedures manual August 2020 clause 9.5

Reward is guided under clause 9.1.1.

➤ **Policy on safety and compliance**

This is provided for in TARDA HR and Procedural Manual section 15: Health and Safety.

**iv) Market Place Practices – TARDA**

TARDA has put in place a numbers of measures to ensure;- Responsible competition, responsible Supply Chain and Supplier relations, Responsible marketing and advertisements and Product stewardship.

**a) Responsible competition practice**

The Authority has appointed a permanent staff committee on anti-corruption which is mandated to the combat and prevent corruption in her operations by recommending measure for action to the MD. These are preventive measures, education and promotion of standards and best practices on integrity.

On Responsible political involvement, TARDA has a management public private partnership committee which works hand in hand with PPP unit at the National Treasury to ensure there is fair competition on all investment opportunities.

On respect for competitors, the Authority has laid down procedures, with the legal department to ensure that every operation is legally carried out within the law. All contracts are within the Kenyan laws, duly signed and executed.

**b) Responsible Supply Chain and Supplier relations**

The Authority maintains a list of suppliers who are given contracts from time to time. The suppliers are paid after supply of goods and services in the shortest time period as per the procurement plan.

**c) Responsible marketing and advertisements**

- i. The Authority does not exaggerate information when selling its products and service especially Kiambere Honey Refinery and Hospitality goods and services at MDR
- ii. The marketing and advertisements activities and every information shared is anchored on TARDA's four core values of Integrity, Professionalism, accountability and teamwork.
- iii. All online platforms are controlled by the corporate communication department in TARDA to ensure responsibility and accountability.
- iv. No false information such as pictures, videos, etc. is shared on TARDA's website and other social media handles.

**d) Product stewardship**

One of TARDA's key function is Environmental conservation. Therefore, activities in her enterprises/ projects and programs are geared towards reducing negative environmental impacts.

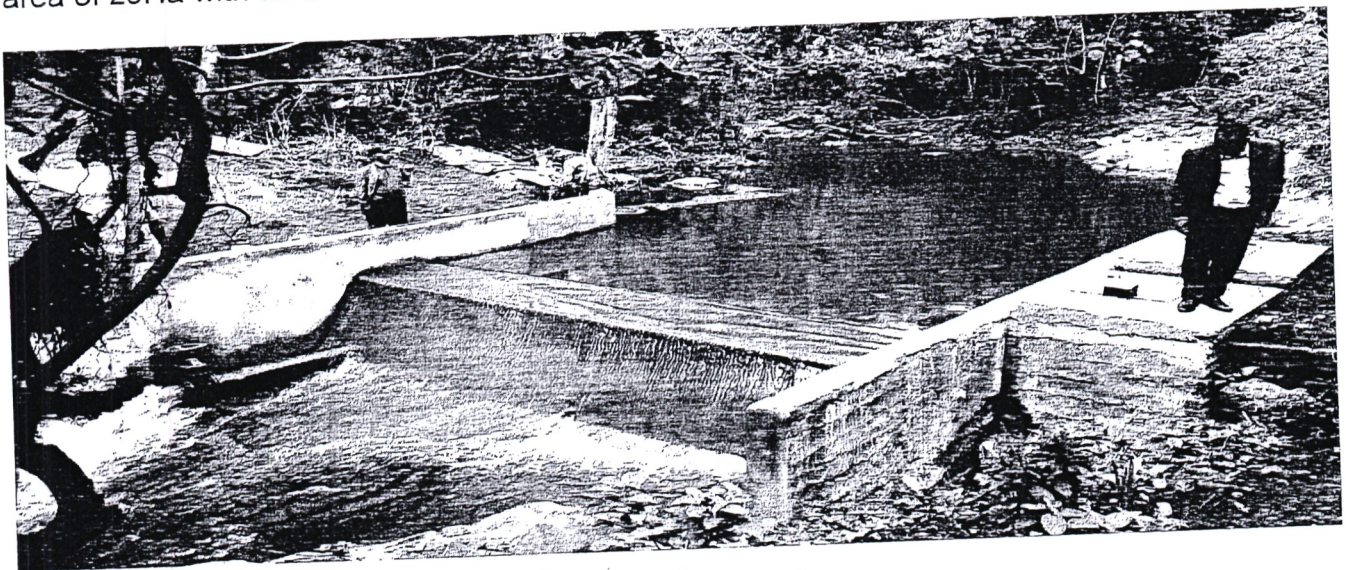
- Pesticides to ensure good quality of produce. They must be environmentally safe.
- Planting of trees to reduce carbon emissions.
- Proposals to develop renewable energy supply such as solar energy in Masinga and Kiambere areas.
- Proper and safe methods of honey harvesting in Kiambere refinery to reduce bees mortality.

v) **Corporate Social Responsibility/ Community Engagements**

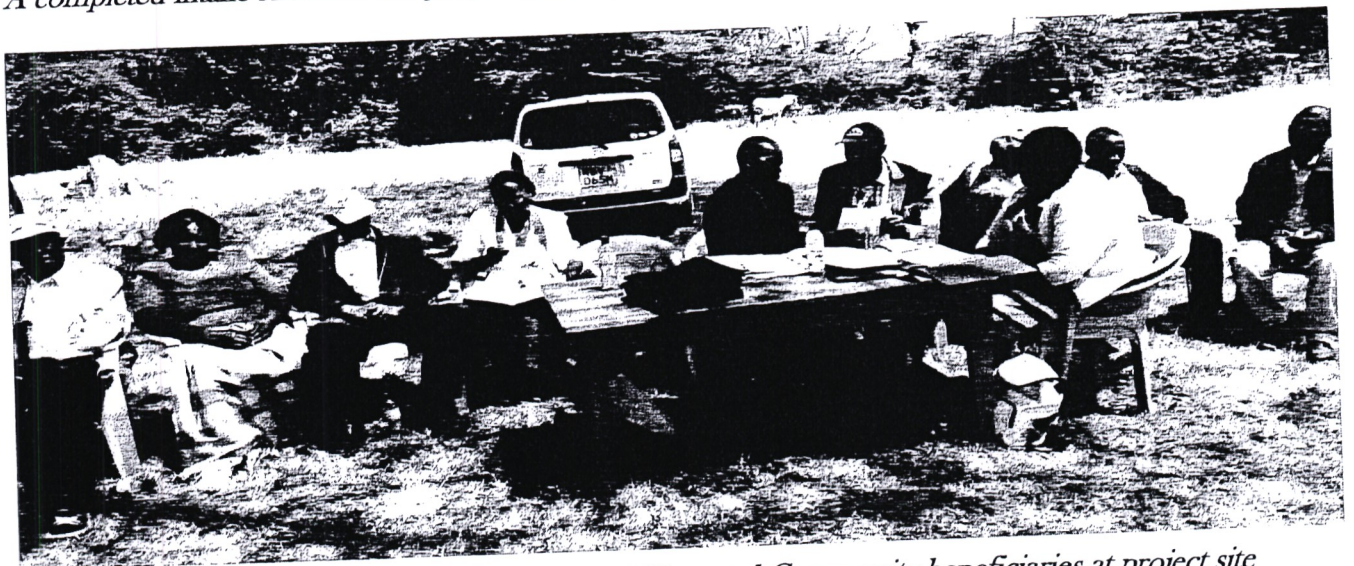
TARDA's corporate Social Responsibility (CSR) program is an integration of business operations and values, whereby the interests of the stakeholders and the environment are reflected in the company's policies and actions.

TARDA recognizes that it has the potential to make significant impact on its staff, customers and business partners, the communities around it and largely on the environment. Our CSR programs are hinged on the belief that we can transform lives by supporting various programs and creating positive change in the community. This is achieved by building and maintaining strong relationships with our stakeholders, giving back to the communities within our jurisdiction and partnering with other likeminded organizations that strive to impact positively on their environment.

During the year under review, the Authority undertook a National Water Harvesting and Storage Programme at Njengu Nyaribo Smallholder Irrigation Project in Kieni, Nyeri County in area of 25Ha with an aim of benefiting 500 household.



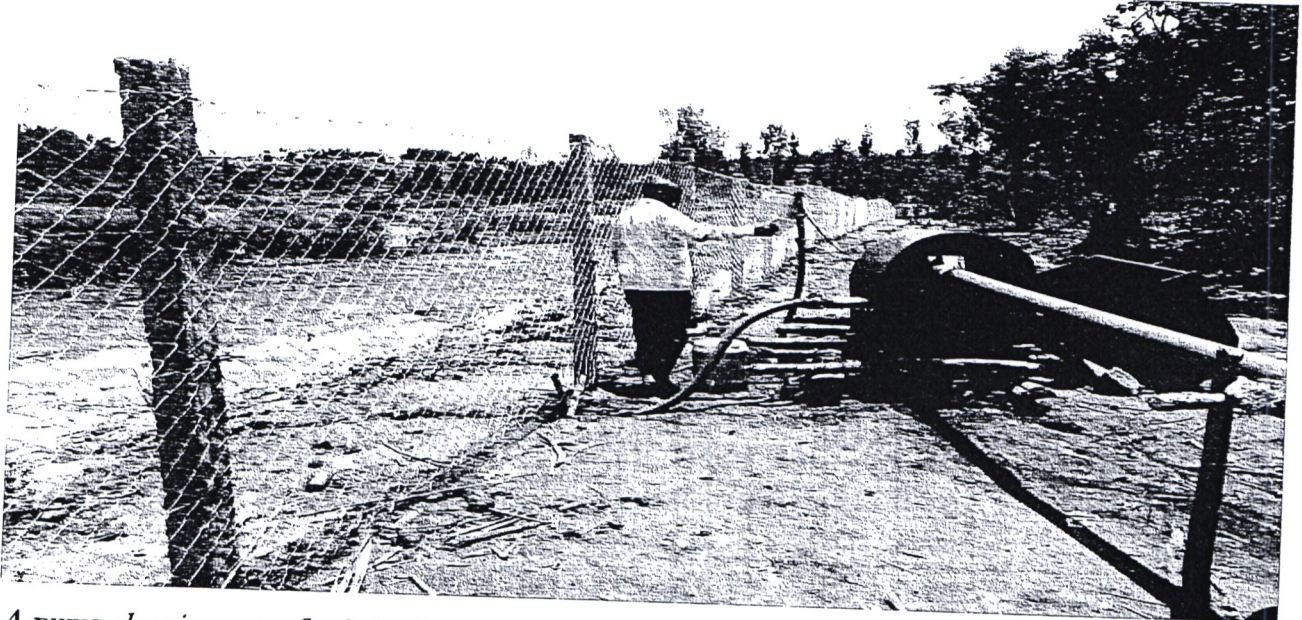
*A completed intake structure at Njengu Nyaribo project source*



*Consultative meeting between TARDA Liaison Officer and Community beneficiaries at project site*

*Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2021*

The Authority also undertook National Water Harvesting and Storage Programme at Mariki Sama Smallholder Irrigation Project in Maragua, Murang'a County and constructed a water intake at Gaitega Gaturi, area coverage of 30Ha with an aim of benefiting 500 household.



*A pump drawing water for irrigation to neighboring farms from Sama Mariki dam*



*A consultative meeting between TARDA Technical, contractor and Sama Mariki community*

Implementation of the above projects will considerably improve the social economic status of the people in line with the economic stimulus programme in the regions besides contributing to the Big Four agenda mainly Food and Nutrition Security thereby contributing to the achievement of 15% GDP by 2022.

Key outputs will comprise the following: -

- Construction of 10 small holder irrigation schemes in the regions
- Over 1,200 direct jobs created and over 2,400 jobs indirectly
- Provision of affordable drinking water Supply to over 5,000 households and over 20,000 livestock.
- Water storage for domestic/livestock use irrigation and river flow regulation hence cushion the communities downstream from impacts of floods.
- Provision of sustainable livelihood opportunities will enhance resilience and adaptation to climate change.

**10. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of Tana and Athi Rivers Development Authority's affairs.

**Principal activities**

The principal activities of Tana and Athi Rivers Development Authority is to undertake integrated planning and development through maximization and utilization of water and land-based resources within the Tana and Athi River basins.

**Results**

The results of Tana and Athi Rivers Development Authority for the year ended June 30, 2021 are set out on page 1 – 26

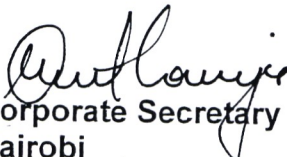
**Directors**

The members of the Board of Directors who served during the year are shown on page 8 - 11

**Auditors**

The Auditor General is responsible for the statutory audit of Tana and Athi Rivers Development Authority in accordance with Section 15(2) of the Public Audit Act, 2003 and submits the audit report in compliance with Article 229(7) of the Constitution of Kenya.

"By order of the Board"

  
Corporate Secretary  
Nairobi

Date 30/06/2021

1. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act 2012 and the State Corporation Act, require the Directors to prepare financial statements in respect to Tana and Athi Rivers Development Authority, which give a true and fair view of the state of affairs of TARDA at the end of the financial year and the operating results of TARDA for the year. The Directors are also required to ensure that TARDA keeps proper accounting records which disclose with reasonable accuracy the financial position of TARDA. The Directors are also responsible for safeguarding the assets of TARDA.

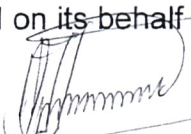
The Directors are responsible for the preparation and presentation of Authority's financial statements, which give a true and fair view of the state of affairs TARDA for and as at the end of the financial year ended June 30, 2021. This responsibility includes: (i) maintaining adequate financial management 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 Tana and Athi Rivers Development Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensure that they are free from material misstatement, whether due to error or fraud; (iv) safeguarding the assets of Tana and Athi Rivers Development Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

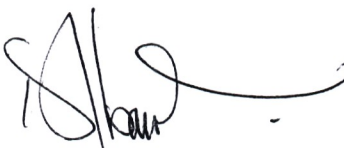
The Directors accept responsibility for TARDA's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the State Corporations Act. The Directors are of the opinion that TARDA's financial statements give a true and fair view of the state of TARDA's transactions during the financial year ended June 30, 2021, and TARDA's financial position as at June 30, 2021. The Directors further confirm the completeness of the accounting records maintained for TARDA, which have been relied upon in the preparation of TARDA's financial statements as well as the adequacy of the systems of financial internal controls.

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

Approval of the Financial Statements

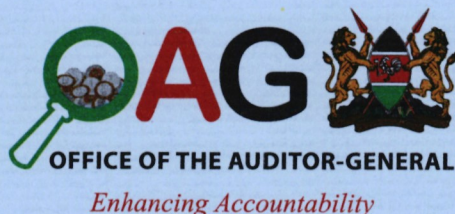
The Authority's financial statements were approved by the Board on 10<sup>TH</sup> AUGUST 2021 and signed on its behalf by."

Signature   
Name Hon. Prof. Joe Muchembe  
Chairperson of the Board

Signature   
Name LIBANI R. DUBA  
Accounting officer

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY (TARDA) FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Tana and Athi Rivers Development Authority (TARDA) set out on pages 1 to 27, comprised of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, the 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, 2010 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tana and Athi Rivers Development Authority (TARDA) as at 30 June, 2021, 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 Tana and Athi Rivers Development Authority Act, Cap 443 of 1973 of the Laws of Kenya and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

The following balances reflected in the financial statements were not supported with appropriate sufficient records:

#### **1. Trade Receivables**

The statement of financial position reflects trade receivables totalling Kshs.248,983,598 as further disclosed in Note 20 to the financial statements. As similarly reported in the previous year, the balance excludes Kshs.10,000,000 deposited by the Authority as court security in respect of Case No. 108 of 2001 filed in Embu High Court in 2001 by residents of Mbondeni and Makina locations. The residents sued for compensation amounting to Kshs.100,000,000 for, allegedly, not having been adequately compensated when Masinga Dam was built in 1975.

Although the Authority lost the case, it filed an appeal in Nyeri High Court which ruled in its favor in October, 2013 and the security deposit was released to the Authority's lawyer thereafter. However, the lawyer did not remit the money to Authority in spite of Management having demanded for its return. Instead, the lawyer laid claim to a sum of Kshs.4,998,996 as legal fees comprised of Kshs.1,919,389 charged for the legal services provided during the appeal and unexplained outstanding fee of Kshs.1,898,627. The matter had not been resolved as at 30 June, 2021.

In view of the exclusion of the released Court deposit balance, the accuracy and completeness of the trade and other receivables balance totalling Kshs.248,983,598 could not be confirmed.

#### **2. Trade and Other Payables**

The statement of financial position reflects trade and other payables totalling Kshs.398,744,602, as further disclosed in Note 26 to the financial statements. As similarly reported in the previous year, employment records reflected staff pension contributions arrears totalling Kshs.76,062,823 as at 30 June, 2021. However, no satisfactory explanation was provided by Management for the failure to remit the contributions as required by Section 19(4) of the Employment Act, 2007. Therefore, Management was in breach of the law and may have put the welfare of the Authority's staff at risk.

Further, in view of the arrears, interest and penalties may have become payable on the sums due and therefore the outstanding arrears balance totalling Kshs.76,062,823 reflected in the financial statements for the year under review may not be fairly stated.

### **3. Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment totalling Kshs.8,671,871,326, as further disclosed in Note 23 to the financial statements. However, several anomalies were noted in relation to the following items included in the balance:

#### **3.1 Revaluation of Assets**

As similarly reported in previous years, the statement of financial position reflects a revaluation reserve totalling Kshs.19,697,833,221 as at 30 June, 2021, as further disclosed in Note 30 to the financial statements. However, records on the reserve were not provided for audit. Further, the last revaluation of the Authority's assets was done in the year 2006, contrary to International Public Sector Accounting Standard No.16 – property, plant and equipment which requires revaluations of assets to be done with sufficient regularity such that the carrying amount of assets does not differ materially from that which would be determined using fair value at the reporting date.

In the circumstances, the accuracy and validity of revaluation reserve balance totalling Kshs.19,697,833,221 as at 30 June, 2021, could not be confirmed.

#### **3.2 Work-In-Progress**

The statement of financial position reflects Work-In-Progress (WIP) totalling Kshs.234,152,289, as further disclosed in Note 24 to the financial statements. The WIP balance relates to construction works on staff houses, a school and a dispensary initiated in 1990 under Tana Delta Irrigation Project in Garsen, Tana River County. However, as previously reported, no documents were provided for audit verification in respect of the Project. Management indicated the structures were damaged by El Nino floods 1997 and the Authority had recently drawn plans to rehabilitate some of the houses and convert them into guest houses.

In view of the long delay in their completion, the physical condition of the works has degenerated, and therefore their carrying amount in the financial statements may not be fairly stated. In the circumstances, the valuation of the WIP totalling Kshs.234,152,289 as at 30 June, 2021 could not be confirmed. Further, delay in completion of the projects implies that the services they were intended to provide to the region and value for money on the expenditure were not realized.

#### **3.3 Land Without Ownership Documents**

As previously reported, the statement of financial position reflects property, plant and equipment totalling Kshs.8,671,871,326, as further disclosed in Note 23 to the financial statements. The balance includes the book value of land totalling Kshs.1,264,135,430 which in turn includes a plot of land measuring 0.6 hectares in Kitui County valued at Kshs.1,539,000. However, ownership documents for the plot were not provided for audit verification.

Further, the land balance includes Kshs.21,135,600 being the value of two plots of land measuring 929 hectares in aggregate located at Kibwezi and Emali, in Makueni County. However, the respective leases had expired as at 30 June, 2021. In addition, the balance excludes land of undetermined value measuring 5,217 hectares located in Lamu County. In view of these discrepancies, the valuation and extent of ownership by the Authority of the land included in the property, plant and equipment balance totalling Kshs.8,671,871,326 as at 30 June, 2021 could not be confirmed.

### **3.4 Fully Depreciated Assets**

The statement of financial position reflects property, plant and equipment totalling Kshs.8,671,873,326, as further disclosed in Note 23 to the financial statements. The balance includes motor vehicles which, although fully depreciated, were still in use by the Authority as at 30 June, 2021. However, the Authority did not revalue these vehicles to reflect their fair values in the financial statements. Further, contrary to the requirements of IPSAS 16 - property, plant and equipment, the Agency had no documented policy on revaluation of fully depreciated assets.

In the circumstances, the validity and accuracy of the property, plant, and equipment balance totalling Kshs.8,671,873,326 could not be confirmed.

### **4. Delayed Remittance of Statutory Deductions**

The statement of financial performance reflects employee costs totalling Kshs.384,054,545 as disclosed in Note 13 to the financial statements. The balance includes Pay-As-You-Earn (PAYE) tax deductions totalling Kshs.49,696,860. However, verification of documents provided for audit indicated that some of the taxes deducted from employees were not remitted to the Kenya Revenue Authority (KRA) and while others were not remitted in due time. The delays infringed on Part III Paragraph (1) of Employers Guide to PAYE in Kenya, 2017. The provision requires an employer to remit the PAYE tax deducted from employees' salary before the 10<sup>th</sup> day of the month following the pay-roll month, failure to which penalties may become payable.

In view of the infringement, interest and penalties may have accrued on the balance and as a result, the outstanding PAYE tax balance included in the employee costs totalling Kshs.384,054,545 may not be fairly stated. In addition, Management, is in breach of the law.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tana and Athi Rivers Development Authority (TARDA) 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.

### **Material Uncertainty Relating to Going Concern**

The statement of profit or loss and other comprehensive indicates that the Authority recorded a deficit totalling Kshs.669,545,745 during the year under review raising the cumulative deficit to Kshs.15,866,411,044 (2020: Kshs.15,196,941,944). Management

mainly attributed the deficit to depreciation charges totalling Kshs.387,984,973 on Masinga and Kiambere hydro-power facilities and non-remittance of accrued revenue due from the Kenya Power and Lighting Company (KPLC) and the Kenya Electricity Generating Company (KenGen) following a Government directive that all revenue from hydro-electric power facilities be remitted to The National Treasury.

Management also cited the transfer of power generation assets and transmission assets to KPLC and KenGen in 1987/1988 without fair compensation to the Authority. Before the transfer of the assets, the Authority had signed a commercial lease agreement with KPLC whereby Kshs.258,000,000 was to be paid annually for bulk power sales. However, KPLC paid Kshs.238,333,000 to the Authority from 1983 to 1999. The outstanding balance was Kshs.3,757,667,000, when KenGen took over the role of generating power from KPLC.

Further, in the year under review, the Authority reported current liabilities totalling Kshs.398,744,602, which exceeded its current assets totalling Kshs.392,074,545 by Kshs.6,670,057 (2020: net assets of Kshs.204,978,266) implying that the authority was technically insolvent as at 30 June, 2021. The Authority's financial statements have therefore been prepared on a going concern basis on the assumption of continued financial support from its bankers and creditors, and the National Government.

Management has in Note 26 to the financial statements made reference to the financial risks facing the Authority as a result of these issues.

My opinion is not modified in respect of this matter.

### **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. Unresolved Prior Year Issues**

In the audit report of the previous year, several issues were raised in the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Management's report on progress in following-up the auditor's recommendations appended to these financial statements indicates that although work to resolve the issues was ongoing, only one of the twenty-four (24) issues had been resolved as at 30 June, 2021.

#### **2. Budgetary Control and Performance**

##### **2.1 Shortfall of Revenue and Under-Expenditure**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totalling Kshs.779,059,104 and Kshs.719,438,869, respectively resulting to under-funding by Kshs.59,620,235. Similarly, the Authority's

actual expenditure amounted to Kshs.642,045,746 against final budgeted expenditure of Kshs.755,444,052 resulting to an under-expenditure of Kshs.113,398,306 or 15%.

## **2.2 Late Exchequer Releases**

The statement of financial performance reflects Exchequer releases totalling Kshs.287,000,000, as further disclosed in Note 6 to the financial statements. However, one (1) Exchequer issue totalling Kshs.50,000,000 was released late by The National Treasury on 25 June, 2021.

The delay may partly explain the underutilization of the budget for the year under review and the Authority's failure to implement some of its planned programmes and activities and provide services to the public as planned.

## **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. Excess Expenditure on Employee Costs**

Revenue records indicated that employee costs for the year under review totalled Kshs.384,054,545. However, the Authority's total revenue for the year was Kshs.356,153,957 and therefore the employee costs were 108% of the Authority's revenue. This was contrary to Regulation 26 of Public Finance Management Regulation (National Government), 2015 which requires expenditure on the compensation of employees, including benefits and allowances in a National Government entity, not to exceed 35% of the total revenue for the respective year.

Consequently, the excess expenditure on salaries was irregular and may have resulted in ineffective use of public resources.

#### **2. Irregular Engagement of Staff on Internship**

Examination of personnel records indicated that the Agency appointed six (6) young persons for internship during the year under review.

However, the appointments were made contrary to Chapter 3 of the Public Service Commission (PSC) - Guidelines on Management of The Public Service Internship Programme, October, 2019 which requires all Ministries, Departments and Agencies (MDAs) to declare to the PSC the positions available for internship in their entities within two months of the close of every financial year. The Commission may then appoint suitable candidates to be matched with the requirements from the MDAs. According to

the guidelines, the selected interns are deployed to the respective MDAs by the Commission.

Further, the interns were compensated at the rate of Kshs.10,000 per month instead of Kshs.25,000 prescribed by the PSC.

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

### **3. Irregular Payment of Hardship Allowance**

Salaries records indicated that allowances totalling Kshs.2,114,335 were paid to staff in the year under review. However, review of the Human resource records provided for audit indicated that several employees eligible for hardship allowance did not receive the allowance. Further, the allowance was paid at Kshs.600 for singles and Kshs.1,200 for married persons. This was contrary to the Salaries and Remuneration Commission Circular Number SRC/ADM/CIR/1/13 Vol 111 (126) of 10 December, 2014, which classifies civil service cadres from Job Group A to Job Group T eligible to receive hardship allowance at rates ranging from Kshs.2,800 to Kshs.60,000.

As a result, the Management may have breached regulations on payment of hardship allowance.

### **4. Lack of Ethnic Diversity in Staffing**

Personnel records indicated that the Authority had 350 employees as at 30 June, 2021. However, an analysis of employee records revealed that 131 or 37% were from the same ethnic community contrary to Section 7(2) of the National Cohesion and Integration Act 2008. The law prohibits any public entity from having more than one third of its staff from the same ethnic community.

Consequently, Management was in breach of the Law.

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

### **Manual Accounting Records**

As similarly reported in previous years, review of the Authority's Accounting System indicated that financial records were mainly maintained in manual form with ledgers maintained in Excel work sheets despite the Authority's expansive operations that span both Tana and Athi River basins. Manual records do not support real-time monitoring of the operations and transactions and may be more prone to errors and unauthorized changes.

In addition, there was no evidence that independent internal checks were carried out on transactions reflected on receipt books and cashbooks maintained at the Authority's stations. Further, Excel ledgers mainly reflected monthly transaction totals and did not show details on individual transactions that would validate the respective amounts cited.

The weaknesses in the internal control system may result in loss or improper use of public resources entrusted to the Authority.

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 the 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 governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable, matters related to 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 Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**08 September, 2022**

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

		Jun-21	Jun-20
	NOTE	KSHS	KSHS
<b>Revenue from Non-Exchange transactions</b>			
Transfer from the Ministry	6	287,000,000	345,808,409
<b>Revenue From exchange transactions</b>			
Rendering of Services	7	7,510,907	12,939,794
Sale of goods	8	6,238,593	7,205,271
Rental Revenue From facilities and equipment	9	44,404,602	47,333,306
Other income	10	64,291,192	66,881,043
Gross Revenue		122,445,294	134,359,414
Less- Cost of Production	11	(53,291,337)	(52,489,188)
Net Revenue from cost of sale		<u>69,153,957</u>	<u>81,870,226</u>
<b>Total Revenue</b>		<u><b>356,153,957</b></u>	<u><b>427,678,635</b></u>
<b>EXPENSES</b>			
Use of goods and Services	12	51,669,824	62,792,699
Employee costs	13	384,054,545	377,829,799
Remuneration of directors	14	10,251,858	12,963,763
Depreciation and Amortization	15	436,945,294	439,671,967
Repair and Maintenance	16	2,888,181	4,313,497
Grants and subsidies	17	139,364,724	106,713,985
Finance Costs	18	<u>525,276</u>	<u>647,422</u>
<b>Total Expenses</b>		<u><b>1,025,699,702</b></u>	<u><b>1,004,933,132</b></u>
<b>NET DEFICIT</b>		<u><b>(669,545,745)</b></u>	<u><b>(577,254,498)</b></u>

**MANAGING DIRECTOR**

Name LIBRA R. DUBA

Sign [Signature]

Date 29/06/2022

**HEAD OF FINANCE**

Name DAVID KIMAITO

Sign [Signature]

Date 29/06/2022

**CHAIRMAN OF THE BOARD**

Name HON. JAMES NJIRI

Sign [Signature]

Date 30/06/2022

*Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2021*

**14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

		Jun-21	Jun-20
	NOTE	KSHS	KSHS
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	19a	103,511,676	17,050,369
Bank-Climate Change	19b	1,268,403	14,950,255
Trade Receivables	20	248,983,598	499,333,307
Inventories	21	21,735,878	21,520,886
Biological Assets	22	16,574,990	16,332,827
<b>Total Current Assets</b>		<b>392,074,545</b>	<b>569,187,643</b>
<b>Non - Current Assets</b>			
Property Plant and Equipment	23	8,671,873,326	9,063,882,515
Work in progress	24	234,152,289	260,398,843
Investments -Portfolio	25	24,500,000	24,500,000
<b>Total Non - Current Assets</b>		<b>8,930,525,615</b>	<b>9,348,781,358</b>
<b>Total Assets</b>		<b>9,322,600,161</b>	<b>9,917,969,001</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other Payables	26	398,744,602	364,209,377
<b>Total Current Liabilities</b>		<b>398,744,602</b>	<b>364,209,377</b>
<b>Funds and Reserves</b>			
Capital Fund	27	5,091,164,978	5,037,889,978
Tourism Trust Fund	28a	-	28,114
Climate Change Fund	28b	1,268,403	14,950,255
Accumulated Deficit		(15,866,411,044)	(15,196,941,944)
Revaluation Reserve	30	19,697,833,221	19,697,833,221
OECF Loan	31	-	-
<b>Total funds and Reserves</b>		<b>8,923,855,559</b>	<b>9,553,759,624</b>
<b>Total Liabilities,funds and Reserves</b>		<b>9,322,600,161</b>	<b>9,917,969,001</b>

The financial statements set out on pages 1 – 26 were signed on behalf of the Board of Directors by:

**MANAGING DIRECTOR**

Name LILIAN R. DWBA  
 Sign [Signature]  
 Date 29/06/2022

**HEAD OF FINANCE**

Name DAVID KIMARI  
 Sign [Signature]  
 Date 29/06/2022

**CHAIRMAN OF THE BOARD**

Name HON. CAPT. JOE MUKAMBU  
 Sign [Signature]  
 Date 30/06/2022

*Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2021*

**15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

	Loan Capital	Capital Fund	Accumulated Deficit	Revaluation Reserve	Tourism Trust Fund	Climate Change	Total
<b>As At 30th June 2019</b>	<b>272,086,200</b>	<b>4,380,203,778</b>	<b>(14,682,826,790)</b>	<b>19,697,833,221</b>	<b>28,114</b>	<b>5,151,223</b>	<b>9,672,475,746</b>
Prior year adjustment No.25			63,139,344				63,139,344
Loan Repayments	(272,086,200)	272,086,200					-
Amount Received-Climata Change						34,177,269	34,177,269
Climate Change Expenses						(24,378,237)	(24,378,237)
GOK Capital Grants		385,600,000					385,600,000
Deficit for the year			(577,254,498)				(577,254,498)
<b>As At 30th June 2020</b>	<b>-</b>	<b>5,037,889,978</b>	<b>(15,196,941,944)</b>	<b>19,697,833,221</b>	<b>28,114</b>	<b>14,950,255</b>	<b>9,553,759,624</b>
Amount Received-Climata Change						4,131	4,131
Climate Change Expenses						(13,685,983)	(13,685,983)
GOK Capital Grants		53,275,000					53,275,000
Prior year adjustment No. 17			76,646				76,646
Deficit for the year			(669,545,745)				(669,545,745)
Transfer to Unclaimed F.A Body					(28,114)		(28,114)
<b>As At 30th June 2021</b>	<b>-</b>	<b>5,091,164,978</b>	<b>(15,866,411,044)</b>	<b>19,697,833,221</b>	<b>-</b>	<b>1,268,403</b>	<b>8,923,855,559</b>

**NB:** The Authority received Kshs.53.275M in the year under review for Development activities.

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**16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Note	Jun-21 Kshs	Jun-20 Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Revenue From Non -Exchange Transactions	6	287,000,000	345,808,409
Rendering of Services	7	7,510,907	12,939,794
Sale Of Goods	8	6,238,593	7,205,271
Rental Revenue	9	44,404,602	47,333,306
Other Income	10	64,291,192	66,881,043
Cost Of Production	11	(53,291,337)	(52,489,188)
Revenue From Exchange Transactions		<u>69,153,957</u>	<u>81,870,226</u>
<b>Total Receipts</b>		<b><u>356,153,957</u></b>	<b><u>427,678,635</u></b>
<b>Payments</b>			
Use of goods and services	12	51,669,824	62,792,699
Employee costs	13	384,054,545	377,829,799
Remuneration of directors	14	10,251,858	12,963,763
Repair and Maintenance	16	2,888,181	4,313,497
Grants and subsidies	17	139,364,724	106,713,985
Finance Costs	18	525,276	647,422
<b>Total payments</b>		<b><u>588,754,408</u></b>	<b><u>565,261,165</u></b>
<b>Net cash flows from operating activities</b>		<b><u>(232,600,451)</u></b>	<b><u>(137,582,530)</u></b>
<b>Cash flows from investing activities</b>			
Prior year adjustment Vouchers		76,646	63,139,344
decrease in trade & other receivables	20	250,349,712	(330,966,634)
increase in inventory	21	(214,992)	2,079,416
Increase in Biological Asset	22	(242,163)	(1,478,964)
Purchases for the year	23	(16,478,526)	(1,845,411)
MDR -Constructions(work in progress)	24	(2,211,030)	(3,124,900)
Increase in Trade Payables	26	34,535,225	2,968,847
Transfer to unclaimed Financial asset body	28a	(28,114)	-
<b>Net cash flows used in investing activities</b>		<b><u>265,786,758</u></b>	<b><u>(269,228,302)</u></b>
<b>Cash flows from financing activities</b>			
Increase in Capital Funds- GOK Grants Development		<u>53,275,000</u>	<u>385,600,000</u>
<b>Net cash flows used in financing activities</b>		<b><u>53,275,000</u></b>	<b><u>385,600,000</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>86,461,307</b>	<b>(21,210,832)</b>
<b>Cash and cash equivalents at 1st July 2020</b>		<b>17,050,369</b>	<b>38,261,202</b>
<b>Cash and cash equivalents at 30 June 2021</b>	19/19a	<b><u>104,780,079</u></b>	<b><u>17,050,369</u></b>
<b>Climate Change -BANK</b>	19b	<b>-</b>	<b>14,950,255</b>

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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>INCOME</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on comparable Basis</b>	<b>Performance Difference</b>	<b>% Of Utilization</b>
Transfers from other GOK Entities	661,700,000	-	608,975,000	608,975,000	-	100%
Rendering of services	16,596,207	-	16,596,207	7,510,907	9,085,300	45%
Sale of Goods	13,784,884	-	13,784,884	6,238,593	7,546,291	45%
Property Taxes and Revenue	48,499,404	108,000	48,607,404	15,475,404	33,132,000	32%
Other Income	91,095,609	-	91,095,609	81,238,965	9,856,644	89%
<b>Total</b>	<b>831,676,104</b>	<b>52,617,000</b>	<b>779,059,104</b>	<b>719,438,869</b>	<b>59,620,235</b>	<b>92%</b>
<b>EXPENDITURE</b>						
Employee Costs	404,000,000	-	396,500,000	384,054,545	12,445,455	97%
Use of Goods and Services	51,650,000	4,200,000	55,850,000	51,669,824	4,180,176	93%
Remuneration of Directors	10,000,000	2,000,000	12,000,000	10,251,858	1,748,142	85%
Repairs and Maintenance	3,300,000	-	3,100,000	2,888,181	211,819	93%
Finance costs	700,000	-	700,000	525,276	174,724	75%
Cost of production	63,818,578	200,000	64,018,578	53,291,338	10,727,240	83%
Grants and subsidies	275,892,474	-	223,275,474	139,364,724	83,910,750	62%
<b>Total</b>	<b>809,361,052</b>	<b>53,917,000</b>	<b>755,444,052</b>	<b>642,045,746</b>	<b>113,398,306</b>	<b>85%</b>
<b>Surplus</b>	<b>22,315,052</b>	<b>1,300,000</b>	<b>23,615,052</b>	<b>77,393,123</b>	<b>53,778,071</b>	

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**MATERIAL VARIANCE NOTES**

**Income**

***Rendering of Services- Adverse Variance 55%***

Underperformance of the Masinga and Tana Delta Resorts resulting from Covid-19 containment measures was the primary cause.

***Sale of Goods – Adverse Variance 55%***

This was caused by continued deterioration of Tarda enterprises' operating infrastructure, stifling revenue generating activities.

***Property Taxes and Revenue- Adverse Variance 68%***

Revenue from lease of TDIP land of kshs 30 million was unrealized as at the end of the period.

Delay by CIC insurance company in remitting fourth quarter lease charges to the Authority.

**Expenses**

***Use of Goods and Services- Under expenditure 7%***

Management applied various cost cutting measures on several items aimed at mitigating the effects of relatively low internal revenue performance.

***Remuneration of directors –Under expenditure 15%***

Management applied various cost cutting measures on several items aimed at mitigating the effects of relatively low internal revenue performance.

***Cost of sales – Under expenditure 15 %***

Management applied various cost cutting measures on several items aimed at mitigating the effects of relatively low internal revenue performance.

***Finance costs – Under Expenditure 25 %***

The decision to harmonize Tarda enterprises bank accounts resulted in reduced transaction costs for the Authority.

**Grants and Subsidies – Under Expenditure 38%**

Attributable to delayed mobilization by contractors to project sites as a result of Covid-19 mitigation measures

Delayed disbursement of funds from the Exchequer also contributed to under expenditure

**18. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

TARDA was formed through an Act of Parliament Cap 443 in 1974 and was mandated to undertake long term integrated land and water based natural resources development planning of the Tana river Basin, initiate, regulate and coordinate all development activities and actors within the basin for optimal socio-economic welfare of the surrounding people and Kenya at large. Tana and Athi Rivers Development Authority (TARDA) is one of the six Regional Development Authorities (RDA) established under specific Parliamentary Acts in Kenya. TARDA IS responsible to the Government of Kenya through the Ministry of East African Community and Regional Development. The Authority has a governance structure consisting of Fifteen (15) Board Members, including the Chairman appointed by the President and the MD as the Secretary to the Board

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

TARDA has adopted the international Public Sector Accounting Standards for the first time in June 2014 and the financial statements have been prepared in accordance with and comply with IPSAS. The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of TARDA.

- 3.** The financial statements have been prepared on the basis of historical cost. The Public Finance Management (PFM) Act 2012 Section 192 provided the setting up of the Public Sector Accounting Standards Board (PSASB). The Cabinet Secretary National Treasury, gazetted members of the Board through Gazette Notice No. 1199 of 28 February, 2014. Following the Board's approval on the adoption of the International Financial Reporting Standards (IFRS) for state organs operating as Commercial Business Entities and The International Public Sector Accounting Standards (IPSAS) for non-commercial entities, the entity has adopted the

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pronouncements made by the IPSAS board in preparation of its current year financial statements.

#### **4. Summary of significant Accounting Policies**

##### **a) Revenue Recognition**

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

Transfers from other Government Entities

Revenues from non-exchange transactions with other Government entities are measured at fair value and recognized on obtaining control of the asset. If the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

##### **ii) Revenue from exchange transactions**

##### **Sale of goods**

Revenue from sale of goods is recognized when the significant risks and rewards are transferred to the buyer, usually on delivery of goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Revenue also comprises of the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of TARDA's activities.

##### **Rendering of services**

Revenue from rendering of services is recognized by reference to the stage of completion when the outcome of the transaction can be estimated reliably, and this is also in accordance with the terms specified by the Management of TARDA. (Prevailing rates at a particular time.)

##### **Exchange transactions**

Exchange transactions are recognized initially at fair value. They are then valued less any provision made. A provision for impairment of receivables is established when there is objective evidence that TARDA will not be able to collect all amounts due according to the original terms of the receivables.

##### **Other Revenue**

Other revenue consists of gains on disposal of property plant and equipment. Any gain on disposal is recognized immediately on sale and is determined by deducting the proceeds from the sale of the value of the asset.

##### **b) Financial instruments**

### **Equity**

TARDA's equity comprises of cash funding from the government, grants etc. All subsequent receipts of the same are recognized as revenues in the statement of financial performance.

### **c) Budget information**

TARDA's budget is prepared on accrual basis using line based budget which capitalizes operation and maintenance, to underlying assets. The budgets are approved by the board of Directors on an annual basis.

### **d) Property Plant and Equipment**

All property plant and Equipment are stated at cost less accumulated depreciation. Costs include expenditure that is directly attributable to the acquisition of the items. When significant parts of property plant and Equipment require replacement at intervals, TARDA recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

TARDA recognizes items of property plant and Equipment upon disposal or if there are no significant future economic benefits expected from its continuity. The assets useful lives are reviewed and adjusted prospectively if appropriate at the end of 5 years.

Gains or losses arising from de-recognition of these assets are measured as the difference between the net disposal and the carrying amount of the asset and are recognized as surplus or deficit. All repairs and maintenance of the assets are expensed during the period incurred.

### **e) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. They are carried at cost less any accumulated amortization and any impairment losses. Amortization is provided over the estimated useful life using the straight-line method. Software is amortized over a useful life of three years. Intangible assets are de-recognized if there is no future benefit that will arise from its continuity.

### **f) Inventory**

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale. The annual physical stocktaking is conducted at every end of financial year. Any obsolete stock values are deducted from the inventory total since they have a zero value.

### **g) Provisions**

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Provisions are recognized when the entity has a present obligation (Legal or Constructive) as a result of a past event; it's probable that an outflow of resources embodying economic benefit or service potential required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**Contingent Liabilities**

TARDA does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements.

**Contingent Asset**

At the end of the financial year 2020/21 TARDA had no contingent asset existing.

**h) Nature and purpose of Reserves**

TARDA creates and maintains reserves in terms of specific requirements.

**Loan Capital**

This was loan taken for JICA for the construction of TDIP. The government of Kenya assumes loan repayment responsibility since the project cannot sustain itself or breakeven due to massive destruction by the 1997 El-Nino rains. However the last loan repayment period was March 2020.

**Capital fund**

The capital fund represents the resources that were availed in the inception of the Authority and also the loans paid on TARDAS behalf by the Government. GoK disbursement in respect of development outlay is also captured under the fund.

**Revaluation Reserve**

This represents capital reserves that arise as a result of Revaluation of TARDA's Assets.

**Revenue Reserve**

This is the accumulation of undistributed profit mainly for strengthening the financial position of TARDA and meeting future contingencies. The Reserve can be either a surplus or deficit depending on losses or profits carried over.

**Tourism Trust Fund**

This is a balance from tourism trust fund promotion in MDR. The fund has since been wound up and balance remitted to unclaimed financial asset body.

**Climate Change Adaptation Programme**

The National Government through MWENR, NEMA and TARDA is implementing the Climate Change Adaptation programme.

**i) Employee Benefits**

**TARDA employs staff under three categories:**

- Those who are on permanent employment, earn monthly salary till their exit from TARDA.

- Those on temporary basis earn salaries up to the end of their contracts.
- Those under casual employment earn casual wages for the agreed period.

Permanent employees also enjoy a yearly leave allowance, monthly medical allowance and sick offs.

#### **Salary Advance**

Salary Advances are provided to assist staff settle personal commitments. They are repayable within a period of 12 months and also adhering to the 1/3<sup>rd</sup> rule.

#### **Pension Obligation**

TARDA has post employee benefit whereby it makes pension contributions on behalf of its staff in accordance with the laws established by the parent Ministry. The contributions are treated as payments to a defined contribution pension plan.

A defined contribution is a pension plan under which fixed contributions are paid into a separate pension and entity fund. The contributions are recognized as employee benefit expense when they are due. TARDA also has short term employee benefits such as wages and salaries, leave allowance, sick offs, and medical allowance.

#### **j) Cash and Cash equivalents**

Cash and Cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at various commercial banks at the end of the financial year. Cash on hand is mainly petty cash and unbanked sales at the end of the financial year.

#### **k) Related Parties**

TARDA regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over TARDA. Members of key management are regarded as related parties and comprise of the Board of Directors, Chief Executive officer and the Chief Managers.

	2021	2020
Directors Allowances	10,251,858	12,963,763
CEO and senior Management salaries	51,839,718	54,250,560

#### **l) Financial Risk Management Disclosures**

- **Credit Risk**-Failure by KPLC/KenGen to repay the long outstanding debt which they owe TARDA, and subsequent nonpayment of Revenues generated through Masinga and Kiambere dams has negatively affected the financial position of the Authority.

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TARDA is also exposed to credit risks on its debtor's accounts as most of its customers are external. However, it seeks to reduce the credit risk through setting limits for debtors and monitoring the existing ones.

Cash and bank Equivalents are held in banks with sovereign risks.

	Jun-21	Jun-20
Total debtors	1,510,101,432	1,760,451,141
Amount due from KPLC(1988)	1,179,215,376	1,179,215,376
Provision for bad debts	(1,261,117,834)	(1,261,117,834)
Net Debtors	248,983,598	499,333,307
Cash at Bank	103,511,676	17,050,369
Cash at Bank – Climate Change Programme	1,268,403	14,950,255

**Liquidity Risk**-TARDA has significant exposure to liquidity risk as it relies mostly on the Parent Ministry for both its development and Recurrent funds. The parent Ministry is not timely on its remittances and at times funds are remitted partly hence TARDA is not in a position to meet its obligations as they fall due.

Period	FY 2020- 2021	FY 2019-2020
Over 30 days	52,120,500	268,700,000
Over 60 days	68,170,400	25,800,000
Over 90 days	70,140,200	14,526,000
Over 120 days	<u>58,552,498</u>	<u>190,307,307</u>
<b>Total</b>	<b><u>248,983,598</u></b>	<b><u>499,333,307</u></b>

**Market Risk**

Any fall in prices in the market in relation to prices of Biological assets negatively affect our revenue of the Authority.

**Forex exchange Risk**

TARDA is exposed to Forex exchange risk if the exchange risk is adjusted upwards against the shilling when dealing with issues such as overseas procurements like spare parts, exchange of money for inland expenses while staffs are officially travelling overseas.

**5. Significant judgments and sources of estimation and uncertainty.**

The Management of TARDA, makes judgments, estimates and assumptions that affect the reported amounts of Revenues, expenses, Assets and Liabilities at the end of the reporting period.

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following pre-determined depreciation rates.

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Depreciation of assets is calculated using the straight line method to write down their cost or revalued amount to their residual values over the estimated useful life using the following annual Rates.

a) Assets	Rates (%)
i) <b>Masinga Dam &amp; Kiambere Power Station</b>	
a) Civil Engineering Works	2.50
b) Electro-Mechanical Works	12.50
ii) <b>Motor Vehicles</b>	
a) Saloons and Light Trucks	25.00
b) Lorries and Tractors	33.30
iii) Equipment	10.00
iv) Computers and intangibles	20.00
v) Furniture and Fittings	7.50
vi) Buildings	2.50
Vii) Intangible	33.0

**b) Biological Assets**

Estimation of value for TARDA's Biological Assets is purely based on the market value of the asset during sale and this also becomes the carrying amount of the asset.

**Inventory**

Stocks are valued at cost price. Prices for Agricultural produce are determined based on the prevailing market prices.

**c) Subsequent events**

There have been no events subsequent to the financial year end with significant impact on the financial statements for the year ended June 30, 2021.

**6. Transfers from Ministry**

Name of the Entity Sending the grant	Amount recognized to statement of financial performance Kshs.	Amount deferred under deferred income Kshs.	Amount recognized in capital fund Kshs.	Total Transfers 2020/21 Kshs.	Prior Year 2019/20 Kshs.
Ministry of EAC and Regional Development-Salaries	287,000,000			287,000,000	345,808,409
Ministry of EAC and Regional Development-Capital	-	-	<u>53,275,000</u>	<u>53,275,000</u>	<u>385,600,000</u>
<b>Totals</b>	<u>287,000,000</u>	=	<u>53,275,000</u>	<u>340,275,000</u>	<u>731,408,409</u>

**7. Rendering of Services**

	Jun-21	Jun-20
Tana delta Resort	1,510,830	1,084,143
Kiambere Guest House	645,816	455,891

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Masinga Dam Resort	5,354,261	11,399,760
<b>Total Revenue From the Rendering of Services</b>	<u><b>7,510,907</b></u>	<u><b>12,939,794</b></u>

The revenue from Exchange transactions above relate to AIA KenGen for conservation and buffer zone protection while Sale of produce relates to Milk in Emali, Honey in Kiambere bufferzone, tree seedlings in Upper Athi and Tana Region. Desilting of Reservoir income relate to revenue generated from sale of desilted sand from Kiambere Dam while lease income relates to revenue rental and lease income from housing in Masinga, Kiambere and Upper Hill respectively. Collection of lease income of Kshs. 30M from TDIP is uncertain. Rendering Services income relate to income from Masinga Resort and Kiambere Guest House respectively.

<b>8. Sale Of Goods</b>	<b>Jun-21</b>	<b>Jun-20</b>
Sale of Farm produce	4,441,015	3,750,775
Sale of tree seedlings	1,797,578	3,454,496
<b>Total Revenue from the Sale of goods</b>	<u><b>6,238,593</b></u>	<u><b>7,205,271</b></u>

<b>9. Rental Revenue</b>	<b>Jun-21</b>	<b>Jun-20</b>
Lease income - Tana Delta Irrigation Project	30,000,000	30,000,000
- upper hill	10,800,000	10,800,000
Rent - Kengen houses & others	3,604,602	6,533,306
<b>Total lease and rental revenue</b>	<u><b>44,404,602</b></u>	<u><b>47,333,306</b></u>

<b>10. Other Income</b>	<b>Jun-21</b>	<b>Jun-20</b>
KENGEN -Rehabilitation Of Dam Catchment	55,799,992	59,933,334
Kiambere -Sale of Desilting of reservoir waste	8,491,200	6,947,709
<b>Total Other Income</b>	<u><b>64,291,192</b></u>	<u><b>66,881,043</b></u>

TARDA received Kshs. 55.8m net from KenGen for catchment conservation within Kiambere & Masinga Dam

<b>11. Cost Of Production</b>	<b>Jun-21</b>	<b>Jun-20</b>
Tana Delta Irrigation Farm	1,451,006	4,424,118
Tana Delta Resort	1,472,691	884,149
Kibwezi farm	1,796,839	1,116,275
Emali Farm	2,460,737	2,778,593
Kiambere Farm	1,718,940	1,275,406
Masinga Dam Resort	7,397,833	11,718,692
Lower Athi Region	795,155	1,470,352
Kitui Honey Refinery	476,400	636,712
Buffer zone Conservation-Sand Harvesting	4,768,487	4,895,451
Tana Region	39,016	195,804

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UpperAthi Region	1,904,070	1,502,915
Masinga Irrigation Project	593,485	1,347,604
Masinga Afforestation	744,502	590,792
Tana Bridge	299,760	173,690
Machakos Tree Nursery	1,051,470	622,384
Wote Tree Nursery	311,966	156,336
Strategic Objective Activities	<u>26,008,980</u>	<u>18,699,915</u>
<b>Total Cost of Sales</b>	<b><u>53,291,337</u></b>	<b><u>52,489,188</u></b>

12. Use of Goods and Services	Jun-21	Jun-20
Insurances	3,547,295	2,876,333
Legal fees, Licences and Subscriptions	741,061	6,801,096
Motor Running - Fuel and oil	1,999,440	2,983,566
Rent and Rates	19,673,665	21,173,637
Water and Electricity	523,144	883,158
Security Expenses	1,167,624	930,863
Stationery Expenses	812,578	1,307,576
Printing and Publishing	31,401	77,507
Advertising and Publicity	1,251,702	518,040
Telephone and Internet	1,802,015	1,416,771
Postage Expenses	29,790	18,970
Hire of Transport	1,122,950	948,582
Subsistence and Accommodation	15,765,058	18,994,296
Library Expenses	20,900	-
Audit Fees	696,000	696,000
Training	260,820	418,560
Stock Taking	747,000	662,400
Uniform and clothing	163,649	-
Official Entertainment	112,458	291,218
Staff Welfare	<u>1,201,274</u>	<u>1,794,126</u>
<b>Total Use of Goods and Services</b>	<b><u>51,669,824</u></b>	<b><u>62,792,699</u></b>

**Authority as a lessee**

a) TARDA has entered into contract with Gimco Ltd for the lease of one floor (7<sup>th</sup>) at

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Queensway House. This is renewable after every two years. The lease payments are recognized as an expense in the income statement over the lease term on a straight linebasis.

b) **Land Rates:** Land rates are payable on a yearly basis on all TARDA project.

<b>13. Employee Costs</b>	<b>Jun-21</b>	<b>Jun-20</b>
Medical Expenses	37,371,228	5,463,000
Leave Allowance	2,292,000	2,468,000
Casual Wages	7,269,058	14,527,846
Salaries	318,092,961	334,909,904
Pension and Gratuity	<u>19,029,298</u>	<u>20,461,049</u>
<b>Total Employee Costs</b>	<b><u>384,054,545</u></b>	<b><u>377,829,799</u></b>
<b>14. Remuneration of Directors</b>	<b>Jun-21</b>	<b>Jun-20</b>
Sitting Allowance	5,900,000	4,500,000
Travelling and Accommodation	2,346,420	5,415,261
Mileage	504,459	1,134,410
Airtime	204,000	-
Printing and Stationery	227,019	194,464
Medical Allowance	-	162,796
Training	49,960	473,560
Honoraria	<u>1,020,000</u>	<u>1,083,272</u>
<b>Total Remuneration of Directors</b>	<b><u>10,251,858</u></b>	<b><u>12,963,763</u></b>
<b>15. Depreciation and Amortization</b>	<b>Jun-21</b>	<b>Jun-20</b>
Property Plant and Equipment	<u>436,945,294</u>	<u>439,671,967</u>
<b>Total Depreciation and Amortization</b>	<b><u>436,945,294</u></b>	<b><u>439,671,967</u></b>
<b>16. Repair and Maintenance</b>	<b>Jun-21</b>	<b>Jun-20</b>
Computer Expenses	190,650	483,250
Motor Maintenance	1,562,793	2,578,370
Maintenance of Building and Stations	890,366	893,907
Office Equipment maintenance	<u>244,372</u>	<u>357,970</u>
<b>Total Repair and Maintenance</b>	<b><u>2,888,181</u></b>	<b><u>4,313,497</u></b>
<b>17. Grants and Subsidies</b>	<b>Jun-21</b>	<b>Jun-20</b>
Community Development-Muranga Integrated Project	28,077,293	23,151,692

***Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2021***

	Community Development -Kieni Integrated Project	73,804,480	29,909,042
	Tana Delta Irrigation Project	<u>37,482,951</u>	<u>53,653,251</u>
	<b>Total Grants and Subsidies</b>	<b><u>139,364,724</u></b>	<b><u>106,713,985</u></b>
<b>18.</b>	<b>Finance Cost</b>	<b>Jun-21</b>	<b>Jun-20</b>
	Bank Charges	<u>525,276</u>	<u>647,422</u>
	<b>Total Finance Cost</b>	<b><u>525,276</u></b>	<b><u>647,422</u></b>
<b>19 (a)</b>	<b>Cash and Cash Equivalents</b>	<b>Jun-21</b>	<b>Jun-20</b>
	Current Account	98,221,307	14,510,949
	Savings Account	5,290,056	2,533,226
	Cash on Hand	313	6,194
		<u>103,511,676</u>	<u>17,050,369</u>
<b>19(b)</b>	<b>Climate Change Programme-BANK</b>	<u>1,268,403</u>	<u>14,950,255</u>
	<b>NB</b> The balance of Kshs 1.2million relate to the retention of funds in relation to construction of community water supply for irrigation in Embu,Makueni and Nyeri Counties provided by NEMA		
<b>20</b>	<b>Trade Receivable</b>	<b>Jun-21</b>	<b>Jun-20</b>
	Staff Advances	314,623	305,606
	Trade Receivables	1,499,521,809	1,481,180,535
	Other Receivables	<u>10,265,000</u>	<u>278,965,000</u>
		<b><u>1,510,101,432</u></b>	<b><u>1,760,451,141</u></b>
	Provision for bad debts	(1,261,117,834)	(1,261,117,834)
		<b><u>248,983,598</u></b>	<b><u>499,333,307</u></b>
<b>21</b>	<b>Inventory</b>	<b>Jun-21</b>	<b>Jun-20</b>
	Stationery	969,893	852,432
	Household Goods	55,324	-
	Fertilizers	3,349,000	3,349,650
	Spare Parts	8,723,348	9,164,410
	Construction Materials	4,084,165	4,073,015
	Refreshment and Beverages	246,800	216,129
	Farm inputs-Chemicals, seeds, drugs	3,349,373	3,368,170
	Fuel and Lubricants	43,141	-
	Vets drugs & Vaccination	50,870	-
	Seeds-Greengrams, Pumpkin, Maize		40,550
	Honey	694,750	276,530
	Food	19,215	-
	Animal Feed - Bran & Hay	<u>150,000</u>	<u>180,000</u>
		<b><u>21,735,878</u></b>	<b><u>21,520,886</u></b>

*Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2021*

<b>22</b>	<b>Biological Assets</b>	<b>Jun-21</b>	<b>Jun-20</b>
	Emali/Kiambere/Masinga Livestock	6,475,500	7,079,100
	Seedlings/Farm Produce	<u>10,099,490</u>	<u>9,253,727</u>
		<u><b>16,574,990</b></u>	<u><b>16,332,827</b></u>

*Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2021*

NOTE 23: PROPERTY PLANT AND EQUIPMENT										
DETAILS	MOTOR VEHICLES	PLANT & EQUIP.	FURN. & FITTINGS	LAND	BUILDINGS	COMPUTERS	MASINGA HEP	KIAMBERE HEP	TOTAL	
Cost As At 1st July 2019	335,528,349	1,926,237,085	71,222,548	1,264,135,430	1,779,406,458	25,542,725	6,134,385,600	9,385,013,300	20,921,471,495	
Additions For the Year			1,845,411						1,845,411	
Disposals For the Year		(12,020,980)							(12,020,980)	
Cost As At 30th June 2020	335,528,349	1,914,216,105	73,067,959	1,264,135,430	1,779,406,458	25,542,725	6,134,385,600	9,385,013,300	20,911,295,926	
Depreciation As At 1st July 2019	328,569,955	1,920,244,877	65,472,572	-	1,320,861,128	24,914,451	3,067,192,800	4,692,506,645	11,419,762,428	
Charge for the Year	5,381,519	909,431	654,126	-	44,485,161	256,757	153,359,640	234,625,333	439,671,967	
Provision for Depreciation on Disposal		(12,020,980)	-	-	-	-	-	-	(12,020,980)	
Accumulated Depreciation As At 30th June 2020	333,951,474	1,909,133,328	66,126,698	-	1,365,346,289	25,171,208	3,220,552,440	4,927,131,978	11,847,413,411	
Cost As At 1st July 2020	335,528,349	1,914,216,105	73,067,959	1,264,135,430	1,779,406,458	25,542,725	6,134,385,600	9,385,013,300	20,911,295,926	
Additions For the Year	-	12,425,000	3,566,076	-	28,457,584	487,450	-	-	44,936,110	
Disposals/Loss by fire For the Year	(21,294,661)	-	(1,925,700)	-	-	-	-	-	(23,220,361)	
Cost As At 30th June 2021	314,233,688	1,926,641,105	74,708,335	1,264,135,430	1,807,864,042	26,030,175	6,134,385,600	9,385,013,300	20,933,011,675	
Depreciation As At 1st July 2020	333,951,474	1,909,133,328	66,126,698	-	1,365,346,289	25,171,208	3,220,552,440	4,927,131,978	11,847,413,415	
Charge for the Year	1,576,875	1,531,431	761,413	-	44,840,881	249,721	153,359,640	234,625,333	436,945,294	
Provision for Depreciation on Disposal	(21,294,661)	-	(1,925,700)	-	-	-	-	-	(23,220,361)	
Accumulated Depreciation As At 30th June 2021	314,233,688	1,910,664,759	64,962,411	-	1,410,187,170	25,420,929	3,373,912,080	5,161,757,311	12,261,138,348	
Net Book Value As At 30th June 2021	-	15,976,346	9,745,924	1,264,135,430	397,676,872	609,246	2,760,473,520	4,223,255,989	8,671,873,326	
Net Book Value As At 30th June 2020	1,576,875	5,082,777	6,941,261	1,264,135,430	414,060,169	371,517	2,913,833,160	4,457,881,322	9,063,882,515	

*Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2021*

**NOTES TO THE FINANCIAL STATEMENTS**

<b>24 Work in Progress</b>	<b>Jun-21</b>	<b>Jun-20</b>
Tana Delta Irrigation Project	234,152,289	234,152,289
Masinga Dam Resort	-	26,246,554
	<u>234,152,289</u>	<u>260,398,843</u>

The Work in Progress in Tana Delta Project relates to Structures which were destroyed by 1997 El Nino. The houses were neither Commissioned nor certificate of completion issued to TARDA. Plans are underway to rehabilitate some of these houses and convert them into guest houses.

<b>25 Investment - Consolidated Bank</b>	<b>Jun-21</b>	<b>Jun-20</b>
265,000 Ordinary Shares@ 20.00 each	5,300,000	5,300,000
960,000 4% Preference Shares @20.00 each	19,200,000	19,200,000
	<u>24,500,000</u>	<u>24,500,000</u>

These shares are held at Consolidated Bank and do not earn dividends, however listing of the bank at Nairobi Stock Exchange is at advanced stage.

<b>26 Trade and Other Payables</b>	<b>Jun-21</b>	<b>Jun-20</b>
Creditors Account	135,881,705	123,811,428
Statutory Deductions & other Sundry Creditors	251,144,385	223,458,769
	<u>387,026,090</u>	<u>347,270,197</u>
Retention account	6,846,512	12,763,180
Audit fees Provision	4,872,000	4,176,000
	<u>398,744,602</u>	<u>364,209,377</u>

### **Nature of KPLC debt**

This debt relates to sale of bulk power to KPLC for periods prior to April 1988. The matter is being handled by Public Investment Committee (PIC).

Court Guarantee of Kshs.10 million relate to money deposited with the Court in relation to Masinga compensation case. The Authority is yet to receive the money from our lawyers

### **Financial Risk management disclosures**

**Credit Risk**-Failure by KPLC/KenGen to repay the long outstanding debt which they owe the Authority and subsequent non repayments of revenues generated through Masinga and Kiambere Dams has negatively affected the financial position of the Authority.

TARDA is exposed to credit risks on its debtor Accounts as most of its debtors are external. However, it seeks to reduce the credit risk through setting credit limits for debtors and monitoring the existing debts.

TARDA is also exposed to credit risk since its operating budget is financed by the government.

Cash and bank equivalent are held in banks with sovereign risks which is very minimal.

	<b>June 2021</b>	<b>June 2020</b>
Amounts due from KPLC	1,179,215,376	1,179,215,376
Other receivables – Net	248,983,598	499,333,307

### **Liquidity Risk**

The Authority has significant exposure to liquidity risk as it depends mostly on the Parent Ministry for both Development and Recurrent. The parent Ministry does not remit funds in time.

Any cash from its operations is restricted and banked intact hence liquidity risk.

**Market Risk**-A fall in prices in the market in relation to the prices of biological assets will reflect negatively on our sales and report.

*Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2021*

<b>27 Capital Fund</b>	<b>Jun-21</b>	<b>Jun-20</b>
Capital Fund b/f	5,037,889,978	4,380,203,778
GOK Grants for the year	53,275,000	385,600,000
Loan Repayment	-	272,086,200
	<u>5,091,164,978</u>	<u>5,037,889,978</u>

<b>28 (a) Tourism Trust Fund</b>	<b>Jun-21</b>	<b>Jun-20</b>
Balance c/f	-	28,114
	<u>-</u>	<u>28,114</u>

The Balance of Tourism Trust Fund has already been transferred to unclaimed Financial Assets Body

<b>28 (b) Climate Change Fund</b>	<b>1,268,403</b>	<b>14,950,255</b>
	<u>1,268,403</u>	<u>14,950,255</u>

<b>30 Revaluation Reserves</b>	<b>Jun-21</b>	<b>Jun-20</b>
Balance B/F	19,697,833,221	19,697,833,221
	<u>19,697,833,221</u>	<u>19,697,833,221</u>

The Authority carried the revaluation of Asset in 2006

<b>31 Loan</b>	<b>Jun-21</b>	<b>Jun-20</b>
O.E.C.F.(Japan ) B/F		272,086,200
Loan Repayments		(272,086,200)
<b>Balance</b>		<u>0</u>

The Last Loan Repayment period was March 2020

**APPENDIX**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Going Concern	TARDA has been insolvent since the day the generating and transmission assets were transferred to KENGEN and unless the claims are honoured, the going concern and balance sheet accounting of the Authority will continue to be negative and recurring year after year.	MD	Not resolved	Continuous
2	Property Plant and Equipment	The acquisition of the title deeds for Kibwezi, Emali and Kitui projects is in progress.	MD	Not resolved	June 2023
3	Capital work in progress TDIP Houses (234,152,289)	Plans are underway to rehabilitate some of these houses and convert them into guest houses.	MD	Not resolved	Continuous
4	Trade and other receivables	KPLC payment of Kshs.1,179,215,376.30 debt as at 30 <sup>th</sup> June 2014 ended up in Parliamentary Investment Committee (PIC) where it remains undetermined to date.	MD	Not resolved	Continuous
5	Trade and other payables Un-remitted	These are statutory deductions comprising of outstanding VAT, Pension, and PAYE. The amount will	MD	Not resolved	June 2023

*Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<b>Statutory Deductions</b>	be paid once the financial position of the Authority improves. (A payment plan is already in place on how to clear the balances)			
6	<b>Assets held by former Managing Directors</b>	The Management undertakes to pursue the concerned former Managing Directors with a view of recovering the Authority's assets in their possession.	MD	Not Resolved	Continuous
7	<b>Biological Assets</b>	The Management will incorporate the revaluation of the biological assets in the plan of revaluation of assets in the next financial year	MD	Not Resolved	Continuous
8	<b>Lease Income</b>	The Management will develop a pricing policy as the Lessee has shown commitment in the execution of the lease agreement	MD	Not Resolved	Continuous
9	<b>Loss Making Services</b>	This is attributed to inadequate funding from the exchequer and some of the projects are social based and so not profit making	MD	Not Resolved	Continuous
10	<b>Revaluation Reserve</b>	The Management is planning to undertake revaluation of its Assets in the next financial year once budget is allocated	MD	Not Resolved	Continuous
11	<b>Lease Expiry for Emali Farm</b>	The Management is still in discussion with the Ministry of Agriculture -State Department of Livestock on renewals	MD	Not Resolved	2023
12	<b>Fully Depreciated Assets</b>	The Management is seeking budgetary allocation undertake revaluation	MD	Not Resolved	2023
13	<b>Masinga &amp;</b>	KenGen took over	MD	Not	Continuous

*Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements  
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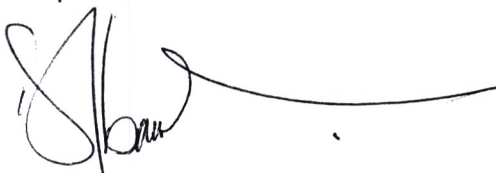
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<b>Kiambere Ownership</b>	generating and transmission assets while TARDA is in control of Reservoir assets		Resolved	
14	<b>Land without Ownership</b>	The Matter is being fast tract and it is at advance stage	MD	Not Resolved	2023
15	<b>Short term Lease Agreement at Queensway House Nairobi</b>	The Management has signed a license to occupy the premises for 2 years from 1 <sup>st</sup> July 2021- 31 <sup>st</sup> December 2022	MD	Not Resolved	2023
16	<b>Un refunded Court Deposit Security</b>	The Management has appointed a committee to resolve the issue with the Lawyer	MD	Not Resolved	2022
17	<b>Lease Income from Tana Delta Irrigation Project</b>	The Management has appointed a committee to resolve the issue. The tenant requested to have the lease transferred to three (3) different licenses under the original lease	MD	Not Resolved	2023
18	<b>Budgetary Control and Performance</b>	Management is in consultation with National Treasury for increase budgetary allocation	MD	Not Resolved	Continuous
19	<b>Irregular Variation of Contract</b>	This was not a variation of Contract in true sense but contracting an alternative supplier to carry out works which were not able to be carried out by the original supplier at no additional cost.	MD	Not Resolved	2023
20	<b>Incomplete Contracts</b>	Management uses standard tender documents as provided for on the website of the Public Procurement Regulatory Authority (PPRA).	MD	Not Resolved	2023
21	<b>Staff Pension Scheme</b>	Management is in consultation with the National Treasury to	MD	Not Resolved	Continuous

*Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		improve our budgetary allocation to settle the arrears			
22	<b>Staff on Acting position beyond six months</b>	Management corrected this situation during the harmonization of Authority new staff structure.	MD	Not Resolved	2023
23	<b>Manual Accounting Records</b>	Management is in consultation with the national Treasury to improve our budgetary allocation to enable acquisition of accounting software	MD	Not Resolved	Continuous
24	<b>Additional assets – Furniture and Fittings</b>	The documents are currently available for verification.	MD	Not Resolved	2023

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



**Liban R. Duba**  
**MANAGING DIRECTOR**

Date.....*29/06/2022*

